THE CITY PUB GROUP

Annual Report & Accounts 2021

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About the Group

The City Pub Company (East) PLC ("CPCE") and The City Pub Company (West) PLC ("CPCW") were founded by Clive Watson, David Bruce and John Roberts, who joined the board in December 2011.

On 1 November 2017, The City Pub Group plc (as consolidated "the Group") was formed through the all share merger of CPCE and CPCW by way of a scheme of arrangement of CPCW, as further described in the Group's Admission Document for the IPO that the Group completed in November 2017, when the shares were admitted to trading on AIM. As such the results of the Group are presented as if the Group always existed. At the same time, CPCE changed its name to The City Pub Group plc.

The City Pub Group owns and operates an estate of premium pubs across southern England and Wales. The Group's pub estate comprises 41 trading predominately free houses located largely in London, Cathedral cities and market towns, each of which is focused on appealing specifically to its local market. The group has four more pubs in development. The Group's portfolio consists of predominantly freehold, managed pubs, offering a wide range of high quality drinks and food tailored to each of its pubs' customers.

The City Pub Group leverages its sector contacts and experience to ensure it is well placed to acquire, and to have opportunities to consider the acquisition of, either freehold or leasehold pubs. Following acquisition, it aims to improve profitability through targeted investment in each pub, incentivisation of its key employees, introducing its flexible retail strategy, dedicated marketing and utilising its centralised buying power.

The Directors have considerable experience of acquiring pubs, expanding pub portfolios and creating premium pub companies. This includes leading the Capital Pub Company from start up through to flotation on AIM and its subsequent acquisition by Greene King for £93 million.

Go online to find out more
www.citypubcompany.com

COMPANY HIGHLIGHTS

FINANCIAL

Revenue up 37% to

£35.4m

(2020: £25.8 million)

Adjusted EBITDA* of

£3.8m

(2020: £(0.8) million)

Reported profit/(loss) of

£(2.9)m

(2020: £(6.5) million)

Adjusted profit/(loss) before tax** of

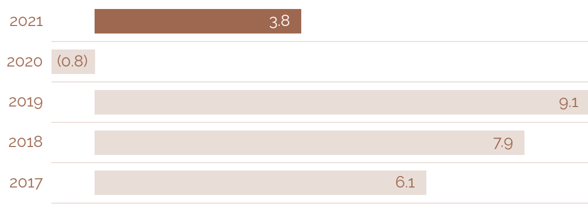
£1.0m

(2020: £(5.1)million)

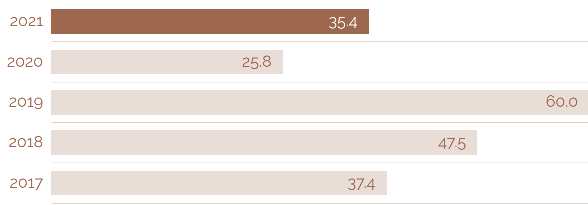
* Pre-IFRS16 Adjusted earnings before exceptional items, share option charge, interest, taxation, depreciation and amortisation.

** Pre-IFRS16 Adjusted profit / (loss) before tax is the profit / (loss) before tax, share option charge and exceptional items.

Adjusted EBITDA (£m)



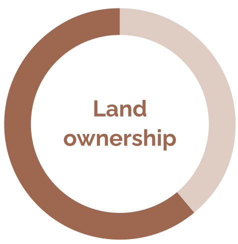
Revenue (£m)



OPERATIONAL

Leasehold

39%



61%

Freehold

As at April 2022

41

trading sites

As at April 2022

	2021				2020			
	Revenue £m	**Operating loss £m**	**EBITDA £m**	**Loss before tax £m**	Revenue £m	Operating profit £m	EBITDA £m	Loss before tax £m
Reported	**35.4**	**(3.0)**	**1.9**	**(3.1)**	25.8	(6.5)	(1.0)	(7.6)
Share option charge	**–**	**0.7**	**0.7**	**0.7**	–	0.4	0.4	0.4
Exceptional items	**–**	**3.3**	**3.3**	**3.3**	–	1.8	1.8	1.8
Adjusted	**35.4**	**1.0**	**5.9**	**0.9**	25.8	(4.3)	1.2	(5.4)

Key Metrics

	Post IFRS 16 52 weeks to 26.12.21 £m	Pre IFRS 16 52 weeks to 26.12.21 £m	Post IFRS 16 52 weeks to 27.12.20 £m	Pre IFRS 16 52 weeks to 27.12.20 £m	Change Pre IFRS 16 %
Revenue	35.4	35.4	25.8	25.8	37%
Adjusted EBITDA	5.9	3.8	1.2	(0.8)	N/A
Adjusted Profit/(loss) before tax	0.9	1.0	(5.4)	(5.1)	N/A

AT A GLANCE

A premium, wet-led offer and flexible approach that appeals to a broad customer base

What we do

Established in 2011, The City Pub Group is a managed pub business operating in London and the South of England and Wales. It has a collection of 41 unbranded predominately free-house pubs clustered around affluent Cathedral cities. Its premium, wet-led offer and flexible approach give it broad customer appeal across residents, workers, students, shoppers and tourists.

Product offering

The Directors believe that in the premium managed pub sector, liquor sales such as craft ales, craft spirits and independent coffee brands offer higher growth potential, higher margins and higher predictability over sales than traditional beers, lagers and spirits. Food menus are developed to offer high quality, freshly prepared food, providing good value for money and offering a wide range of choice. Increasingly, more healthy and vegan options are being offered in our pubs to broaden the appeal to a wider range of customers.

The Group has five key target markets:

Co-founded by Clive Watson, David Bruce and John Roberts as The City Pub Company East and The City Pub Company West

2011

2012

First four pubs to start trading

The Cork, Bath,
The Mill, Cambridge,
St Aldates Tavern, Oxford,
Cambridge Brew House, Cambridge

2013

Pubs added to portfolio

Alfie's, Winchester,
Bath Brew House, Bath,
The Lighthouse, London,
The Phene, London,
The Georgian Townhouse, Norwich,
The Roundhouse, London

2014

Pubs added to portfolio

Daly's Wine Bar, London,
Temple Brew House, London,
The Lion and Lobster, Brighton, (Sold 2022)
St Andrews Brew House, Norwich,
The Nell Gwynne, London

2015

Pubs added to portfolio

The Old Bicycle Shop, Cambridge,
The George Street Social, Oxford,
The Walrus, Brighton, (Sold 2022)
Prince Street Social, Bristol,
King Street Brew House, Bristol,
The Cock & Bottle, London

2016

Pubs added to portfolio

The Cat & Mutton, London,
Inn on the Beach, Hayling Island, (Sold 2022)
The Punt Yard, Cambridge,
The Petersfield, Cambridge,
The Althorp, London,
London Road Brew House, Southampton, (Sold 2022)
The Westgate, Winchester

2017

Pubs added to portfolio

Three Crowns, London,
Waterman, Cambridge,
Grapes, Oxford,
Red Lion, Cambridge,
Old Fire House, Exeter,
Aragon House, London
IPO in November 2017

2018

Pubs added to portfolio

Belle Vue, London,
Tell Your Friends, London,
The Market House, Reading,
Pontcanna Inn, Cardiff,
Old Ticket Office, Cambridge,
Bow Street Tavern, London,
The Bicycle Shed, Oxford,
Tivoli, Cambridge (in development),
Jam Tree, Clapham (renamed The Yard),
Jam Tree, Chelsea (renamed The Lost Hours),
The Travellers Friend, London, (Sold 2022),
Brighton Beach Club, Brighton, (Sold 2022),
Chapel 1877, Cardiff

2019

Pubs added to portfolio

Pride of Paddington, London,
Hoste, Burnham Market,
Turks Head, Exeter,
The Nest, Bath (in development),
Mumbles (Open 2022),
The Island, Kensal Green,
Disposal of **Grapes,** Oxford

2020

Disposal of a cottage near to the **Hoste**, Burnham Market

2021

Disposal of **The Island** in Kensal Green, **Punt Yard** in Cambridge and **Tell Your Friends** in Parsons Green

2022

Disposal of **London Road Brew House**, **Inn on the Beach**, **The Walrus**, **The Lion and Lobster**, **Travellers Friend** and **Brighton Beach Club**

CHAIRMAN'S STATEMENT

A strengthened base for improving returns

Since my last statement in September 2021, the business has emerged fully from the COVID-19 lockdowns and Omicron over the 2021 festive season and early 2022. All our 40 pubs have reopened and most of the estate is now trading normally.

Our focus is on growing our premium business of high quality, predominantly freehold pubs in great cities and market towns of Southern England and Wales. We will do this by driving sales in our core estate, as well as continuing our expansion. Our central marketing structure is giving us better visibility of how to further build future sales which together with the City Club App enables us to enhance improved customer loyalty. We are benefiting from more a streamlined business and the significant savings achieved.

Staff morale has considerably improved since our last report helped by increased communication within the Group and the way we cared for our staff during the pandemic.

By November last year, following the lifting of restrictions, we were trading ahead of 2019's level demonstrating demand and the recovery of our business but that growing momentum reversed with the outbreak of Omicron in December 2021. Encouragingly, trading for the last 9 weeks of 2022 is at around 98% of 2019. We are now confident that 2022 trading across the portfolio will exceed 2019 by the end of the second quarter.

Trading Estate

The Group currently operates 41 trading sites and a further 3 development sites. Another 3 are at the heads of agreement stage.

In order to maintain and continuously improve the quality of our estate we have made the following investments:

- **The Hoste, Burnham Market, Norfolk** – an further 18 rooms are in the process of being refurbished and an outside seating area for 60 added
- **Georgian Townhouse, Norwich** – further premiumisation of the site has taken place together with enhancement of the outside trading area, including the addition of an all-weather terrace with 60 covers and a retractable roof
- **Bath Brew House, Bath** – the outside sitting area for over 80 seats has been covered creating extra weather proof trading space
- **Phene, Chelsea** – garden significantly upgraded to take advantage of the summer months
- **Daly's Wine Bar and Temple Brew House on the Strand** were our last pubs to be reopened, fully refurbished after 2 years of closure

We have net debt of circa £2m resulting in a very strong balance sheet positioning us optimally to acquire assets at the right time and the right price.

Investments being implemented:

- **Cliftonville Hotel, Cromer**, to be reopened having been refurbished, in time for summer holidays, with potential extra outside seating of circa 100 covers
- Most recently, on 25th April, the **Oyster House, Mumbles**, opened and we are very confident that with a good summer we will achieve high levels of trade and benefit from the16 luxury hotel rooms to rival any in the region
- **The Tivoli, Cambridge** has taken us over 2 years to develop due to COVID delays. Following significant investment we anticipate it becoming one of our trophy sites. This opens in May 22.
- **The Nest, Bath** – it has finally been granted planning for its large outside beer garden and licensed for the extended hours. We anticipate it opening in early August
- Planning consent has now been granted for the **Café Rouge site in Bury St Edmunds** – our new All-Day Trading concept is being launched here – it is being named Damson & Wilde. Featuring an all-day menu, a premium drinks offer, great coffee and high service levels we expect to develop this to capitalise on the best aspects of high street offers. Once proven and implemented, we anticipate replicating the all day format in other pubs which will further help to premiumise them. If Damson & Wilde proves to be a success, we will look at expanding this concept but will not be sucked into paying high rents on the High Street which have increased considerably in the last few months.

Post balance sheet date events – Disposals/Mosaic

In March this year we announced the disposal of 6 sites predominantly on the south coast for the consideration of approximately £17m. The board felt that they could reinvest this money into higher growth assets and also use it to increase our stake in the Mosaic Pubs, which has 10 high quality pubs of which 8 are freehold. Mosaic has a strong London and Birmingham presence and we've recently increased our stake from 25% to 36% at a total cost of c. £4.1m. We will make an offer for the outstanding shares in Mosaic by the middle of next year at which point we will be able to consolidate their trading estate with our own. The Mosaic estate will complement our existing pub estate and will help drive further growth in 2023.

Financial Highlights

Summary for the year ended 26 December 2021:

- Revenue up 37% to £35.4 million (2020: £25.8 million)
- Adjusted EBITDA* of £3.8 million (2020: £(0.8) million)
- Adjusted profit/(loss) before tax** of £1.0 million (2020: £(5.1) million)
- Reported profit/(loss) of £(2.9) million (2020: £(6.5) million)

Key Metrics

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** Pre-IFRS16 Adjusted profit / (loss) before tax is the profit / (loss) before tax, share option charge and exceptional items.

CHAIRMAN'S STATEMENT cont'd

Bank Facilities

Currently, we have net debt of circa £2m resulting in a very strong balance sheet positioning us optimally to acquire assets at the right time and the right price. We have credit facilities of £35m, therefore the company is well placed to acquire assets at the right time, at the right price.

Consequently we have no requirement for the £5m CLBLS which we took out last year and this facility has now been cancelled.

Estate Valuation

The trading portfolio of pubs has been revalued and the total sum of gross trading assets equates to £150m (this excludes the recent pub disposals). Within the valuation, 17 of the larger pubs were independently valued, accounting for 65% of the gross trading value. Net Asset Value, excluding any lotting premium which would be undoubtedly achieved for an estate of quality premium assets, is circa 145p per share.

