

Registered number
05345268

+Venture Battersea Limited
Report and Financial Statements
2 July 2023



+Venture Battersea Limited
Report and accounts
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+Venture Battersea Limited
Company Information

Directors

S Willingham-Toxvaerd
M Willingham-Toxvaerd
T Kidd (resigned 5 September 2023)
T J Rolph (resigned 30 November 2023)
T Jackson (resigned 30 November 2022)

Auditors

PKF Francis Clark
Ground Floor
90 Victoria Street
Redcliffe
Bristol
BS1 6DP

Registered office

111 Waterloo Road
Lambeth
London
SE1 8UL

Registered number

05345268

+Venture Battersea Limited

Registered number: 05345268

Directors' Report

The directors present their report and financial statements for the 52 weeks ended 2 July 2023.

Principal activities

The company's principal activity during the year continued to be the operation of bars.

Results and dividends

The results of the Company are set out on page 10.

The Directors do not recommend the payment of a dividend (2022: £nil).

Directors

The following persons served as directors during the period:

S Willingham-Toxvaerd
M Willingham-Toxvaerd
T Kidd (resigned 5 September 2023)
T J Rolph (resigned 30 November 2023)
T Jackson (resigned 30 November 2022)

Political donations

The Company made no political donations during the period.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

+Venture Battersea Limited

Registered number: 05345268

Directors' Report

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Qualifying indemnity provisions

The company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

Financial risk management

The Company finances its operations through a combination of operational cash flow and bank debt. The Company uses various financial instruments in the form of cash, third-party bank debt and other items, such as trade payables, that arise directly from its operations. The main purpose of these financial instruments is to fund the Company's operations.

These financial instruments expose the Company to several financial risks, principally liquidity risks and interest rate risks.


The Company seeks to meet liquidity risk through assessment of short-, medium- and long-term cash flow forecasts to ensure the adequacy of committed debt facilities. In August 2022, as part of a Group refinancing exercise, the Company refinanced its borrowings from three individual lenders under multiple tranches with new debt facilities from HSBC Bank. As a result of the refinancing, the majority of the Company's debt is on a bullet payment in August 2025, with a further one year option to extend.

Interest rate risk is managed within the Nightcap Group by the use of interest rate swaps. In August 2022, as part of the refinancing discussed above the Nightcap Group has hedged over 80% of its HSBC debt interest costs for three years by taking out an interest rate cap, so that there is certainty that if interest rates increase, the majority of our interest costs will be fixed based on the reference base rate at 3%.

Matters of strategic importance

The review of business, analysis of risks and uncertainties and future developments are included in the Strategic Report.

This report was approved by the board on 27 March 2024 and signed on its behalf.

DocuSigned by:

2345D27EA57C48E
Michael Willingham-Toxvaerd
Director

+Venture Battersea Limited

Strategic Report

The Directors present their Strategic Report for the period ended 2 July 2023.

The Directors, in preparing this report have complied with Section 414C of the Companies Act 2006.

Review of business

The results of the Company are set out on page 10.

Key performance indicators	2023	2022
Sales	8,518,820	5,568,889
Adjusted EBITDA*	(501,058)	(91,153)
Operating (loss)/profit	(1,748,047)	(585,115)
Number of bars	7	5

*Adjusted EBITDA is an Alternative Performance Measure ("APM") that is not defined under UK GAAP. The board believes that the APM provides stakeholders with additional useful information on the underlying trends, performance, and position of the Company. A reconciliation is available in Note 25 of the financial statements.

During the period the Company has continued to grow at pace. The number of sites expanded during the period, opening sites in Bristol (October 2022) and Liverpool (November 2022). The Company achieved revenues of £8.5m, an increase of 53% over the previous period, driven by these new openings and the full year effect of openings in the previous year.