Board Changes

Holly Elliott joined the company on 29 November 2021 as Chief Financial Officer, having previously worked at Five Guys and Caffé Nero. Holly has vast experience in the hospitality industry and has joined to help the Company improve its systems, financial controls, and to assist with the expansion of the business.

Tarquin Williams left the business at the end of February 2022 after serving as CFO for over 6 years. Tarquin was heavily involved in the Group's flotation on AIM in November 2017 and assisted in steering it through difficult COVID period. The board would like to thank Tarquin for his contribution and wish him all the best for the future.

ESG

Last year we established an ESG committee chaired by Emma Fox, an independent Non-Executive Director. Throughout 2021, we have made progress in developing our strategy to ensure that we operate as a more responsible business, primed to play a positive role in society. We have launched a significant and thorough review of our current operations and introduced robust data collection processes to fully understand our impact on the environment and the communities in which we operate. We are taking our responsibilities seriously and want to get ESG right.

This year we have reported against the recommendations of the TCFD for the first time and prepared standalone ESG and TCFD Reports to communicate our ESG journey to our stakeholders. We are continuously improving and implementing measures and new procedures across our estate which will help continue reduce our carbon footprint.

Our policies will be outlined in our published report and accounts. I would like to thank Emma and the committee for their immense contribution it's been a challenging and rewarding year.

Dividends

The Group is now in strong financial position and the Board believes that shareholders should be rewarded for supporting the business through the last couple of very challenging years.

The Board therefore plans to reintroduce dividends on a progressive basis with the current intention being that this will accompany the interim results in September.

Industry Issues
The Group has come through the challenges of COVID and the action that it took during the pandemic is seeing it emerge a better, stronger business albeit facing well publicised macro-economic challenges including inflation, issues arising from Brexit and more recently the impact from the war in Ukraine.

The Group benefits from a 3-year supply agreement with our major beer suppliers agreed in December 2021. This agreement helps mitigate some of the inflationary pressures that our industry faces and means that we will in real terms be paying less for larger parts of our liquor supplies.

Energy costs have soared, and we have hedged our future exposure but the cost to the business in this financial year is in excess of £1m.

Food price inflation is also high as well as building material and labour costs.

There is no quick term solution to inflation. The Board feels it's inappropriate and counterproductive to keep increasing prices that we charge customers, and therefore margins will be impacted in the short term. We would rather delight our customers than price ourselves anti competitively.

Outlook
The Group is in a very strong financial position, and it continues to review and seek acquisition opportunities to create value. The Board believes this is the best way to drive shareholder value. Large parts of our estate are trading well but there are still some pubs that need focus to re-establish normalised levels of trading.

We have worked hard to forge a strong culture within the business which is helping to retain key employees at retail and head office level. As part of a deliberate plan, many have share options to incentivise them for the future.

The estate is high quality with 220 letting rooms and we anticipate benefiting from the continued popularity of staycations. Room sales are expected to be, this year, over 10% of the overall sales compared to 6% in 2019. With our coastal investments such as the Hoste in Burnham Market, Oyster House in Mumbles and Cliftonville in Cromer we are well positioned to take advantage of this market.

The board remains ambitious and with the planned Mosaic acquisition next year and new opportunities arising from the dislocation in the marketplace, our ambition is to have 65-70 quality pubs open by the end of next year.

There are undoubtedly major challenges such us inflation, but with a high intensity retailing approach, we believe we can overcome these challenges over the next 12 months, taking advantage of our balance sheet, one of the strongest in the hospitality industry. We have a very strong platform to build on.

I would like to thank all my Directors, all our staff, our Advisers, our Bankers, Barclays Bank Plc, suppliers and Shareholders for all their help in in getting us to this stage. I am confident that the better times will return and that in the meantime we can continue to weather the storm and continue to improve on Group's fortunes.

Clive Watson
Executive Chairman
26 April 2022

OUR BUSINESS MODEL

Our approach

City Pub Group stands out from the crowd with its unique and premium offer. This is embedded in its culture and influences everything from site selection, food and menu design to the quality of its employees.

Importantly its portfolio is built up of unbranded, wet-led pubs in high footfall areas that appeal to a broad range of customers. Each pub is centred on a high calibre level of staff that offers a relaxed, enthusiastic charming environment. The Group has a solid track record of identifying, acquiring, refurbishing and repositioning pubs to drive higher returns.

Its approach is highly differentiated and combines the flexibility of the managed pub model with the entrepreneurialism of the tenanted model. This differentiated approach has been honed over management's 100 collective years of pub retail experience.

OUR KEY STRENGTHS

Premium operator creating individual identity for each pub
The Group's pub estate and flexible retail strategy addresses the trend away from branded pubs and towards premium individualised pubs, each of which have a product range appropriate for their local market.

The group is asset backed
Prior to the IPO in November 2017, an independent valuation report by CBRE valued the Group's portfolio of 34 pubs at £73.65 million. At the time the valuation represented a 9% uplift on net book value. The company has purchased four new properties, of which two are freehold. A 2022 independent valuation valued 17 properties at £98m. The Directors believe a conservative value of the full estate is £150m.

Experienced management team, motivated staff and strong culture
The management team of the Group has over 100 years' experience in the pub industry with an excellent reputation, extensive contact base and proven skill in identifying attractive sites for an attractive price. Staff are incentivised to focus on customer service and are represented at board meetings, giving a high retention rate among key staff and a strong sense of culture.

Scalable platform with pipeline of potential acquisitions
The centralised infrastructure platform, comprising systems and processes as well as head office staff, enables a smooth change of ownership for the pubs which are currently in the acquisition pipeline, as well as those identified through the Group's appraisal of both individual sites and portfolios of pubs across southern England and Wales.

Impressive financial performance and growth
The Group has returned to strong sales and positive EBITDA, with steadily increasing operating margins over the last few years. Supplier agreements are expected to further improve operating margins going forward.

Management strength and track record provides confidence in the deliverability of a premium hyper-local strategy of refurbishing and repositioning wet-led pubs across UK cathedral cities.

Premium offering
Liquor-led pubs with high quality food offering

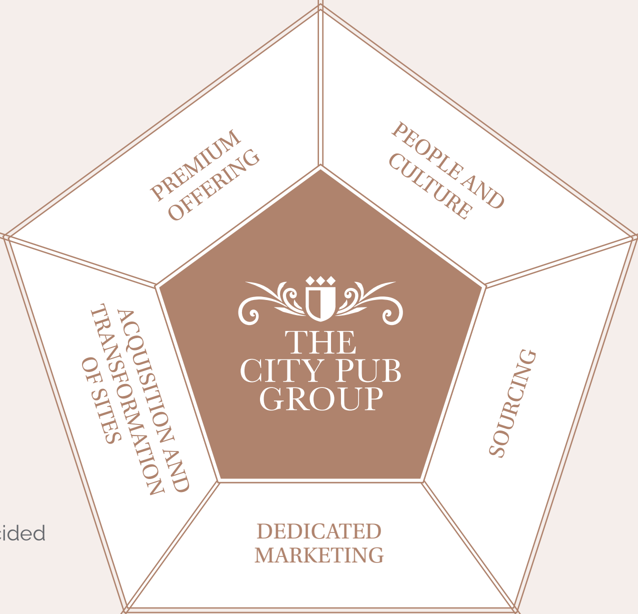
Quick to adapt to consumer habits for food and drink

Micro-breweries in selected sites add differentiation and choice variety

People and culture
Quality staff are key to the Company's strategy

Track record of hiring exceptional managers who are well trained and incentivised with targeted programmes

Typically hire from within resulting in low staff turnover



Acquisition and transformation of sites
Extensive network in the industry enables privileged access to new sites

Seamless integration of acquired pubs

Need for refurbishment decided on a case-by-case basis

Sourcing
Central buying power

Benefiting from attractive long term agreements with suppliers due to its scale

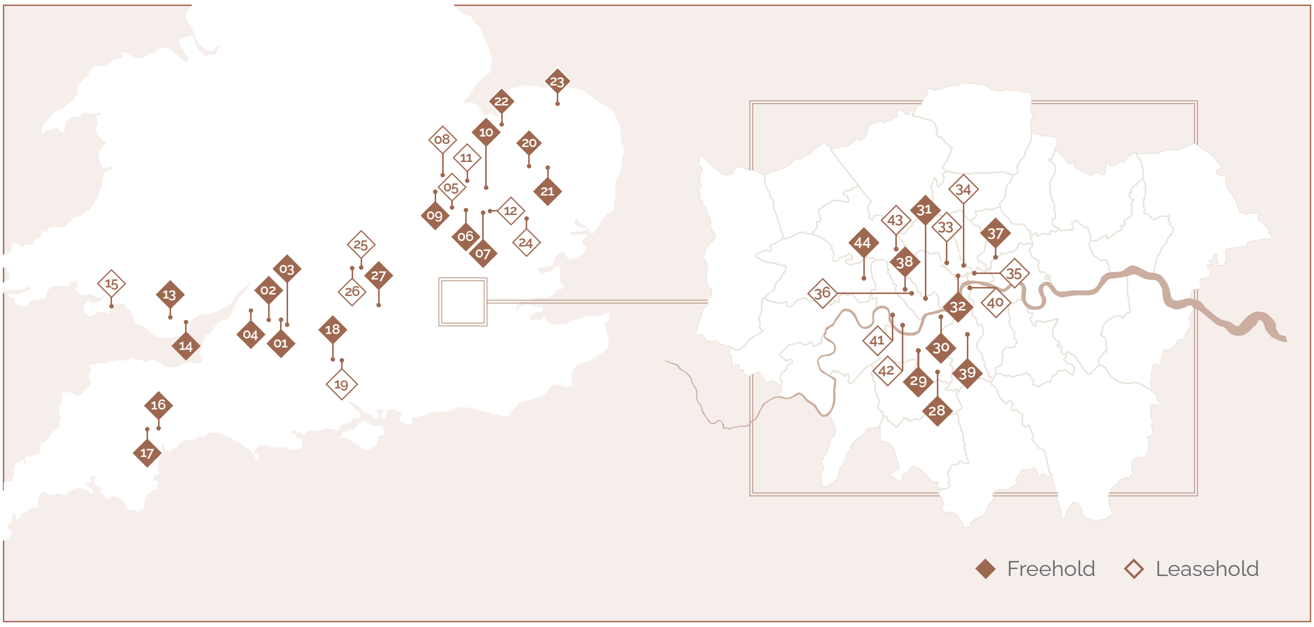
Dedicated marketing
Marketing is predominately reputation-based supported by strong online reviews

Development of innovative "City Club" app to engender customer loyalty

Pub Estate

The Group has a portfolio of 44 pubs in England and Wales as shown on the map below. This consists of 41 trading sites (post COVID) and 3 development sites.

27 of the pubs in the portfolio are freehold (61%) and 17 are leasehold (39%)



Bath

- 01 The Cork
- 02 The Bath Brew House
- 03 The Bath Cider House

Bristol

- 04 King Street Brew House

Cambridge

- 05 The Mill
- 06 Old Bicycle Shop
- 07
- 08
- 09 Red Lion
- 10 Tivoli
- 11 The Waterman
- 12 OTO

Wales

- 13 The Pontcanna Inn
- 14 Chapel
- 15 The Oyster House

Exeter

- 16 Old Firehouse
- 17 The Turks Head

Hampshire

- 18 The Westgate
- 19 Alfie's

Norfolk

- 20 the georgian townhouse
- 21 St. Andrews Brew House
- 22
- 23 Cliftonville Hotel

Suffolk

- 24 Damson & Wilde

Oxford

- 25 George Street Social
- 26 St Aldates Tavern

Reading

- 27 Market House

London

- 28 The Althorp
- 29
- 30 Lighthouse
- 31 The Phene SW3
- 32 the Nell Gwynne

London cont'd

- 33 Daly's* Wine Bar & Dining Room
- 34 Temple Brew House*
- 35 The Three Crowns
- 36
- 37 Cat + Mutton Est. 1729
- 38 Aragon House
- 39 The Belle Vue
- 40
- 41 The Lost Hours
- 42 Yard
- 43 Pride Paddington
- 44 K·P·H

* Daly's Wine Bar and Temple Brew House operate under a single lease.

OUR STRATEGY

The Group expects to have at least 44 trading pubs by year end and it intends to continue to acquire new sites. The Group has extensive relationships with property agents specialising in the licenced trade industry and many of these relationships have been in existence for a number of years.

Acquisition strategy

The Group's acquisition strategy is broken down into five areas.

1

Acquisition of existing pubs

Central to the Group's acquisition strategy is buying existing pubs which are already trading well and are typically sold by private sellers. The main change is to transfer the pub's supply contracts onto the Group's centralised platform, quickly improving operating margins. The Group prides itself on the way it works with the existing employees in these pubs and, over a period of time, aims to integrate these employees into the Group's entrepreneurial culture.