The Company generated an adjusted EBITDA loss of £0.5m (2022: loss of £0.1m). The economic environment has continued to be challenging. Inflation caused by post-COVID-19 supply chain disruption was compounded by the war in Ukraine, and its impact on energy prices and interest rates. The resulting cost of living crisis and reduced consumer spending has impacted most hospitality businesses across the UK. Additionally, the train strikes have significantly impacted the whole of the hospitality industry.

The Company made an operating loss of £1.7m (2022: loss of £0.6m). The reduction in profitability was driven by the challenges in the economic environment, as well as £0.3m of pre-opening costs driven for new sites (2022: £nil), and an increase in the depreciation charge to £0.7m (2022: £0.3m) as the Company invests in developing the estate.

During the year, the Group refinanced its borrowings from three individual lenders under multiple tranches with new debt facilities from HSBC Bank to provide support to the business on its roll out strategy. The new £10 million HSBC Bank facility, replaced £5.5 million of legacy debt, including £2.9m that had been held in the Company. The remaining £4.5 million has supported the fit out of the sites opened in the financial year, including £2.0m in the Company. The new facility carries a margin of 3% above SONIA on a £3 million term loan and 3.25% above SONIA on a £7 million Revolving Credit Facility.

At the period end the Company held cash at bank and in hand of £0.2m (2022: £0.1m). Net liabilities were £7.2m (2022: £5.0m).

Principal risks and uncertainties

The Directors consider the following to be the principal risks currently faced by the Company:

Industrial action, cost inflation, supply chain & cost of living crisis

The Company operates in a sector that has been and may continue to be subject to ongoing industrial action as well as significant cost pressures. This includes pressures such as increases in energy prices, rising staff costs led by increases in wages, together with increases in the prices of food and drink. The single biggest impact in the last financial year has been the rail strikes that have significantly impacted the Company as well as the whole hospitality industry. There were 28 days of industrial action last year, targeted on Thursdays and Saturdays.

As the Company expands, it has been able to secure new 'pouring contracts' for key drinks lines through its buying power to help mitigate cost inflation. Alternative products have also been identified should any shortfall become apparent or if any item becomes cost-prohibitive and relationships are maintained with alternative suppliers. The Company has partnered with an energy consultancy to target a 20% reduction in energy usage per site by using "smart" plugs that enable appliances to be switched off remotely.

Given the continuing industrial action and the macroeconomic environment, the Company's focus is now on cost controls and regular assessment of the market and the macroeconomic environment and how these impact the business. This involves having systems in place to give quick and accurate information for decision making.

Consumer confidence and levels of disposable income

The Company derives all of its sales from the United Kingdom and is therefore sensitive to fluctuations in the UK economy. The Company's performance depends to a certain extent on several factors outside of its control which have an impact on consumer sentiment and dictate levels of disposable income. Without mitigating actions, a severe long lasting downturn could lead to a liquidity risk.

The Company's focus is on cost controls and regular assessments of the UK hospitality market and the macroeconomic environment and how this could impact the business. Systems are in place to give quick and accurate information for decision making.

The Board considers that the Company's offering is strong and this provides a level of resilience if there were to be an economic slowdown. The Board considers that the following, in particular, are relevant when considering the resilience of the Company's offering.

- Our target market (being Gen Z and millennials) is more resilient than other segments of the hospitality sector
- We focus on reviewing customer feedback and addressing it, as well as a monthly analysis of customer dashboard scores
- We have a heightened focus on value of offer with best in class service.
- We have flexibility in terms of the speed of our site roll out.
- We focus on preservation of cash through the Company's financial risk policy.
- Focus on costs - key area of continual review as we growth to ensure best economies of scale.
- Mix of locations across United Kingdom.
- Investments in technology and digital capabilities.

Recruitment and retention

An important factor of the future success of the Company lies in our ability to continue to recruit and retain the best bartenders and management personnel. This remains a challenge across the sector.

The use of digital applicant tracking, a brand-new careers website and social digital attraction campaigns allow us to reach and attract a broad candidate base of our target audience. This technology was introduced in August 2023.