2

Acquisition of trading pubs which require redirection

The Group also seeks to acquire existing pubs that require modest refurbishment and improved retailing standards. Typically, the Group will target an investment of circa £250,000 to tailor the décor to the pub's local market and improve the liquor and food offerings, as well as help the existing staff to adopt an entrepreneurial approach in managing the pub.

3

Closed down pubs requiring extensive refurbishment

The Group also looks to acquire sites that are either underperforming or have been closed down and which provide the opportunity for the Group to substantially refurbish and improve the product offer to better serve the tastes of the Group's target consumers.

4

Unlicensed premises

The Group is able to target sites which are currently unlicensed but which present the opportunity to be transformed into premium trading pubs.

The Group typically targets pubs and sites which produce, or are expected to produce, higher EBITDA per pub than the industry average. The Directors believe that by focusing on sites expected to produce a higher EBITDA, head office costs as a percentage of sales are reduced and this performance also enables the attraction and retention of top performing pub managers.

The Group evaluates new sites by testing them against five key target markets: residents, office workers, students, tourists and shoppers. For a new site to be considered, it should ideally address at least four of the five key target markets.

The Group has identified a new opportunity and is launching a new all day trading concept, Damson and Wilde, in Bury St Edmunds.

5

Investment into other EIS companies

The Group will look for opportunities to invest into EIS companies as it has done with Mosaic Pub and Dining Tranche 1 and with Barts Pub LTD.

Refurbishment strategy

The Group's strategy is to enhance existing sites rather than redesign to a set formula. The Directors believe that an operation comprising individual quality outlets which are unbranded will trade better over the longer term. When refurbishing a pub, the Group adopts a timeless design style which is one of high quality but is not fashionable or contemporary. A typical refurbishment is undertaken in a style which the Directors believe is long lasting. With regular maintenance the estate is kept in a high standard, this helps to ensure that future refurbishment costs are reduced and closures of pubs for major refurbishments are minimised.

Acquisition pipeline

The Group is continually appraising both individual sites and portfolios of pubs across southern England and Wales and develops a pipeline of potential acquisitions out of the large number of opportunities presented. All acquisitions are subject to approval by the Board and a key consideration, when seeking board approval, is to recommend pubs and sites in areas which are not highly competitive.

The Group has a low annual rent charge compared to its turnover which was circa 3.4% as at 26 December 2021 (2020: 3.4%), based on normalised trading levels. The Group intends to keep it around this level or lower.

The Group also reviews the existing portfolio to see if any sites should be considered for disposal, and has sold six sites in 2022. These include Inn on the Beach, The Walrus, The Lion and Lobster, Brighton Beach Club, Travellers Friend and the London Road Brew House, for £17.1m.

Our strategy is to enhance existing sites rather than redesign to a set formula. Our Directors believe that an operation comprising individual quality outlets which are unbranded will trade better over the longer term.

OUR RELATIONSHIPS

Our people

Recruitment and retention of high quality staff is key to the Group's strategy, both at head office and across the estate. The Group's staff are well-trained and appropriately incentivised, given their respective roles, with the focus on attracting the most suitable employees to support the growth of the Group and maintain high levels of consumer satisfaction. Over the covid period the company topped up employees wages when they were sick.

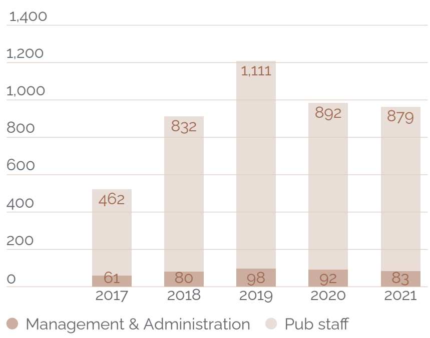
People and culture

The Group's localised strategy requires a certain standard and quality in its staff. The inherent ability to be engaging, intelligent and motivated are key attributes. The strategy to focus within Cathedral cities means finding the right type of staff should be easier especially as universities are central to all these cities. Finding the right people is followed by training programmes and a highly rewarding incentives package that we feel is unique in the industry. Putting its staff at the heart of the business is also reflected, with two employee representatives included at every board meeting.

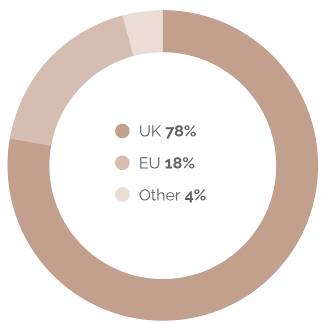
Operation structure and staffing

Growth, accompanied with the clustering strategy, means many General Managers are "homegrown". This has allowed for progression to Operations Manager in some cases. Each pub has a General Manager and most have a Head Chef on-site. The average full time equivalent (FTE) staff per pub ranges from 15-25 depending on size and offer (higher for those with accommodation and greater food offer). The operational structure is highly devolved fostering a more entrepreneurial spirit that is rarely seen in larger groups.

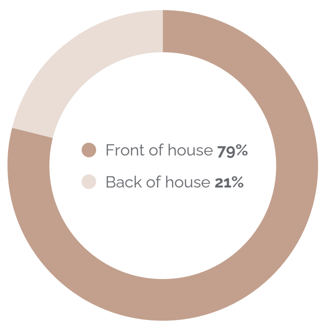
Number of staff



Staff by region



Staff by task



Staff training and incentives

Training
The overarching aim is to offer customers exceptional experiences, while striving to offer employees sufficient development possibilities to build a career within the Group.

Incentives
The City Pub Group has developed a comprehensive incentives policy. Importantly, bonuses are based on both quantitative and qualitative targets that are paid out weekly, monthly, as well as annually.

Selective trainings offered to employees:

Management
- Conflict Resolution
- Customer Experience Academy
- Deputy Manager Development Days
- Employment Law Training
- Fully Funded Online Short Courses
- Hospitality Supervisor & Manager Apprenticeships
- Management Development Programme
- Mental Wellbeing Training
- Rising Stars Programme for Supervisors & Assistant Managers
- Short Management Masterclasses
- P&L Training for Managers
- Senior Culinary Chef Apprenticeships

Administrative
- Anti-Modern Slavery Training
- Disability Awareness
- Diversity, Inclusion & Equity
- Emergency First Aid At Work Training
- Fire Marshal Training
- Food Safety Levels 1, 2, & 3
- Food Safety & Health & Safety Coaching Visits
- Health & Safety Level 2
- Operational Systems Training
- Personal License Holder Training
- Regional Inductions
- Social Media & Marketing

Food & Beverage
- Brewery Visits
- Cellar Management & Pint Perfection
- Level 2 & 3 Front of House & Chef Apprenticeships
- Licensing & Social Responsibility
- New Menu Cook-Offs
- Supplier Training, Tastings, & Visits
- WSET Levels 1 & 2

The Group has five key target markets:

Our customers

While value for money is a major component, there is a key focus on a premium offer across the entire estate. Aligned with keeping the values of the pub intact, there is an aim for the pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for people to visit often.

Adapting and driving consumer preference
Shifts in consumer preferences and behaviours combined with the changing profile of the high street, have blurred the lines between pubs, restaurants, cafés and coffee shops. Customers are now able to have a breakfast in a pub or dinner in a coffee shop. Menus are developed individually for each pub and offer good value across a wide range of choice. Increasingly, healthier and vegan options are being offered in each pub to broaden the appeal to a wider range of customers.

Our suppliers

The Group adopts a long-term approach with its suppliers and has maintained relationships with its major suppliers since inception. This includes contractors, professional advisers, designers and property agents, as well as food and drink suppliers.

Over 70% of our drink products have now been signed up on a three year fixed price deal, assisting margin improvement mitigating against inflation risk in this area.

The Group has centralised its food purchasing function and significantly reduced the number of its suppliers. This has resulted in an improvement in its purchasing terms and will enable greater economies of scale to be achieved as the pub estate grows.

> **There is an aim for the pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for people to visit.**

CORPORATE SOCIAL RESPONSIBILITY / ESG

Together we can empower our people and protect our planet

"We recognise that the Environmental, Social and Governance (ESG) agenda has become increasingly important for our stakeholders and customers. In response, we have developed an ESG framework to deliver our vision, offering independent, safe and supportive spaces that leave a positive impact.

Clive Watson
Executive Chairman

Throughout 2021, we have made progress in developing our strategy to ensure that we operate as a more responsible business, primed to play a positive role in society. We have launched a significant and thorough review of our current operations and introduced robust data collection processes to fully understand our impact on the environment and the communities in which we operate. We are taking our responsibilities seriously and want to get ESG right. This year we have reported against the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) for the first time and prepared standalone ESG and TCFD Reports to communicate our ESG journey to our stakeholders.

Our ESG Strategy

Our aim is to empower our customers, benefit our people, enrich our local communities and protect our planet. Our approach is localised, independent and responsible – adding value by being different and unique. Creating safe and supportive spaces for people and for the planet is central to achieving our goals.

We have enlisted the help of a third party specialist to support us in developing our ESG strategy, measuring our impact and enhancing our reporting. We are in the process of establishing clear and measurable targets as part of our ESG Strategy reducing our carbon emissions, waste, and water, improving health and safety, learning and development, diversity and supporting our local communities. We aim to develop these targets in 2022, details of which can be found on pages 16 to 19.

In developing the City Pub Group ESG Strategy, we have considered a range of different ESG disclosures and reporting frameworks to ensure best practice across the Group.

As a plc, we comply with the Energy Savings Opportunity Scheme (ESOS), a mandatory energy assessment scheme which the Group must perform every four years. This along with our Streamlined Energy and Carbon Reporting (SECR) Report (page 17) enables the Group to assess and report our energy usage, associated emissions, energy efficiency action, and energy performance.

In 2021, we reported on our progress against the TCFD for the first time. The TCFD requires UK premium-listed companies to report on a 'comply or explain' basis, effective for periods beginning on or after 1st January 2021, and was introduced by the Financial Conduct Authority (FCA). This year, we also published our first ESG Report outlining the Group's ESG programme and our progress to date. Our ESG Report has been prepared in accordance with the Global Reporting Initiative, an in depth ESG reporting framework that enables organisations to report on their environmental, social, economic and governance performance.

To enhance our ESG strategy, we aim to submit a Carbon Disclosure Project (CDP) 'Climate' response in summer 2022 to report further on our environmental impact management.

CORPORATE SOCIAL RESPONSIBILITY / ESG cont'd

We operate a robust governance framework throughout the Group, outlining the relationships between our stakeholders, the Board and senior management in shaping our strategy. We have embedded ESG into our existing governance processes and responsibility for managing ESG performance is held by various individuals across multiple governance forums at Board, executive and management level.

The City Pub Group Board has overall responsibility for the Group's ESG programme. Given the importance of ESG to our stakeholders, the Board established a specific ESG Committee to ensure ESG issues are dedicated appropriate attention. The ESG Committee is chaired by Emma Fox, Independent Non-Executive Director of City Pub Group and Chief Executive of Berry Bros & Rudd, and includes Neil Griffiths, Independent Non-Executive Director of City Pub Group, former COO of Punch Taverns Plc, and Clive Watson, Co-Founder and Executive Chairman of City Pub Group.

The Committee is responsible for developing the Group's ESG strategy, overseeing initiatives and ensuring compliance with current and emerging ESG regulation. The Committee meets quarterly, reporting on performance of ESG initiatives across the Group. An update is provided to the Board once a year.

Following feedback from our stakeholders on the importance of ESG, we completed a thorough review of our current operations in 2020, assessing our impact across energy use and carbon emissions, waste, our people, customers and local communities. In 2021, we built upon this by launching a robust data collection process across the group, expanding our material issues to specially include water, biodiversity, health and safety, learning and development, and diversity. In order to reduce our impact in these areas, we have set appropriate targets and introduced processes to monitor our progress in achieving these targets.

Environmental

Protecting the planet

The Group aims to act sustainably, minimising waste, reducing our environmental impact, and ensuring that our operations are continuously monitored for improvements. For this, we have implemented an environmental policy, committing to operating in the most responsible and sustainable way.

Energy Use

City Pub Group are committed to reducing our energy use and improving the efficiency of our operations.

In 2021, we launched an energy savings project, introducing a range of initiatives to help us achieve our goals.

We have installed Technik2 Cellar Manager, Cellar Manager Plus and Fridge Manager technology across the Group to boost efficiency and reduce energy consumption in our Pubs. Remote optimisers have also been installed to manage our usage. The completion of this project will result in an estimated payback of £226,000 and 480,575 kwh energy reduction over 5 months.

Many of our sites are fitted with LED lighting, timers and motion sensors for lighting, and fridge and freezer seals. Outdated windows are being upgraded to secondary glazing across the Group.

We have worked to reduce our reliance on gas for cooking at our Pubs by replacing old units with Induction hobs, which are up to 50% more energy efficient than gas or other electric ceramic models.

Behavioural changes are an important factor for City Pub Group to meet our reduction targets. By encouraging employees to 'turn stuff off', we are aiming to reduce our energy usage by 10%.

We have enhanced our communication of our energy saving project across the Group, producing posters educating employees on best practice at all sites. Energy Consumption readings are now monitored on a real time basis and energy consumption is reviewed against our targeted consumption reduction of 20% on weekly calls with Operators. Cash incentives for management teams for reductions have been rolled out throughout City Pub Group.

Sustainable Development

We refurbish our sites with the environment in mind. Where possible, we minimise building materials by repurposing as much original or recycled material as possible. Waterless urinals have been installed, ensuring the building is as energy efficient as possible. Multiple electric vehicle charging points have been installed to three of our pubs with rooms. We now provide blankets and hot water bottles to our customers in our outdoor areas instead of installing additional heaters. Moving forward we will promote sustainable travel by also installing staff and public cycle racks where possible across the Group.

Water

Reducing our water usage is crucial to City Pub Group. We have started installing water saving and recording measures in 2021 to begin this journey. In 2021, we installed 21 limpets, accounting for around 50% of our estate so far. We plan to roll this out to our full estate in 2022.

We have introduced waterless urinals to our sites to significantly reduce water consumption and waste.

We have also rolled out a Water Filtration system to 8 of our pubs. This enables us to bottle our own filtered water instead of stocking mineral water and reduces our waste as bottles are reused on site. We donate 25-50% of the selling price of this water to 'Water Aid', an international non-governmental organisation, focused on water, sanitation and hygiene.

Regular Audits are conducted at all sites, where all water taps and seals are checked for leaks to ensure there is no waste. We have hung posters in all our kitchens to educate staff on water usage and the importance of ensuring taps are turned off and the process for reporting leaks.

Reducing Waste

The Group is committed to reducing our waste production by minimum of 5% each year. A range of initiatives have been introduced across the Group in order to reduce the amount of waste we produce.

We have improved our recycling methods by separating cardboard and glass and introduced bailers across several sites to streamline our waste directly to be recycled.

Packaging waste has been reviewed throughout our operations. We return delivery crates to our dry goods supplier Elite and have replaced single use 50ml shampoo and conditioners to refillable bottles in our hotels rooms.

We have worked to reuse equipment where possible reduce waste, for example, in some of our Pubs we serve our pizzas on the trays on which they are cooked. Our Executive Group Chef considers portion size when selecting new menu items to reduce food waste, as well as increasing the number of vegan and vegetarian options which also aids in a wider carbon reduction for the environment.

Our City Pub App, enabling customers to access menus online. We are also exploring draught wine to reduce waste from bottles.

Biodiversity

We have assessed our sites and determined our operations have a low impact on biodiversity. Within many of our sites, we have beer gardens, housed with vegetation that offer a natural and green environment for many species to inhabit.

When redeveloping buildings, we consider the local wildlife before commencing with construction. For our Tivoli project we are introducing a 'Living Roof' on the river frontage which will support local biodiversity.

For our more rural sites we continue to provide safe havens for wildlife by maintaining our outdoor spaces and implementing herb gardens.

Social

We aim to keep the values of each pub across our estate intact, enabling each pub to become a central part of the local community by incorporating local suppliers, local staff and providing several reasons for our loyal customers to visit often.

Benefiting our People

At City Pub Group, we put our staff at the heart of our business, ensuring they are always heard and looked after throughout the company. Two employee representatives are included at each Board meeting to ensure employee concerns and improvements in staff welfare can be discussed.

We promote inclusive and fair renumeration and reward schemes across our pubs. Selected staff are awarded share options in the business after six months service by which time the company recognises the efforts of individuals to contribute to the overall success of the business.

City Pub Group operate an Employee Assistance Programme (EAP) run the Hospitality Action. The EAP is available 24 hours a day and provides a range of specialist, independent and confidential support services and resources on topics including Covid, anxiety, addiction, home and family life, domestic abuse, bereavement, financial uncertainty, employee rights, and general wellbeing.

We launched a company 'Furlough' scheme to allow those who started after the government cut off of March 21 to earn 80% of their wage if they were forced to isolate. We also re-introduced Furlough for all employees after the government scheme finished at the end of the year, when cases of Omicron were rising and many could not work.

CORPORATE SOCIAL RESPONSIBILITY / ESG cont'd

In April 2022, we have introduced 'Wagestream' enabling employees to access their pay within 24 hours of completing a shift, as opposed to having to wait for their traditional pay packets.

Engagement
We held a range of initiatives throughout the year to enhance the engagement of our employees. A competition was live for employees to rename our new pub in The Mumbles. The winner received a two night stay with breakfast, champagne and travel included.

A 'Bounty Hunter' refer a friend scheme was also re-launched in 2021. Employees received up to £1000 worth of rewards for each successful referral.

Employees across the Group also participated in a City Pub Group Strava challenge, promoting employee health and wellbeing, and Christmas Decoration competitions.

During the year, City Pub Group improved weekly communication via video blogs from the central teams, highlighting energy saving initiatives, staff opportunities, employee benefits and more.

Diversity and Inclusion
We seek to build a more diverse and inclusive workplace at Board, Executive, site management and employee level. We provide flexible working arrangements to support our staff to help facilitate family commitments or advance educational studies. In 2021, we have appointed a female CFO and NED, as well as two female Heads of Department.

We aim to develop our strategy to improve our gender, racial, LGBTQ+, age and disability diversity and inclusivity of our company in 2022.

Learning and development
We encourage an atmosphere of constant learning and upskilling by offering our employees access to training and development programmes. Our operational structure is highly devolved, fostering a more entrepreneurial spirit that is rarely seen in larger groups. This enables employees to be innovative and develop throughout their careers with City Pub Group.

Our model of nearby pubs creating local clusters gives staff learning opportunities through sharing knowledge and expertise. These local clusters help to foster our culture of collaboration and support across the Group and internal promotion within clusters is encouraged so that employees have genuine career prospects.

We provide wide range of apprenticeship qualifications with our partners at HIT Training and encourage career progression through career pathways. Currently, 85% of our Ops Managers/Directors have been promoted from within. At City Pub Group, 12 employees are currently enrolled on Apprenticeship scheme and 40 employees (ranging from Supervisor to GM) are set to enter into our Management Development Programme in 2022.

Our Customers
Following the pandemic, our pubs are once again bringing people together in safe and supportive spaces so they can connect. We pride ourselves in creating inclusive environments whereby people from all walks of life enjoy their leisure time at our pubs and feel safe and supported. As part of this, we ensure all of our spaces have rooms that are adapted for people with disabilities.

We put considerable efforts behind making sure our customers are well cared for and safe in our venues. Our staff are trained in safeguarding practices to ensure our customers' comfort and well-being. Many enhanced health and safety measures which were introduced during the COVID-19 pandemic have remained to prioritise the safety of our customers.

We encourage responsible drinking practices across all our pubs, including training on serving alcohol responsibly and offering better availability of low and non-alcoholic drinks products.

We stay updated on changing customer preferences and behaviours in this industry. Menus are diversified across our pubs and offer good value across a wide range of choice. Following the importance of ESG, and ensuring we reduce our impact on the environment, we have introduced healthier, vegetarian and vegan options in each pub to broaden the appeal to a wider range of customers and support them in making more sustainable life choices.

Enriching the local community

We aim to act responsibly and improve the local communities in which we operate across the Group. City Pub Group is built on a firm belief in the importance of independence, and our focus has always been on creating the perfect experience for each local community we serve. The COVD-19 pandemic has impacted our engagement with local communities in recent years, however we aim to enhance our community initiatives in 2022.

Across the Group, we partner with numerous local organisations. Our City Club App is used to communicate local events, charities and companies to our customers in the surrounding communities.

Additionally, City Pub Group are committed to enhancing our position in the local community. In 2022, we aim for City Pub Group to develop as a local community hub by holding our own events across our estate. Loneliness has been a prevalent issue in many of our local communities over the past few years, therefore we aim to hold social events where people are encouraged to attend, mingle and meet new people from their community.

Our employees are also passionate about improving the local communities in which they work. We work with our staff to identify specific partnerships opportunities that benefit the community and make donations to charities our employees are passionate about. Our Pubs are also encouraged to work with local charities with sites such as Cock & Bottle raising money for Grenfell and Petersfield raising money for the local hospice.

We have previously partnered with Foodcycle who used our kitchens to provide cooked meals to those who need it most. We have also partnered with Something to Look Forward To, which offers restaurant meals to those going through cancer treatment and their families to bring a ray of normality to their lives. We aim to continue these programmes during 2022.

For the full report please refer to our website.

Emission Type	kWh	CO_2e tonnes (Location Based)	kWh	CO_2e tonnes (Location Based)
	Current Year (2021)	Current Year (2021)	Prior Year (2020)	Prior Year (2020)
Total Scope 1 (Inclusion: Combustion)	**11,655,306**	**2,207.54**	4,141,817	777.47
Total Scope 2 (Inclusion: Purchased Energy)	**6,698,843**	**1,422.37**	4,105,241	957.10
Total Scope 3 (inclusion: Indirect Energy use)	**520,625**	**120.71**	83,379	20.91
Total	**18,884,285**	**3,752.64**	**8,330,436**	**1,755.47**

Greenhouse Gas Emissions Intensity Ratio:

Total Footprint (Scope 1, Scope 2 and Scope 3) – CO_2e tonnes

	Current Year (2021)	Prior Year (2020)
Turnover (£)	**35.4 m**	25.7 m
Intensity Ratio (tCO_2e/£100,000)	**10.6**	6.83
Employees	**843**	984
Intensity Ratio (tCO2e/Employee)	**4.45**	1.78

Emission Type	CO_2e tonnes (Dual Reporting Methodology)					
	Location Based	Market Based (Supplier Specific)	Var. %	Location Based	Market Based (Supplier Specific)	Var. %
	Current Year (2021)	Current Year (2021)	Current Year (2021)	Prior Year (2020)	Prior Year (2020)	Prior Year (2020)
Total Scope 1 (Inclusion: Combustion)	**2,207.54**	**2,207.54**	**0%**	777.47	777.47	0%
Total Scope 2 (Inclusion: Purchased Energy)	**1,422.37**	**1,422.37**	**0%**	957.10	907.78	-5.15%
Total Scope 3 (inclusion: Indirect Energy use)	**120.71**	**120.71**	**0%**	20.91	20.91	0%
Total	**3,752.64**	**3,752.64**	**0%**	**1,755.47**	**1,706.16**	**-2.81%**

BUSINESS REVIEW

Financial performance

	2021				2020			
	Revenue £m	Operating loss £m	EBITDA £m	Loss before tax £m	Revenue £m	Operating profit £m	EBITDA £m	Profit before tax £m
Reported	**35.4**	**(3.0)**	**1.9**	**(3.1)**	25.8	(6.5)	(1.0)	(7.6)
Share option charge	**–**	**0.7**	**0.7**	**0.7**	–	0.4	0.4	0.4
Exceptional items	**–**	**3.3**	**3.3**	**3.3**	–	1.8	1.8	1.8
Adjusted	**35.4**	**1.0**	**5.9**	**0.9**	25.8	(4.3)	1.2	(5.4)

Financial position and performance

The results reported with the financial statements are for the 52 weeks ended 26 December 2021, compared with the 52 weeks ended 27 December 2020. All commentary is for the statutory periods, except for the like for like information.

The Group has a strong financial position as a cash generative business with a high quality, mainly freehold asset base. The bank debt at year end was £25m. Net debt was £12.2m.

Group revenue increased by some 37% compared to the prior year due to the country coming out of lockdown in April 2021. Our adjusted operating profit before separately disclosed share options and exceptional items was £1.0 million (2020: loss £4.3 million).

Adjusted EBITDA was much improved at £5.9 million due to the loosening of Covid restrictions. (2020: £1.2 million).

Finance costs

Net finance costs (pre IFRS16) before separately disclosed exceptional items were slightly lower than prior year but rounded to £0.4 million (2020: £0.4 million).

Cash flow and net debt

The Group generated cash from operating activities of £10.0 million (2020: £1.3 million). In line with our acquisition strategy, we invested £5.5 million across a number of our sites (2020: £2.3 million) and we invested some £2.3 million in investments (2020: £1.3 million), mainly the £1.2 million of additional investment in certain companies within the Mosaic Pub & Dining Group.

Sources of finance

The Group have long term facilities of £35 million available, plus an accordion option of an additional £15 million until July 2024. The Group had drawn down £25 million of these facilities at the year end. Our undrawn committed facilities at 26 December 2021 were £10 million with a further £12 million of cash held on the statement of financial position at year end. A £5m CLBILS facility was also available. This has been cancelled in 2022.

Separately disclosed items

Separately disclosed exceptional items before tax of £3.3 million (2020: £1.8 million) comprised £3.7 million impairment provision for a number of sites, £0.6 million of other non-recurring costs and were reduced by an insurance claim of £1.0m. Before separately disclosed exceptional items and share option charge, adjusted profit before tax was therefore £0.9 million (2020: loss £(5.4) million). Tax has been provided for at a rate of 19.0% (2020: 19.0%) on adjusted loss. A full analysis of the tax charge for the year is set out in note 7.

Review of the business

The purpose of the business review is to show how the Company assesses and manages risk, and adopts appropriate policies and targets. Further details of the Company's business and future developments are also set out in the Chairman's statement.