A strategy to monitor and drive employee engagement and satisfaction has been developed in order to retain a high-quality workforce, together with an industry leading training programme, the Group has launched its Nightcap Bar Academy, which has brought focus to become a centre of training excellence.

A new organisational structure, defining clear employee benefits by work level will allow targeted incentives, reward and compensation in order to attract and retain key talent across specialist roles.

Annual salary review to assess market changes to benchmarks and the launch of a competitive and achievable bonus scheme for all management roles across the group, launched in July 2023.

We strive to be the benchmark for training, culture, and reward in our industry. This year we have launched our careers website, digitally housing all our vacancies, which includes onboarding new recruitment hiring technology enabling us to seamlessly reach and attract talent into our business. Our commitment to providing best in class training and career development opportunities ensures that our employees constantly grow and excel in their roles. We value diversity and inclusion, recognising that it brings fresh perspectives and enriches our work environment. Colleague engagement is a priority for us, as we believe that motivated and connected colleagues are more likely to deliver exceptional service. Listening to our employees is imperative. We conduct surveys to gauge employee engagement, motivation, pride and commitment to the business. The Nightcap Bar Academy, our dedicated training facility, offers comprehensive training and skill development programs for employees at all levels. This ensures consistent excellence in both customer service and employee performance. Monitoring team turnover and gauging colleague satisfaction are recurring priorities for our Board. We review these metrics at our Group Executive Board meetings and with the senior management team to address any concerns effectively and take steps to deliver a positive work environment.

Future developments

We expect the start of a gradual recovery later on this year as lower inflation, lower energy costs, lower interest rates and higher disposable incomes begin to embed in the economy and improve the financial outlook for our customer base. The Company's estate is of a higher quality, better operated and with better trained and more engaged teams than ever before. We therefore remain optimistic about the future of the company.

This report was approved by the board on 27 March 2024 and signed on its behalf.

DocuSigned by:

Michael Willingham-Toxvaerd

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Michael Willingham-Toxvaerd
Director

+Venture Battersea Limited
Independent auditor's report
to the members of +Venture Battersea Limited

Opinion

We have audited the financial statements of +Venture Battersea Limited (the 'company') for the period ended 2 July 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 July 2023 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

+Venture Battersea Limited
Independent auditor's report
to the members of +Venture Battersea Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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.

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

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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the entity and the industry/sector in which it operates to identify the key laws and regulations affecting the entity. As part of this assessment process we discussed with management the laws and regulations applicable to the company, reviewed certification identified on the company website and other communications.

The key laws and regulations we identified were employment, health and safety legislation, The General Data Protection Regulation ("GDPR"), Alcohol licensing legislation, Music Licence, and Food standards.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily Companies Act 2006 and Corporation Taxes Acts 2009 & 2010.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place, of which there were no regulatory reports.

We also identified the individuals who have responsibility for ensuring that the entity complies with laws and regulations and deal with reporting any issues if they arise.

+Venture Battersea Limited
Independent auditor's report
to the members of +Venture Battersea Limited

As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue trading and the risk of material misstatement to the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements;
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance;
- Reviewed Board minutes;
- Examined regulatory inspection reports in relation to the key laws and regulations where such reports had been made during the period and after the period.

We also evaluated management's incentives and opportunities for management bias, override of controls and manipulation of the financial statements. The key incentive identified is to manipulate revenue and we determined that the principal risks were related to the overstatement of profit via overstating revenue. To address the risk, we:

- Used data analytics to test journal entries throughout the period, for appropriateness;
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.
- Undertook specific cut-off procedures in respect of revenue around the period end.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of noncompliance. 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, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Putnam
(Senior Statutory Auditor)
for and on behalf of
PKF Francis Clark
Statutory Auditor
27 March 2024

Ground Floor
90 Victoria Street
Redcliffe
Bristol
BS1 6DP

+Venture Battersea Limited
Statement of Comprehensive Income
for the period from 4 July 2022 to 2 July 2023

	Notes	2023 £	2022 £
Turnover	3	8,518,820	5,568,889
Cost of sales		(1,199,981)	(931,684)
Gross profit		<u>7,318,839</u>	<u>4,637,205</u>
Administrative expenses		(9,190,483)	(5,248,320)
Other operating income		123,597	26,000
Operating loss	5	<u>(1,748,047)</u>	<u>(585,115)</u>
Interest payable	7	(382,818)	(152,458)
Loss on ordinary activities before taxation		<u>(2,130,865)</u>	<u>(737,573)</u>
Tax on loss on ordinary activities	8	(86,167)	98,642
Loss and total comprehensive loss for the period		<u>(2,217,032)</u>	<u>(638,931)</u>

+Venture Battersea Limited
Registered number: 05345268
Statement of Financial Position
as at 2 July 2023

	Notes	2023 £	2022 £
Fixed assets			
Intangible assets	9	74,517	81,343
Tangible assets	10	3,772,989	2,150,668
Investments	11	3	3
		<u>3,847,509</u>	<u>2,232,014</u>
Current assets			
Stocks	12	166,307	63,164
Debtors	13	1,631,584	2,162,066
Cash at bank and in hand		190,173	64,806
		<u>1,988,064</u>	<u>2,290,036</u>
Creditors: amounts falling due within one year	14	(9,579,566)	(6,474,831)
Net current liabilities		<u>(7,591,502)</u>	<u>(4,184,795)</u>
Total assets less current liabilities		<u>(3,743,993)</u>	<u>(1,952,781)</u>
Creditors: amounts falling due after more than one year	15	(3,358,730)	(2,932,910)
Provisions for liabilities			
Other provisions	17	(112,554)	(112,554)
Net liabilities		<u>(7,215,277)</u>	<u>(4,998,245)</u>
Capital and reserves			
Called up share capital	19	131	131
Other reserves	20	19	19
Profit and loss account		(7,215,427)	(4,998,395)
Total equity		<u>(7,215,277)</u>	<u>(4,998,245)</u>

DocuSigned by:



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Michael Willingham-Toxvaerd

Director

Approved by the board on 27 March 2024

+Venture Battersea Limited
Statement of Changes in Equity
for the period from 4 July 2022 to 2 July 2023

	Share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
At 28 June 2021	131	19	(4,359,464)	(4,359,314)
Total comprehensive loss for the period			(638,931)	(638,931)
At 3 July 2022	<u>131</u>	<u>19</u>	<u>(4,998,395)</u>	<u>(4,998,245)</u>
At 4 July 2022	131	19	(4,998,395)	(4,998,245)
Total comprehensive loss for the period			(2,217,032)	(2,217,032)
At 2 July 2023	<u>131</u>	<u>19</u>	<u>(7,215,427)</u>	<u>(7,215,277)</u>

+Venture Battersea Limited
Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

1 General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 111 Waterloo Road, London, SE1 8UL.

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. There are no material departures.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

In concluding that it is appropriate to prepare the financial statements for the 52 weeks ended 2 July 2023 on the going concern basis, the Directors have considered the company's cash flows, liquidity and business activities. In addition, the Directors have considered the cash flows, liquidity and business activities of the group headed by the ultimate parent company, Nightcap plc (the "Group"), as they believe the going concern basis requires consideration on a group basis. References below are made in relation to the Group's consolidated financial statements which are available at the address shown in note 24.

As at 2 July 2023 the Group had cash balances of £5.4m including cash in transit. During the financial year under review the Group refinanced its legacy debt with an amortising term loan (£3m) and a Revolving Credit Facility (up to £7m) repayable in August 2025. Since the period end the Group has reset its banking covenants to more favourable terms.

Based on the Group's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Group's cash flows and related assumptions and in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014 published by the UK Financial Reporting Council.

In making the assessment the Directors have made a current consideration of any future potential impact of the rail strikes as well as the challenges in the macro-economic environment as set out in the Company's Strategic Report.