KPIs

Legislation requires the Board to disclose Key Performance Indicators (KPIs) relevant to the Company. The KPIs are revenue, adjusted EBITDA and customer reviews. Comments regarding the trading performance of the sites can be found in the Chairman's Statement.

We review our performance by looking at our current year actuals against both budget and prior year figures.

Going concern statement

Please see the Directors report for the Going Concern statement.

On behalf of the Board

Holly Elliott
Chief Financial Officer
26 April 2022

DIRECTORS' DUTIES – S172 COMPANIES ACT 2006

Directors' duties to promote the long-term success of the company

The directors behave and carry out their activities to promote long-term success for the benefit of the company's shareholders, employees, clients, suppliers and stakeholders. They focus on the company passing on a stronger, better and more sustainable business to those who follow while maintaining intergenerational fairness.

They engage with shareholders, employees, clients, suppliers and stakeholders to reflect their insights and views when making decisions on strategy; delivering operational effectiveness; making plans; driving initiatives; and committing to deliver outcomes that enhance social value.

The culture and values promoted by the directors creates a focus across the Group on observing and maintaining the highest standards of business conduct in promoting the long-term success of the company.

The narratives in the corporate governance report and directors' report highlight how the directors have observed these principles and engaged with shareholders, employees, clients, suppliers and stakeholders in decision-making and in promoting the long-term success of the company.

As we emerge from the pandemic Environmental, Social and Governance (ESG) agenda has become increasingly important for all businesses. Our ESG committee, chaired by Emma Fox, continues to highlight the importance of initiatives.

We have launched a significant and thorough review to ensure that we emerge as a more responsible business, primed to play a positive role in the industry's recovery. We are taking our responsibilities seriously, want to get it right as we understand that those that succeed in this area will have competitive advantage.

Further explanation of these duties can be found in the ESG report.

PRINCIPAL RISKS AND UNCERTAINTIES

Aligning risk with corporate strategy

Risk Management Overview

The City Pub Group is not alone in facing a range of risks and uncertainties in the course of its business. Our aim is to identify and manage these risks effectively so that we can deliver on our strategy and maximise shareholder returns.

In the course of its normal business, the Group continually assesses and takes action to mitigate the various risks encountered that could impact the achievement of its objectives. As detailed in the Corporate Governance Report, there are systems and processes in place to enable the Board to monitor and control the Group's management of risk. The Audit Committee reviews the effectiveness of this process and seeks to ensure that management's response is adapted appropriately to the changing environment.

External Risks

There are a number of external risks over which the Board has no direct control, which are discussed at Board and Audit Committee meetings to ensure that the business can respond effectively to changes in the external environment.

- A decline in the UK economy would reduce consumer disposable income and could see a reduction in revenues across the industry, or a polarisation between cost leaders and premium operators.
- The implications of Brexit are uncertain and will continue to be for the foreseeable future. The business model is dependent on being able to source skilled labour, much of which comes from the EU.
- The war in Ukraine, has seen the unsettling of the global economy, leading to significantly higher energy prices and rising food costs.
- The threat of terrorism in the UK has an impact on the way in which we operate and the safety of our customers and employees is of paramount importance. A prolonged terrorist campaign could ultimately reduce consumer spending habits.
- COVID-19 – While all restrictions have now eased, the potential of future restrictions would impact trading.

The following sets out what the Board considers to be the principal risks which affect the Group at present, although it is not intended to be a comprehensive analysis of all the risks that the business may face.

Risk Trend Key

▲ Risk increasing

◆ Risk unchanged

▼ Risk decreasing

Regulatory and compliance risks

Description	Impact	Risk Mitigation & Monitoring	Change
Legislative Changes The City Pub Group operates in a highly regulated sector where government legislation impacts much of the way we do business and therefore the business model.	Any significant changes in policy could lead to a sudden change or the long-term decline of the business.	• We carefully monitor legislative developments and review sales trends and consumer habits to gauge their impact on our business. • We participate in industry initiatives aimed at the responsible promotion and retailing of alcohol.	▲
The annual stepped increases to the National Living Wage ("NLW") presents a challenge to the way in which staff costs are controlled.	Similar changes in future could reduce profitability in our managed pubs.	• We have taken steps to mitigate the impact of the NLW legislation through review of our staff hours and pricing strategies and we are in a unique competitive position as we already pay many of our employees above the NLW. We are also closely monitoring the potential wider wage inflation impact.	
Health and Safety and Food Safety The health and safety of the Group's employees and customers is a key concern to us. We are required to comply with health and safety legislation, including fire safety, food hygiene and allergens.	Operating a large number of managed houses increases the complexity of ensuring the highest health and safety standards are adhered to.	• A Health and Safety Committee oversees the operation of the Group's health and safety policies and procedures, and regularly updates its policies and training programme to ensure all risks are identified and properly assessed and that relevant regulation is adhered to. • We use Food Alert a food and H&S consultancy to provide audit advice and risk assessment management. They audit each site twice a year. • We report and investigate all accidents and near misses and are looking to appoint dedicated safety champions throughout the business. • In a number of Pubs, we have introduced automatic fire suppression systems in our kitchens to reduce fire risk. • All staff receive food hygiene and allergen awareness training as standard and regular kitchen audits/checks ensure they comply with the standards expected of them. Quality assurance checks on our core suppliers ensure hygiene standards have been adhered to before produce reaches our kitchens.	◆

Operational and people risks

Description	Impact	Risk Mitigation & Monitoring	Change
Business Continuity and Crisis Management Coronavirus / COVID-19. Possible further waves.	The impact of the Coronavirus (COVID-19) has been to close all of our pubs from 20 March 2020 for more than three months followed by more enforced closures in November and then again in December 2020 through to April 2021.	• We looked at ways of reopening the pubs using social distancing to keep staff and customers safe. • We purchased stocks of PPE and sanitisers to ensure that the sites were Covid safe and we could follow the Government guidelines and keep our staff and customers safe. • We monitored whether a second wave of the virus could impact our sites and factored this into our continuity planning, i.e. keeping stocks low. • Operational processes developed to react to any COVID-19 infections among our team members.	
Our Managed pubs represent our key revenue stream.	The impact of a major disaster affecting a number of pubs over a period of time could be significant.	• We have well-documented disaster recovery plans which are rehearsed regularly throughout the business to ensure that normalisation can occur as swiftly as possible after a serious incident and that any damage is contained.	
Information Technology The Group is increasingly reliant on its information systems to operate.	Trading would be affected by any significant or prolonged failure of these systems.	• To minimise this risk the IT function has a range of facilities and controls in place to ensure that in the event of an issue normal operation would be restored quickly. • These include a formal IT Recovery Plan, online replication of systems and data to a third-party recovery facility, and external support for hardware and software.	
Data Security – the data held by the Group is a key business asset and personal data protection is key. Deliberate acts of cyber-crime are on the increase, targeting all markets and heightening risk exposure.	Any significant loss of data could lead to a considerable interruption for the business and reputational damage, as well as fines under GDPR.	• The IT systems in place follow appropriate data protection guidelines to ensure the risk of both personal and Company data loss is minimal. • Our network is protected by firewalls and anti-virus protection systems. Threats to our data security by viruses, hacking or breach of access controls are constantly monitored.	
Recruitment & Staff Retention The Group has a business model built upon recruiting and keeping the best people to support its strategy.	There is a risk that if a number of key employees were to leave at the same time it may risk the delivery of the Group's strategy.	• The Group performs detailed succession planning to ensure that key roles are considered to ensure appropriate cover is available. • The Group culture and remuneration packages are attractive. Policy is set up to ensure the key members of our staff are appropriately remunerated to reduce the likelihood they are attracted to other competitor businesses.	
There is a risk that recruitment will become increasingly competitive and that staffing shortages within the hospitality industry could drive wage inflation.	If we cannot recruit the best people, we risk falling levels of quality which could impact our reputation. If we become reliant on agency staff, profit margins are reduced.	• We have established a strategy which will ensure we continue to attract and retain highly trained, quality staff and have invested in internal development as part of our Chefs Development programme. • We have taken steps to ensure that we will be prepared for the impact of a potential reduction in qualified hospitality workers in the wake of Brexit and that we will remain the employer of choice.	

PRINCIPAL RISKS AND UNCERTAINTIES cont'd

Economic and market risks

Description	Impact	Risk Mitigation & Monitoring	Change
Economic Uncertainty and Cost Inflation Market uncertainty and increasing demand leads to cost pressures in several areas, most significantly food and drink production, utilities and staff costs. We are also facing significant cost head-winds such as business rates.	The weaker pound sterling gives risk to increasing food costs, particularly from the Eurozone and reduces profitability.	• Key suppliers undergo a rigorous procurement process to ensure that we get the best deal. • We seek to maintain good relations with suppliers. • Monthly reviews of Key Performance Indicators ("KPIs") indicate areas where costs could rise significantly.	
Loss of Company Values or a Failure to Adhere to Them CPG is a company based on a strong set of values which are key to its success and future.	Should these be undermined or not adhered to, the Company's unique position and long-term future would be jeopardised.	• The Group has a culture which ensures that management are encouraged to take business decisions for the long-term benefit of the Group. • This culture also promotes a long term and collaborative approach that does not lead to excessive risk taking and the reward system encourages appropriate behaviour.	
Consumer Demand Shifts The Group's success is attributable to its ability to anticipate and react to consumer demand.	The way in which the Group responds to market changes is critical to its on-going strategy and has a direct impact on all operational activity.	• Management monitor and research consumer trends and run trials of new technologies, brands and products. • We gather consumer feedback through surveys, customer complaints and online and social media reviews. • We analyse retail pricing and market share data to ensure we are competitive but still premium. • The Board approves all significant new acquisition decisions and therefore controls key changes to the Group.	

Financial risks

Description	Impact	Risk Mitigation & Monitoring	Change
Funding Requirements We expect the Group to be able to access suitable financial facilities to meet the ongoing requirements of the business and our longer term strategic objectives.	If we are unable to meet the funding requirements of the Group, we risk reduced revenue and lower profitability than our growth plans.	• The Group agreed a £35m revolving credit facility (RCF) with Barclays and an accordion option of £15m, which is in place until July 2024. • We have agreed a new £5m CLBLS facility through Barclays to increase our liquidity until we are through the Covid pandemic. We have recently cancelled this facility. • The sale of six pubs in April 2022 has resulted in our net debt dropping to £1.2m.	
Covenant Risks We expect to be able to meet our banking covenants under a range of cautious liquidity scenarios. The Coronavirus has resulted in the closure of all our pubs, which effects our ability to meet the banking covenants.	If we are unable to meet the covenant requirements of the Group's RCF this might affect our ability to grow the business and might damage our reputation and ongoing creditworthiness.	• The Group prepares long term business plans and forecast to ensure that financial covenants can be met and monitored on a regular basis. Our forecast models closely tracks future covenant headroom of bank debt through all considered acquisitions. • Barclays have agreed to waive the existing financial covenant tests until the end of June 2022. • Barclays have agreed to replace the existing financial covenants with a Minimum Liquidity Test in the sum of £8m and a Minimum EBITDA Test up to June 2022, after which date the financial covenant tests as currently documented will recommence. • We are comfortably within all of our covenants.	

Risk of not complying with plc rules/corporate matters

Description	Impact	Risk Mitigation & Monitoring	Change
Corporate Matters ESOS (Energy Savings Opportunity Scheme). Packaging Regulations.	We need to meet our reporting deadlines and also understand how we are able to be more energy efficient which is good for the environment and will save us money.	• External company is employed as our lead assessor and energy auditor. • Advisor appointed to help with collecting of data and the reporting of our obligations.	◆

On behalf of the Board

Holly Elliott
Chief Financial Officer
26 April 2022

BOARD OF DIRECTORS

Executive Directors

Clive Watson ACA (61)
Executive Chairman

Clive qualified as a Chartered Accountant with Price Waterhouse in London in 1986 then joined the investment bank Manufacturers Hanover Limited where he spent three years. He joined Regent Inns PLC as Finance Director and Company Secretary in 1990. Clive left Regent Inns PLC in February 1998 and co-founded Tup Inns Limited, where he was responsible for financial and commercial matters as well as acquisitions, before becoming Chief Executive and Finance Director of Tom Hoskins PLC, an AIM listed company. Clive was a founding director of The Capital Pub Company PLC in 2000 and remained on the board until the company's sale to Greene King in 2011. Clive was appointed as Chief Executive of The City Pub Company (East) PLC in December 2011 before becoming Chairman in September 2014 and served throughout the period.

Toby Smith (51)
Chief Operating Officer

Toby is a very experienced and senior operator with over 25 years' experience in UK hospitality. He has held CEO roles with Stonegate Pub Company, Novus Leisure and Town and City Pub Company. Prior to these, he also held senior roles at Laurel Pub Company, Spirit Group and Scottish and Newcastle Retail. Toby was appointed as Chief Operating Officer of the Company on 10 November 2020.