The Directors have considered the impact of these on the cash flows and liquidity of the Group over the next 15-month period and has sensitised these forecasts accordingly.

+Venture Battersea Limited
Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Nightcap Plc which can be obtained from the address shown in note 24. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.
- (d) No disclosure has been given for the related party transactions with other wholly owned subsidiaries of the Nightcap Plc group.

Consolidation

As the Company is a wholly owned subsidiary of Nightcap PLC which prepare consolidated accounts, the company has taken the advantage of section 400 of the Companies Act 2006 and is exempt from preparing consolidated accounts.

Judgements and key sources of estimation uncertainty

The judgements and accounting estimates that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Useful economic lives of tangible and intangible fixed assets

The depreciation and amortisation charge in each period is sensitive to the assumptions used regarding the economic lives of assets and their respective depreciation rates.

Forecast business cashflows

For purposes of the going concern assessment and as an input into the impairment assessment, the Company makes estimates of likely future cash flows which are based on assumptions given the uncertainties involved. The assumptions include timings for new sites commencing to trade, performance and growth of existing bars, capital expenditure, cost of labour and supplies and working capital movements. These assumptions are made by management based on recent performance and management's knowledge and expertise of the cashflow drivers.

Turnover

Revenue predominantly arises from the sale of food and drink to customers in the sites for which payment in cash or cash equivalents is received immediately and as such revenue is recognised at point of sale.

The Company operates in a single geographical region (the UK) and hence all revenues are impacted by the same economic factors.

Retro payments and listing fees are spread over the life of the contract. The income is recognised as a credit within cost of sales. Revenue is shown net of value added tax, returns and discounts.

Customer deposits received in advance of events and bookings are recorded as deferred revenue on the balance sheet. They are recognised as revenue along with any balancing payment from the customer when the associated event / booking occurs.

+Venture Battersea Limited
Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company. Management splits out these costs for internal purposes when reviewing the business.

Pre-opening costs

Pre-opening costs can vary significantly depending on the number of new sites acquired and opened in any period, and so do not reflect the costs of the day-to-day operations of the business. These costs are therefore split out in order to aid comparability with prior periods. Site pre-opening costs refer to costs incurred in getting new sites operational, and primarily include costs incurred before opening and in preparing for launch.

Current and deferred taxation

The tax expense for each reporting period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same tax authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

+Venture Battersea Limited
Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease. The charge to the profit and loss account includes non-cash rent expense arising from the recognition of stepped rent, on a straight line basis over the lease term.

Reverse premiums and similar incentives received to enter into operating lease agreements are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease. Incentives are recognised from the point that inflows of future economic benefits to the company become virtually certain.

Intangible fixed assets

Intangible assets are initially recorded at cost or valuation. Licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Premises licenses	straight-line over the life of the property licence to which the lease relates
-------------------	--

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	Straight line over the life of the lease
Plant and machinery	25% straight line
Fixtures and fittings	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

+Venture Battersea Limited
Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Payments taken from customers on debit and credit cards for which cash remains outstanding at any reporting date ("cash in transit") are recognised as trade receivables. The trade receivable is converted to cash within 3 days of processing. The Directors view these trade receivables as cash when monitoring cash flows and forecasts internally.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price. The impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities include trade and other payables, loans and borrowing and other financial liabilities and accrued liabilities that are classified as measured at amortised cost.

Short-term creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other revenues and finance costs. For substantial and non-substantial modifications the Company derecognises a financial liability from the statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs and other post-retirement benefits

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

3 Analysis of turnover

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

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Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition

The Company initially recognises trade receivables, trade payables, deposits, loans and borrowings on the date on which they are originated. All other instruments are recognised on the trade date, which is the date on which the Company becomes party to the contractual provisions of the instrument.

All financial instruments are recognised initially at fair value plus or minus, in the case of assets not at fair value through the statement of comprehensive income, transaction costs that are attributable to the acquisition of the financial asset or liability.

Financial assets

The Company financial assets are measured at amortised cost. A financial asset is measured at amortised cost when assets that are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Payments taken from customers on debit and credit cards for which cash remains outstanding at any reporting date ("cash in transit") are recognised as trade receivables. The trade receivable is converted to cash within 3 days of processing.

Impairment losses are presented as a separate line item in the statement of profit or loss.

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

4 Other operating income	2023	2022
	£	£
Government grants - COVID related	-	26,000
Insurance claim	123,597	-
	<u>123,597</u>	<u>26,000</u>

5 Operating profit	2023	2022
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	659,456	217,697
Amortisation of intangible assets	6,826	6,826
Exceptional Costs	301,942	84,156
Pre-opening costs	278,764	185,283
Auditors' remuneration for audit services	<u>25,000</u>	<u>25,000</u>

Audit fees incurred by the Company are in relation to those payable to the Company's auditor for the audit of the Company's own annual accounts and those of the fellow group entities within the Adventure Bar Group.

Exceptional costs were incurred in relation to the restructuring and reorganisation of certain employees in the Company.

6 Staff costs	2023	2022
	£	£
Wages and salaries	3,284,333	2,075,813
Social security costs	490,055	308,615
Other pension costs	<u>55,176</u>	<u>34,873</u>
	<u>3,829,564</u>	<u>2,419,301</u>

Average number of employees during the year	Number	Number
Management staff	27	12
Operations staff	<u>127</u>	<u>46</u>
	<u>154</u>	<u>58</u>

7 Interest payable	2023	2022
	£	£
Bank loans and overdrafts	<u>382,818</u>	<u>152,458</u>

+Venture Battersea Limited
Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

8 Taxation	2023	2022
	£	£
Analysis of charge in period		
Current tax:		
Adjustments in respect of previous periods	(9,228)	(67,269)
Deferred tax:		
Origination and reversal of timing differences	111,403	(96,026)
Adjustments in respect of prior periods	(16,008)	64,653
	<u>95,395</u>	<u>(31,373)</u>
Tax on profit/(loss) on ordinary activities	<u>86,167</u>	<u>(98,642)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2023	2022
	£	£
Loss on ordinary activities before tax	<u>(2,130,865)</u>	<u>(737,573)</u>
At UK standard rate of corporation taxation of 20.5% (2022: 19.0%)	(436,739)	(140,139)
Effects of:		
Adjustments to tax charge in respect of previous periods	(9,228)	(2,616)
Adjustments to deferred tax charge in respect of prior periods	(16,008)	-
Expenses not deductible for tax purposes	20,968	892
Capital allowances for period in excess of depreciation	24,196	(23,950)
Group relief surrendered	64	90,066
Change in rate of corporation tax	(81,109)	(22,895)
Movement in deferred tax not recognised	584,023	-
	<u>86,167</u>	<u>(98,642)</u>
Current tax charge for period		

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Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

9 Intangible fixed assets	£
Licenses	
Cost	
At 4 July 2022	88,169
At 2 July 2023	<u>88,169</u>
Amortisation	
At 4 July 2022	6,826
Provided during the period	<u>6,826</u>
At 2 July 2023	<u>13,652</u>
Carrying amount	
At 2 July 2023	<u>74,517</u>
At 3 July 2022	<u>81,343</u>

10 Tangible fixed assets	Leasehold improvements	Plant and equipment	Fixtures and fittings	Total
	<i>At cost</i>	<i>At cost</i>	<i>At cost</i>	
	£	£	£	£
Cost or valuation				
At 4 July 2022	2,055,817	120,681	567,731	2,744,229
Additions	<u>1,910,612</u>	<u>64,524</u>	<u>306,641</u>	<u>2,281,777</u>
At 2 July 2023	<u>3,966,429</u>	<u>185,205</u>	<u>874,372</u>	<u>5,026,006</u>
Depreciation				
At 4 July 2022	260,845	107,426	225,290	593,561
Charge for the period	<u>477,418</u>	<u>34,129</u>	<u>147,909</u>	<u>659,456</u>
At 2 July 2023	<u>738,263</u>	<u>141,555</u>	<u>373,199</u>	<u>1,253,017</u>
Carrying amount				
At 2 July 2023	<u>3,228,166</u>	<u>43,650</u>	<u>501,173</u>	<u>3,772,989</u>
At 3 July 2022	<u>1,794,972</u>	<u>13,255</u>	<u>342,441</u>	<u>2,150,668</u>