Holly Elliott ACMA (49)
Chief Financial Officer

Holly joined the Board as Chief Financial Officer on 29 November 2021 from Honest Burgers where she was interim CFO. Before that, Holly was Group Finance Director of Five Guys, the fast-food chain operating in the UK, France, Spain and Germany, for four years, and previously spent 12 years at Caffé Nero in a number of roles including Finance Director.

Rupert Clark (50)
Managing Director

Rupert has over 20 years' experience in the running of high-volume food and liquor-led pubs, both in and outside London. Rupert was previously Operations Manager of The Capital Pub Company PLC and was with Capital for four years. After the sale of Capital to Greene King in 2011 Rupert stayed on to ensure the smooth integration of pubs into the Greene King estate. Prior to Capital, Rupert worked as Operations Manager at The Food and Drink Group, repositioning their City bars, and at Fullers first developing The Fine Line brand and then their un-branded bars and gastro pubs. Rupert was appointed as Joint-Chief Executive of The City Pub Company (East) PLC in April 2013 becoming sole Chief Executive in September 2014 and served throughout the period.

Non-Executive Directors

Neil Griffiths (60)
Independent
Non-Executive Director

Neil was appointed as a Non-Executive Director of the Group on 17 January 2018. Neil qualified as a Chartered Surveyor in 1987 and has over 30 years of experience in retail, leisure and property sectors. Neil worked at Punch Taverns plc from 2001 to 2017 holding a number of senior management roles including Chief Operating Officer, Chief Strategy Officer and Group Property Director. Neil joined Punch from Time Warner where he was International Property Director for their cinema division. Prior to that he held a number of Senior Management and Divisional Board roles at Bass Plc including Head of Property and Commercial Development Director. Neil is a Trustee Director for the Prince of Wales initiative "Pub is the Hub". He is a former Council member of the British Beer & Pub Association having sat on panels and committees for both the BBPA and Royal Institution of Chartered surveyors. Neil is Chairman of the Nominations Committee and sits on the Audit, ESG & Risk and Remuneration Committees.

Emma Fox (54)
Independent
Non-Executive Director

Emma is an exceptionally experienced director with over 30 years of experience in the retail, leisure, and drinks sectors. Emma is currently CEO of Berry Bros & Rudd, the oldest wine and spirit merchant in the UK. She was appointed as CEO in 2020, having served an Independent Non-Executive Director since 2017, to help guide the business through its next phase of growth. Emma joined Berry Bros & Rudd from The Original Factory Shop where she also held the role of CEO. Previously, Emma held several senior management and divisional board roles at large retailers including Commercial Director at Halfords, Chief Marketing Officer at Walmart Canada and Commercial and Logistics Director roles at ASDA. Emma also has extensive hospitality and leisure experience having worked with Hollywood Bowl as Marketing Director, Bass Brewers and as a Non-Executive Director at Punch Taverns Plc. Emma was appointed as a Non-Executive Director of the Company on 11 March 2021. Emma is chair of the ESG Committee and sits on the Audit Committee and Remuneration Committee.

Richard Prickett FCA (70)
Independent
Non-Executive Director

Richard has considerable public markets experience, gained through numerous non-executive director roles including acting as Independent Non-Executive Director for Regent Inns Plc and the Capital Pub Company. Richard currently serves as a Non-Executive Director to Pioneer (City) Pub Company. Richard qualified as a chartered accountant in 1973 with Coopers & Lybrand and has many years' experience in corporate finance. Richard is Chairman of both the Remuneration Committee and the Audit & Risk Committee, and sits on the Nominations Committee. Richard was appointed as a Non-Executive Director of the Company on 25 October 2017 and served throughout the period.

Company Secretary

James Dudgeon (74)
Company Secretary

James has been Company Secretary since 2011. He was previously Company Secretary of the Capital Pub Company. He has an accounting background.

CORPORATE GOVERNANCE REPORT

for the 52 week period ended 26 December 2021

The Directors recognise the importance of sound corporate governance and they comply with the Quoted Companies Alliance Corporate Governance Code / QCA Guidelines.

The Board comprises seven Directors of which four are executives and three are non-executives, reflecting a blend of different experience and backgrounds. The Board considers Richard Prickett, Neil Griffiths and Emma Fox of the non-executive directors to be independent in terms of the QCA Guidelines.

The Board meet regularly to review, formulate and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress towards its goals. In accordance with the best practice, the Group has established Audit and Risk, Remuneration and Nomination committees with formally delegated duties and responsibilities and with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises.

Board of Directors

The Board has overall responsibility for the Group's system of internal control and reviewing its effectiveness. Key elements of the system of internal control include clearly defined levels of responsibility and delegation, together with well-structured reporting lines up to the Board; the preparation of comprehensive budgets for each pub and head office, approved by the Board; a review of period results against budget, together with commentary on significant variances and updates of both profit and cash flow expectations for the period; Board authorisation of all major purchases and disposals and regular reporting of legal and accounting developments to the Board.

Details of the current Directors, their roles and their backgrounds are on pages 26 and 27.

Audit and Risk Committee

The Audit and Risk Committee will assist the Board in discharging its responsibilities, within agreed terms of reference, with regard to corporate governance, financial reporting and external and internal audits and controls, including, amongst other things, reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems.

During the year the Committee considered key aspects related to the Group's financial reporting, including matters related to the going concern basis of preparation of the financial statements, revenue recognition, impairment indicators relating to non-current assets and the classification and valuation of investments in financial assets.

The Audit and Risk Committee were satisfied with the approach presented by the management and the judgements made in respect of the above matters.

The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board. Membership of the Audit and Risk Committee compromises Neil Griffiths, Emma Fox and Richard Prickett and it is chaired by Richard Prickett. The Audit and Risk Committee will meet formally not less than twice every year and otherwise as required.

The Audit Committee have reviewed the independence and effectiveness of Haysmacintyre LLP, the Group's external auditor, and are satisfied in both respects. Haysmacintyre LLP have signified their willingness to continue in office and a resolution to reappoint Haysmacintyre LLP as auditor will be proposed at the AGM.

Remuneration Committee

The Remuneration Committee is responsible, within agreed terms of reference, for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Executive Directors. This includes agreeing with the Board the framework for remuneration of the Executive Directors, the company secretary and such other members of the executive management of the Group as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Executive Director including, where appropriate, bonuses, incentive payments and share options. No Director may be involved in any decision as to their own remuneration.

Attendance 2021	Board	Audit	Remuneration	Nomination	ESG	Investment
Director						
Clive Watson	4 (4)	*	*	*	2 (2)	3 (3)
Toby Smith	4 (4)					3 (3)
Rupert Clark	4 (4)					3 (3)
Tarquin Williams[3]	3 (3)					2 (2)
Holly Elliott[4]	1 (1)	*				1 (1)
Richard Prickett	4 (4)	3 (3)	3 (3)	4 (4)		
Neil Griffiths	4 (4)	3 (3)	3 (3)	4 (4)	2 (2)	3 (3)
Emma Fox[1]	4 (4)	2 (2)	2 (2)		2 (2)	
John Roberts[2]	3 (3)	3 (3)	1 (1)	2 (2)		

* These Directors are not members of the Committees but are invited to attend meetings.
1. Emma Fox was appointed to the Board with effect from 11 March 2021.
2. John Roberts resigned from the Board with effect from 23 September 2021.
3. Tarquin Williams resigned from the Board with effect from 29 November 2021.
4. Holly Elliott was appointed to the Board with effect from 29 November 2021.

The membership of the Remuneration Committee comprises Neil Griffiths, Emma Fox and Richard Prickett and the committee is chaired by Richard Prickett. The Remuneration Committee will meet not less than twice a year and at such other times as the chairman of the committee shall require.

Nomination Committee

The Nomination Committee will have responsibility for reviewing the structure, size and composition of the Board and recommending to the Board any changes required for succession planning and for identifying and nominating (for approval of the Board) candidates to fill vacancies as and when they arise. The Nomination Committee is also responsible for reviewing the results of the Board performance evaluation process and making recommendations to the Board concerning suitable candidates for the role of senior independent director and the membership of the Board's committees and the re-election of Directors at the annual general meeting. The membership of the Nomination Committee comprises Neil Griffiths, and Richard Prickett and the committee is chaired by Neil Griffiths. The Nomination Committee will meet not less than once a year and at such other times as the chairman of the committee shall require.

ESG Committee

As we emerge from the pandemic Environmental, Social and Governance (ESG) agenda has become increasingly important for all businesses. In response we have established an ESG committee, which will be chaired by Emma Fox. We have launched a significant and thorough review to ensure that we emerge as a more responsible business, primed to play a positive role in the industry's recovery. We are taking our responsibilities seriously, want to get it right as we understand that those that succeed in this area will have competitive advantage.

Share incentive arrangements

The Directors believe that the success of the Group will depend to a significant degree on the future performance of the management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Group. The Directors regard equity participation to be an important aspect of the Group's ability to attract, retain and incentivise its key staff. The Group currently provides, and intends to continue to provide, key senior management team members with an equity incentive in the Group.

The Existing Share Option Schemes consist of the CSOP Share Option Scheme, Joint Shared Ownership Plan (JSOP) and Long Term Incentive Plan (LTIP). After CPCE and CPCW became ineligible to grant any further EMI options, each company adopted a tax advantaged Company Share Option Plan (CSOP) in 2016 and made further option grants under those plans over the respective company's shares. These CSOP options ordinarily become exercisable shortly after the third anniversary of their grant date.

Options granted under the CSOP Share Option Scheme will become exercisable following the third anniversary of their date of grant. The Company may also grant further options under the CSOP Share Option Scheme.

In order to incentivise the key senior management team following Admission, and to better align their interests with those of shareholders, the Company introduced a JSOP and has granted awards under the JSOP during 2018.

The Company has granted share options, JSOP and LTIPs over 7,960,000 Ordinary Shares representing 7.5 per cent of the Enlarged Share Capital. Taking this into account, an additional 2,398,343 Ordinary Shares remain available for reward under the various schemes at the year end.

Senior bonus scheme

The Group has adopted a senior bonus scheme which provides for payment of discretionary annual performance based bonuses to senior key employees and executive directors of the Company. Bonus targets are set in relation to the profit of the Group. No pay out would be made if the minimum threshold on the bonus target schedules is not achieved. The targets have been selected to incentivise the senior key employees and executive directors to deliver performance in line with the Group strategy.

CORPORATE GOVERNANCE REPORT cont'd

for the 52 week period ended 26 December 2021

Directors' emoluments

Directors' emoluments for the period were as follows:

Single total figure of remuneration table

The following table shows a breakdown of the remuneration of individual Directors who served in all or part of the year:

	Salary/Fees		Taxable Benefits		Pension/Other		Compensation for loss of office		Total	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Clive Watson	**153**	112	**5**	9	**20**	7	**–**	–	**178**	128
Alex Derrick	**–**	101	**–**	6	**–**	5	**–**	166	**–**	278
Rupert Clark	**153**	112	**9**	9	**21**	7	**–**	–	**183**	128
Tarquin Williams	**135**	104	**2**	2	**23**	2	**–**	–	**160**	108
Toby Smith	**253**	33	**10**	–	**–**	–	**–**	–	**263**	33
Holly Elliott	**18**	–	**–**	–	**–**	–	**–**	–	**18**	–
Richard Prickett	**48**	38	**–**	–	**–**	–	**–**	–	**48**	38
John Roberts*	**33**	26	**–**	–	**34**	26	**–**	–	**67**	52
Neil Griffiths	**42**	32	**–**	–	**–**	–	**–**	–	**42**	32
Emma Fox	**30**	–	**–**	–	**–**	–	**–**	–	**30**	–
Total	**865**	558	**26**	26	**98**	47	**–**	166	**989**	797

* John Roberts provides brewery consultancy services to the Group in relation to our seven microbreweries. The fees for these consultancy services are included within the Other column.

Directors interests

As at 26 December 2021 the Directors of the Company held the following number of shares:

The Directors share interest represents 4.6% of the ordinary shares in circulation.