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Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

11 Investments

	Investments in subsidiary undertakings £
Cost	
At 4 July 2022	3
At 2 July 2023	<u>3</u>

The Company holds 20% or more of the share capital of the following companies:

Company	Shares held		Capital and	Profit (loss)
	Class	%	reserves £	for the year £
Adventure Bars Waterloo Limited	Ordinary	100	1,442,048	801,563
Adventure Bars Group CHS Ltd	Ordinary	100	69,020	49,397
Barworks (Electric) Limited	Ordinary	100	(263,629)	17,428
Adventure Bars Bristol Limited	Ordinary	100	-	-
Adventure Bars Cardiff Limited	Ordinary	100	-	-
Adventure Bars Liverpool Limited	Ordinary	100	-	-

The Company has an indirect holding in the following companies:

Company	Shares held		Capital and	Profit (loss)
	Class	%	reserves £	for the year £
Waterloo Sunset Limited	Ordinary	50	546,150	464,680

The registered address of all the direct and indirect subsidiary companies is 111 Waterloo Road, London, SE1 8UL.

12 Stocks

	2023 £	2022 £
Food, beverage and consumables	<u>166,307</u>	<u>63,164</u>

+Venture Battersea Limited
Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

13 Debtors	2023	2022
	£	£
Trade debtors	131,690	237,968
Amounts owed by group undertakings and undertakings in which the company has a participating interest	656,268	1,257,363
Deferred tax asset	-	95,395
Other debtors	346,435	202,141
Corporation tax repayable	67,269	58,041
Prepayments and accrued income	429,922	311,158
	<u>1,631,584</u>	<u>2,162,066</u>

Amounts due after more than one year included in:
 Prepayments and accrued income

<u>186,641</u>	<u>167,474</u>
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Amounts owed by group undertakings are unsecured, interest free, and repayable on demand.

14 Creditors: amounts falling due within one year	2023	2022
	£	£
Bank loans	1,000,000	-
Trade creditors	715,029	580,393
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,714,127	1,514,428
Amounts owed to parent undertaking	3,214,311	3,110,330
Other taxes and social security costs	681,897	275,526
Other creditors	191,367	29,801
Accruals and deferred income	1,062,835	964,353
	<u>9,579,566</u>	<u>6,474,831</u>

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

15 Creditors: amounts falling due after one year	2023	2022
	£	£
Bank loans	<u>3,358,730</u>	<u>2,932,910</u>

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Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

16 Loans	Rate %	2023	2022
		£	£
Secured bank loans	SONIA + 3.00%	2,388,788	-
Secured bank loans	SONIA + 3.25%	1,969,942	-
Secured bank loans	3.49% to 3.88%	-	2,932,910
		<u>4,358,730</u>	<u>2,932,910</u>

In August 2022 the Group refinanced its borrowings with a new £10.0m debt facility from HSBC Bank, comprised of a £3m term loan and a £7m Revolving Credit Facility, to provide support to the business as it executes on its roll out strategy. The new £10.0m HSBC facility replaced the £3.0m legacy debts of the Company under Oaknorth bank, which had an interest rate of 3.49% and 3.88% respectively, with the new facility bearing a margin of 3% above SONIA on the Term Loan and 3.25% above SONIA on the Revolving Credit Facility. The Nightcap Group has taken out an interest rate cap on its reference base rate on £8m out of £10m of its HSBC facility.

The Group's borrowings are secured on a fixed and floating charge basis over the assets of the Group.

17 Provisions for liabilities

	Dilapidations
	£
At 4 July 2022	112,554
At 2 July 2023	<u>112,554</u>

Dilapidations provision

Some of the property leasing arrangements contain a clause to repair damages incurred during the life the lease, such as wear and tear. The Company therefore recognises a dilapidation provision as such obligation arises. Dilapidation settlements are subject to negotiation and as such, there is an uncertainty with regards to the amount and timing of the cash outflow. The provision is expected to be utilised as the leases terminate. The movements in dilapidation provisions are recognised within administrative expenses in the profit and loss account.

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Notes to the Accounts
for the period from 4 July 2022 to 2 July 2023

18 Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2023	2022
	£	£
Included in debtors (note 13)	-	95,395
	<u>-</u>	<u>95,395</u>

The deferred tax account consists of the tax effect of the timing differences in respect of:

	2023	2022
	£	£
Accelerated capital allowances	266,148	(187,154)
Unused tax losses	(266,148)	3,396
Short term timing differences	-	279,153
	<u>-</u>	<u>95,395</u>

19 Share capital

	2023	2023	2022	2022
	No.	£	No.	£
Allotted, called up and fully paid:				
A Ordinary shares of £1 each	83	83	83	83
B Ordinary shares of £1 each	48	48	48	48
	<u>131</u>	<u>131</u>	<u>131</u>	<u>131</u>

The share capital comprises the A Ordinary share of £1 each and B Ordinary share of £1 each.

The class A Ordinary shareholders are entitled to one vote for each A Ordinary Share held by them. Each A Ordinary shareholder is entitled pari passu to the declaration of dividend payments once a year at the end of the Company's accounting year to be payable from such distributable profits as remain after the declaration and payment of dividends on the Class B Ordinary shares in the preceding 12 months.

The class B Ordinary shareholders shall be eligible in priority to the payment of any other dividends out of the Company's distributable profits for the declaration of such dividends as the Directors from time to time shall determine but shall have no further rights to participate in distributions of dividend or in any surplus assets arising in a winding up of the company; they shall have no voting rights except in relation to any resolution of the Company impinging on their rights or obligations as as provided in the Articles of Association.

20 Capital redemption reserve

	2023	2022
	£	£
At 4 July	19	19
At 2 July	<u>19</u>	<u>19</u>

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21 Defined benefit pension plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £55,176 (2022: £34,873).

Pension contributions totalling £54,440 (2022: £16,503) were payable to the pension fund as at 2 July 2023.

22 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	2023	2022
	£	£
Falling due:		
within one year	846,630	432,625
within two to five years	3,137,770	1,679,750
in over five years	7,726,593	4,141,125
	<u>11,710,993</u>	<u>6,253,500</u>

The amount recognised in profit or loss as an expense in relation to operating leases was £749,651 (2022: £519,573)

23 Related party transactions

The company charged a management fee of £697,625 (2022: £111,499) to Waterloo Sunset Limited, a related joint venture company.

Included within 'Amounts owed to group undertakings and joint venture company' includes £448,415 (2022: £716,339) payable to Waterloo Sunset Limited.

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company and any wholly owned subsidiary undertaking of the group.

24 Controlling party

The Company's immediate and ultimate parent company was Nightcap plc, a company incorporated in England and Wales. Nightcap Plc's registered office is c/o Locke Lord (UK) LLP, 201 Bishopsgate, London, EC2M 3AB.

The Directors consider there is no ultimate controlling party.

The largest and smallest group in which the results of the company are consolidated is that headed by Nightcap plc, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from Nightcap plc's website www.nightcapplc.com/results-and-reports/.

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Notes to the Accounts
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25 Alternative performance measures

	2023	2022
	£	£
Operating loss	(1,748,047)	(585,115)
Depreciation	659,456	217,697
Amortisation	6,826	6,826
Exceptional costs	301,942	84,156
Pre-Opening costs	278,764	185,283
Adjusted EBITDA	<u>(501,058)</u>	<u>(91,153)</u>