	2021	2020
Directors Share Interests		
Rupert Clark		
Ordinary 1p shares	**608,039**	608,039
Neil Griffiths		
Ordinary 1p shares	**54,632**	54,632
Richard Prickett		
Ordinary 1p shares	**74,130**	74,130
John Roberts		
Ordinary 1p shares	**430,005**	430,005
Clive Watson		
Ordinary 1p shares	**3,448,156**	3,348,156
Tarquin Williams		
Ordinary 1p shares	**291,412**	291,412
Holly Elliott		
Ordinary 1p shares	**3,747**	–

Director's Share Options

Director	Scheme	As at 27 December 2020	Exercised	Relinquished	Granted	As at 26 December 2021	Exercise price	Date of grant	Exercisable from	Expiry date
Rupert Clark	CSOP	30,000	–	–	–	30,000	£1.00	May-16	May-19	May-26
	JSOP	400,000	–	(400,000)	–	–	£2.05	Jan-18	Jan-21	Jan-28
	LTIP	200,000	–	–	–	200,000	Nil	Jun-20	May-23	Jun-30
	LTIP	–	–	–	400,000	400,000	Nil	May-21	May-24	May-31
Total		630,000	–	(400,000)	400,000	630,000				
Clive Watson	CSOP	22,500	–	–	–	22,500	£1.00	May-16	May-19	May-26
	CSOP	22,500	–	–	–	22,500	£1.00	May-16	May-19	May-26
	JSOP	400,000	–	(400,000)	–	–	£2.05	Jan-18	Jan-21	Jan-28
	LTIP	1,000,000	–	–	–	1,000,000	Nil	Jun-20	May-23	Jun-30
	LTIP	–	–	–	400,000	400,000	Nil	May-21	May-24	May-31
Total		1,445,000	–	(400,000)	400,000	1,445,000				
Tarquin Williams	CSOP	30,000	–	–	–	30,000	£1.00	May-16	May-19	May-26
	CSOP	30,000	–	–	–	30,000	£1.00	May-16	May-19	May-26
	JSOP	400,000	–	(400,000)	–	–	£2.05	Jan-18	Jan-21	Jan-28
	LTIP	400,000	–	–	–	400,000	Nil	Jun-20	May-23	Jun-30
	LTIP	–	–	(400,000)	400,000	–	Nil	May-21	May-24	May-31
Total		860,000	–	(800,000)	400,000	460,000				
Toby Smith	LTIP	–	–	–	1,000,000	1,000,000	Nil	Feb-21	Feb-24	Feb-31
Holly Elliott	LTIP	–	–	–	400,000	400,000	Nil	Dec-21	Dec-24	Dec-31
TOTAL		2,935,000	–	(1,600,000)	2,600,000	3,935,000				

LTIP

The Company granted 2,950,000 nil cost options over ordinary shares of 1p each ("Ordinary Shares") to certain Directors and employees of the Company (the "Options") during the year ended 26 December 2021, with 400,000 of these options subsequently being relinquished.

The Options have been granted under the Company's 2021 Long Term Incentive Plan, are exercisable in 2024 following release of the Company's audited accounts for the year ended 31 December 2023, and are subject to performance conditions relating to the Company's profitability.

The LTIPs have performance hurdles that need to be met in order for any vesting of the LTIPs. If the 2022 Group adjusted pre IFRS16 EBITDA is below £9m, there will be no pay out.

A full award will be made if the Group's 2022 adjusted pre IFRS16 EBITDA is above £13m. The 2020 award has the performance targets set out in last year's accounts.

The Corporate Governance Report was approved by the Board and signed on its behalf.

Richard Prickett
Independent Non-executive Director,
26 April 2022

DIRECTORS' REPORT

for the 52 week period ended 26 December 2021

The Directors present their Report and the consolidated financial statements of the Group for the 52 week period ended 26 December 2021.

Results and dividends
The statement of profit or loss is set out on page 38 and shows the result for the period. The Directors do not recommend the payment of a dividend this year due to the Coronavirus pandemic.

Strategic report
Information in respect of the Business Review, Future Outlook of the Business and Principal Risks and Uncertainties are not shown in the Directors' Report because they are presented in the Strategic Report in accordance with s414c(ii) of the Companies Act 2006.

Directors
The Directors who served during the year were as follows:

Clive Watson
Rupert Clark
Toby Smith
Tarquin Williams – Resigned 29 November 2021
Holly Elliott – Appointed 29 November 2021
John Roberts – Resigned 23 September 2021
Richard Prickett
Neil Griffiths
Emma Fox – Appointed 11 March 2021

Going concern
The Group agreed a £35m revolving credit facility (RCF) with Barclays Bank plc in July 2019 with an accordion option of another £15m. This facility has been extended to July 2024. There is also an undrawn £5m CLBILS facility available. At year end we had £25m of debt, and £15m of net debt, with £10m undrawn on our RCF, £15m of accordion and £5m of CLBILS available. We have since cancelled the CLBILS facility.

Barclays replaced The City Pub Group plc's RCF's existing financial covenants with a Minimum Liquidity Test in the sum of £8m plus an additional Minimum EBITDA Test to be tested on a monthly basis. We have significant headroom between our forecasts and the requirements in the Minimum EBITDA Test. After June 2022 the financial covenant tests as currently documented will recommence. The forecasts for the business show substantial headroom.

Post year end, the group has recently sold six pubs for £17.1m. This effectively reduces debt to £1.2m. The Group is now EBITDA and cashflow generative, with funding only required for new acquisitions.

During 2020, we reduced Pub and head office costs to the minimum and have kept a tight grip on these costs post reopening. We applied for Grants where applicable. We have been in negotiations with landlords with regards to rent holidays, rent deferrals and changes in terms of some leases.

Although there are cost pressures with wage inflation, rising energy prices and upward pressure on commodities, we've taken the time during covid to renegotiate and lock in procurement contracts, streamlining staffing and implementing energy reducing initiatives.

When making our assessment of going concern, our assumptions have assumed all covid restrictions continue to be removed. We have assumed that trading reverts to pre COVID-19 levels. While trading restrictions remain a risk, it is considered that the likelihood of them returning is now considered remote and so is not considered to present a material going concern risk to the group at the date of approval of the financial statements.

Based on the current financial projections to the end of December 2023 and having considered the facilities available, together with potential sensitivities to changes in levels of trade the Board is confident that the Group have adequate resources to continue in operational existence for the foreseeable future, while also meeting its loan covenant requirements as they presently stand. For this reason, the Board consider it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

Purchase of own shares
There were no purchases of the Group's shares during the period.

Other share capital movements are disclosed in Note 24.

Financial risk management objectives and policies
The Group's operations expose it to financial risks that include market risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

Market risk – cash flow interest rate risk
The Group had outstanding borrowing at year end of £25 million as disclosed in note 20. These were loans had been taken out with Barclays to facilitate the purchase of public houses.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 26 December 2021 the Group had £25 million of borrowings, since the year end the Group has not drawn down on the revolving credit facility. The exposure to interest rates for the Group's cash at bank and short-term deposits is considered immaterial.

Liquidity risk
The Group actively maintains cash and banking facilities that are designed to ensure it has sufficient available funds for operations and planned expansions.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance.

The Group monitors cash balances and prepare regular forecasts, which are reviewed by the board. In order to maintain or adjust the capital structure, the Group may, in the future, return capital to shareholders, issue new shares or sell assets to reduce debt.

Employment policy

The Group's policies respect the individual regardless of gender, race or religion. Where reasonable and practical under the existing legislation, all persons, including disabled persons, have been treated fairly and consistently in matters relating to employment, training and career development. The Group takes a positive view of employee communication and has established systems for employee consultation and communication of developments. The Group has also commenced operating an employee share scheme as a means of further encouraging the employees in the Group's performance.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 parent Company and the profit and loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, 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 Group will continue in business.

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

So far as each of the Directors is aware, there is no relevant audit information that has not been disclosed to the Group's auditors and each of the Directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Group's auditors have been made aware of that information.

Relations with Shareholders

The Group maintains effective contact with Shareholders and welcomes contact from investors as mentioned in the Chairman's Statement. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

S172 Statement

The Directors behave and carry out their activities to promote the long-term success of the Group. More detail is shown in the Strategic Report.

Political donations

The Group made no political donations during the period.

Post balance sheet events

Post balance sheet events requiring adjustment or disclosure are explained within note 30 to the financial statements.

Auditors

Haysmacintyre LLP have signified their willingness to continue in office as auditors, a resolution reappointing them will be submitted to the Annual General Meeting.

On behalf of the Board

Holly Elliott
Chief Financial Officer
26 April 2022

INDEPENDENT AUDITOR'S REPORT

to the members of The City Pub Group Plc

Opinion

We have audited the financial statements of The City Pub Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 week period ended 26 December 2021 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

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 26 December 2021 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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. 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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included but was not limited to:

- The review of management's going concern assessment which incorporate scrutiny of working capital projections for a period of at least twelve months from the date of approval of the financial statements;
- The review and consideration of the appropriateness of sensitivity analysis of trading performance and cash flow forecasts prepared by management;
- Review and consideration of compliance with bank loan covenants during the period ended 26 December 2021 and as prospectively forecast;
- Challenging and assessing the underlying assumptions of the cash flow forecasts and considering whether the period of the forecast is appropriate;
- The review of post balance sheet trading performance and cash flow to assess the reasonableness of management's forecasting; and
- Considering the risks associated with the Covid-19 pandemic and any associated restrictions that may arise prospectively as a result, together with the impact these may have on the Group's ability to continue as a going concern.

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

An overview of the scope of our audit

For the 52 week period ended 26 December 2021, the Group undertook all its trading activities through the Parent Company, with all its subsidiaries remaining dormant for the same period, retaining only residual assets and liabilities. The scope of our work was therefore the audit of the Parent Company and its subsidiaries. The scope of the audit and our audit strategy was developed by using our audit planning process to obtain and update our understanding of the Group, its activities, its internal control environment, and likely future developments. Our audit testing was informed by this understanding of the Group and accordingly was designed to focus on areas where we assessed there to be the most significant risks of material misstatement.

Audit work to respond to the assessed risks was performed directly by the audit engagement team who performed full scope audit procedures on the Parent Company and the Group as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Valuation of freehold and leasehold property For the period ended 26 December 2021, management assessed for indicators of impairment in each of the cash-generating units (CGU's) which are each of its operating sites. This included the allocation of goodwill and right of use asset values to freehold and leasehold property in full. The process for measuring and recognising impairment under International Accounting Standard (IAS) 36 'Impairment of Assets' is complex and highly judgemental. Significant management judgement and estimation uncertainty is involved in this area. Given the value of the intangible assets and tangible fixed assets and the impact of trading restrictions due to Covid-19 which has distorted establish trading patterns and therefore gives rise to increased prevalence of impairment indicators, we consider this to be a significant risk and a key audit matter.	Our audit work included, but was not restricted to, the following: • The assessment of Management's impairment review process and the consideration and challenge of Managements' assumptions. • The review of each cash generating unit for indicators of impairment and assessment of whether all sites showing risk indicators were considered in the impairment assessment. • The verification of the arithmetic accuracy and integrity of the value in use model prepared by management. • The review and assessment of cash flows as forecast by Management and as used in their calculations of the value in use of the assets. • The assessment and challenge of assumptions used in the impairment calculation with reference to data such as historic results, market trends and future expectations. • The assessment of the appropriateness of the growth and discount rates used by Management and the challenge of Management of those that fell outside of our expectations. • The assessment of whether disclosures made in the financial statement relating to impairments are appropriate.
Fair value and classification of unlisted investments During the year the Group made material additions to investments in the equity instruments of unlisted entities. In cases where there is a greater than 20% interest in the equity of unlisted entities, associate accounting and valuation considerations can be complex and are without historical precedent for the Group. The material value of these investments, together with the judgemental aspects of their valuation, assessment of impairment indicators, classification and presentation means this is an area of significant risk and key audit matter.	Our audit work included, but was not restricted to, the following: • The assessment of Management's approach to accounting for unlisted investments and determination for which investments constitute an investment in an associated. • Where fair value measurement has been applied to unlisted investments, we assessed Management's use of valuation methodologies and assumptions for reasonableness. • The review of the presentation and classification of unlisted investments to consider whether they have been appropriately treated in line with the relevant accounting standard.

INDEPENDENT AUDITOR'S REPORT cont'd

to the members of The City Pub Group Plc

Our application of materiality

The materiality for the Group financial statements as a whole was set at £360,000. This was determined as being 1% of revenue. Revenue has been selected as a benchmark because it is a Key Performance Indicator of the Group and stakeholders are principally interested in the underlying trading performance of the Group, furthermore a profit based materiality metric is not considered to be appropriate for the period ended 26 December 2021 given significant variations in losses due to the impact of Covid-19.

We have determined Parent Company materiality to be the same level as the Group because it undertakes all the Group's trading activities following a hive up of activities from its subsidiaries in the period ended 29 December 2019.On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 75% of materiality, being £270,000.

The reporting threshold to the audit committee was set as 5% of materiality, being £18,000. If, in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and 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 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.

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:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

The objectives of our audit, in respect to fraud are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows: Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements related to the AIM rules for Group and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

- Discussions with management including consideration of known or suspected instances of noncompliance with laws and regulation and fraud;
- The evaluation of management's controls designed to prevent and detect irregularities;
- The identification and review of manual journals, in particular journal entries which shared key risk characteristics; and
- The review and challenge of assumptions, estimates and judgements made by management in their recognition of accounting estimates.

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.

Christopher Cork
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

26 April 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

	Notes	2021 £'000	2020 £'000
Revenue	4	**35,364**	25,815
Cost of sales		**(8,273)**	(6,280)
Gross profit		**27,091**	19,535
Other operating income	4a	**5,084**	5,391
Administrative expenses		**(35,126)**	(31,423)
Operating loss	5	**(2,951)**	(6,497)

Reconciliation to adjusted EBITDA*			
Operating loss		**(2,951)**	(6,497)
Depreciation	5	**4,881**	5,494
Share option charge	28	**703**	397
Exceptional items	8	**3,288**	1,814
* **Adjusted earnings before exceptional items, share option charge, interest, taxation and depreciation**		**5,921**	1,208

Share of losses of associate	15	**(78)**	–
Other financial items	15	**943**	–
Finance costs	6	**(1,041)**	(1,137)
Loss before tax		**(3,127)**	(7,634)
Tax credit	7	**259**	1,171
Loss for the period		**(2,868)**	(6,463)
Earnings per share			
Basic earnings per share (p)	10	**(2.76)**	(7.15)
Diluted earnings per share (p)	10	**n/a**	n/a

All activities comprise continuing operations.

The notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

	Notes	2021 £'000	2020 £'000
Loss for the period		**(2,868)**	(6,463)
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	14	**18**	–
Income tax relating to these items		**(3)**	–
Other comprehensive income for the period, net of tax		**15**	–
Total comprehensive income for the period		**(2,853)**	(6,463)

All of the total comprehensive income for the period is attributable to the owners of The City Pub Group plc and all arise from continuing operations.

The notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 26 December 2021 (2020: as at 27 December 2020)

	Notes	2021 £'000	Restated 2020 £'000
Assets			
Non-current			
Intangible assets	11	**2,250**	3,282
Property, plant and equipment	12	**107,367**	108,573
Right-of-use assets	13	**17,875**	19,565
Deferred tax assets	23	**1,018**	503
Financial assets at fair value through OCI	14	**254**	1,309
Investments in associates	15	**4,248**	–
Total non-current assets		**133,012**	133,232
Current			
Inventories	17	**1,048**	703
Trade and other receivables	18	**3,331**	3,064
Cash and cash equivalents		**12,510**	12,331
Total current assets		**16,889**	16,098
Total assets		**149,901**	149,330
Liabilities			
Current liabilities			
Trade and other payables	19	**(12,214)**	(8,430)
Financial liabilities – lease liabilities	13	**(1,912)**	(2,103)
Total current liabilities		**(14,126)**	(10,533)
Non-current			
Borrowings	20	**(24,750)**	(24,801)
Financial liabilities – lease liabilities	13	**(16,473)**	(17,750)
Deferred tax liabilities	23	**(2,464)**	(2,181)
Total non-current liabilities		**(43,687)**	(44,732)
Total liabilities		**(57,813)**	(55,265)
Net assets		**92,088**	94,065
Equity			
Share capital	24	**31,276**	31,275
Share premium	24	**59,475**	59,303
Own shares (JSOP)	24	**(3,272)**	(3,272)
Other reserve	25	**2,184**	1,466
Retained earnings	24	**2,425**	5,293
Total equity		**92,088**	94,065

The notes form part of these accounts.

Approved by the Board and authorised for issue on 26 April 2022.

Clive Watson
Chairman

Holly Elliott
Chief Financial Officer

Company No. 07814568

COMPANY STATEMENT OF FINANCIAL POSITION

as at 26 December 2021 (2020: as at 27 December 2020)

	Notes	**2021 £'000**	Restated 2020 £'000
Assets			
Non-current			
Intangible assets	11	**2,250**	3,282
Property, plant and equipment	12	**107,367**	108,573
Right-of-use assets	13	**17,875**	19,565
Deferred tax assets	23	**1,018**	503
Financial assets at fair value through OCI	14	**71**	1,309
Investments in associates	15	**4,248**	–
Investments in subsidiaries	16	**801**	1,067
Total non-current assets		**133,630**	134,299
Current			
Inventories	17	**1,048**	703
Trade and other receivables	18	**3,496**	3,064
Cash and cash equivalents		**12,510**	12,331
Total current assets		**17,054**	16,098
Total assets		**150,684**	150,397
Liabilities			
Current liabilities			
Trade and other payables	19	**(13,015)**	(9,497)
Financial liabilities – lease liabilities	13	**(1,912)**	(2,103)
Total current liabilities		**(14,927)**	(11,600)
Non-current			
Borrowings	20	**(24,750)**	(24,801)
Financial liabilities – lease liabilities	13	**(16,473)**	(17,750)
Deferred tax liabilities	23	**(2,461)**	(2,181)
Total non-current liabilities		**(43,684)**	(44,732)
Total liabilities		**(58,611)**	(56,332)
Net assets		**92,073**	94,065
Equity			
Share capital	24	**31,276**	31,275
Share premium	24	**59,475**	59,303
Own shares (JSOP)	24	**(3,272)**	(3,272)
Share-based payment reserve	24	**2,077**	1,374
Retained earnings	24	**2,517**	5,385
Total equity		**92,073**	94,065

The loss for the financial period of the Parent Company, The City Pub Group plc was £2,868,000 (2020: loss £3,678,000). The notes form part of these accounts. Approved by the Board and authorised for issue on 26 April 2022.

Clive Watson
Chairman

Holly Elliott
Chief Financial Officer

Company No. 07814568

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 52 week period ended 26 December 2021

	Notes	Share capital	Share premium	Own shares (JSOP)	Other Reserves (note 25)	Retained earnings	Total
Balance at 29 December 2019		30,812	38,570	(3,272)	1,069	11,756	78,935
Employee share-based compensation	28	–	–	–	397	–	397
Issue of new shares	24	463	20,733	–	–	–	21,196
Transactions with owners		463	20,733	–	397	–	21,593
Loss for the period		–	–	–	–	(6,463)	(6,463)
Total comprehensive income for the period		–	–	–	–	(6,463)	(6,463)
Balance at 27 December 2020		31,275	59,303	(3,272)	1,466	5,293	94,065
Employee share-based compensation	28	–	–	–	703	–	703
Issue of new shares	24	1	172	–	–	–	173
Transactions with owners		1	172	–	703	–	876
Loss for the period		–	–	–	–	(2,868)	(2,868)
Other comprehensive income		–	–	–	15	–	15
Total comprehensive income for the period		–	–	–	15	(2,868)	(2,853)
Balance at 26 December 2021		**31,276**	**59,475**	**(3,272)**	**2,184**	**2,425**	**92,088**

The notes form part of these accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the 52 week period ended 26 December 2021

	Notes	Share capital	Share premium	Own shares (JSOP)	Share-based payment reserve	Retained earnings	Total
Balance at 29 December 2019		30,812	38,570	(3,272)	977	9,063	76,150
Employee share-based compensation	28	–	–	–	397	–	397
Issue of new shares	24	463	20,733	–	–	–	21,196
Transactions with owners		463	20,733	–	397	–	21,593
Loss for the period		–	–	–	–	(3,678)	(3,678)
Total comprehensive income for the period		–	–	–	–	(3,678)	(3,678)
Balance at 27 December 2020		31,275	59,303	(3,272)	1,374	5,385	94,065
Employee share-based compensation	28	–	–	–	703	–	703
Issue of new shares	24	1	172	–	–	–	173
Transactions with owners		1	172	–	703	–	876
Loss for the period		–	–	–	–	(2,868)	(2,868)
Total comprehensive income for the period		–	–	–	–	(2,868)	(2,868)
Balance at 26 December 2021		**31,276**	**59,475**	**(3,272)**	**2,077**	**2,517**	**92,073**

The notes form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss for the period		**(2,868)**	(6,463)
Taxation	7	**(259)**	(1,171)
Finance costs	6	**1,041**	1,137
Result from equity accounted investment	15	**78**	–
Other financial items	15	**(943)**	–
Operating loss		**(2,951)**	(6,497)
Adjustments for:			
Depreciation	5	**4,881**	5,494
Gain on disposal of property, plant & equipment		**125**	–
Share-based payment charge	28	**703**	397
Impairment	12	**3,690**	933
Change in inventories		**(345)**	517
Change in trade and other receivables		**(571)**	1,055
Change in trade and other payables		**3,800**	(258)
Cash generated from operations		**9,332**	1,641
Tax (paid) received		**651**	(341)
Net cash generated from operating activities		**9,983**	1,300
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(5,493)**	(2,304)
Acquisition of new property sites		**(1,600)**	–
Purchase of investments and associates	14&15	**(2,309)**	(1,309)
Proceeds from disposal of property, plant and equipment		**2,163**	821
Net cash used in investing activities		**(7,239)**	(2,792)
Cash flows from financing activities			
Proceeds from issue of share capital	24	**73**	21,196
Repayment of borrowings		**(91)**	(7,544)
Principal element of lease payments		**(1,416)**	(1,347)
Interest paid (includes implied interest under IFRS16)	6	**(1,131)**	(1,251)
Net cash used in/from financing activities		**(2,565)**	11,054
Net change in cash and cash equivalents		**179**	9,562
Cash and cash equivalents at the start of the period		**12,331**	2,769
Cash and cash equivalents at the end of the period		**12,510**	12,331

The notes form part of these accounts.

COMPANY STATEMENT OF CASH FLOWS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss for the period		**(2,868)**	(3,678)
Taxation		**(259)**	(1,171)
Finance costs		**1,041**	1,137
Result from equity accounted investment	15	**78**	–
Other financial items	15	**(943)**	–
Operating loss		**(2,951)**	(3,712)
Adjustments for:			
Depreciation	5	**4,881**	5,494
Realised gain on final hive-up dividend		**–**	(2,785)
Gain on disposal of property, plant and equipment		**125**	–
Share-based payment charge	28	**703**	397
Impairment		**3,690**	933
Change in inventories		**(345)**	517
Change in trade and other receivables		**(735)**	1,055
Change in trade and other payables		**3,800**	(258)
Cash generated from operations		**9,168**	1,641
Tax paid		**651**	(341)
Net cash generated from operating activities		**9,819**	1,300
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(5,493)**	(2,304)
Acquisition of new property sites		**(1,600)**	–
Purchase of investments and associates	14&15	**(2,145)**	(1,309)
Proceeds from disposal of property, plant and equipment	12	**2,163**	821
Net cash used in investing activities		**(7,075)**	(2,792)
Cash flows from financing activities			
Proceeds from issue of share capital		**73**	21,196
Repayment of borrowings		**(91)**	(7,544)
Principal element of lease payments		**(1,416)**	(1,347)
Interest paid		**(1,131)**	(1,251)
Net cash used in/from financing activities		**(2,565)**	11,054
Net change in cash and cash equivalents		**179**	9,562
Cash and cash equivalents at the start of the period		**12,331**	2,769
Cash and cash equivalents at the end of the period		**12,510**	12,331

The notes form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

1 Company information

The financial statements of The City Pub Group plc (as consolidated "the Group") for the 52 week period ended 26 December 2021 were authorised for issue in accordance with a resolution of the directors on 26 April 2022. The Company is a public limited company incorporated and domiciled in the UK. The Company number is 07814568 and the registered office is located at Essel House 2nd Floor, 29 Foley Street, London, England, W1W 7TH.

The Group's principal activity is the management and operation of public houses. Information on the Company's ultimate controlling party and other related party relationships is provided in Note 29.

Exemption from audit

For the period ended 26 December 2021 the subsidiaries (see note 16) are exempt from audit under section 480 of the Companies Act 2006.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on an accruals basis and under the historical cost convention, unless otherwise stated. There is no material difference between the fair value of financial assets and liabilities and their carrying amount. A prior year adjustment has been made that impacts the prior year balance sheet, but has no profit impact, this is explained further in note 33.

The Company undertook a common control combination during the prior period before listing on AIM. These consolidated financial statements have been prepared using the predecessor value method, which is described in 2.4 below.

The financial statements are presented in Great British Pounds and all values are rounded to the nearest thousand pounds except when otherwise indicated.

As permitted by section 408 of the Companies Act 2006, no separate income statement is presented in respect of the Parent Company.

2.2 Statement of Compliance

The financial statements of the Company and Group are prepared in accordance with applicable International Financial Reporting Standards ("IFRS") as adopted by the European Union.

2.3 New and Revised Standards

IFRS applied for the first time in the current financial statements

The Group has applied the following Standards and Amendments for the first time for their annual reporting period commencing 28 December 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 8; and
- Revised Conceptual Framework for Financial Reporting.

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

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group in preparing these financial statements, as they are not as yet effective. The Group intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The Directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group operation or results.

2.4 **Predecessor value method**

During the period ended 31 December 2017 the Company undertook a common control combination, through the issue of new Ordinary Shares, B-Ordinary Shares and Convertible Preference Shares in exchange for 100% of the Ordinary Shares, B Ordinary Shares and Convertible Preference Shares of The City Pub Company (West) Limited an entity under common control. The Directors considered the business combination to be a common control combination, as the combining entities were ultimately controlled by the same parties both before and after the combination and the common control was not transitory. As a common control combination, the transaction was outside the scope of IFRS 3 ("Business Combinations") and the Directors therefore considered the nature of the transaction, which was eligible for Merger Relief under the Companies Act, and decided that the predecessor value method would be most appropriate for preparing those and subsequent Group financial statements.

The predecessor value method involves accounting for the assets and liabilities of the acquired business using existing carrying values rather than at fair values, as a result no goodwill arose on the combination. The use of the predecessor value method gave rise to an "other reserve", which represents the share premium of the subsidiary entity on consolidation.

The financial results of subsidiaries are included in the consolidated financial information from the date that control commences until the date that control ceases. The consolidated financial information presents the results of the companies within the same group. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial information.

2.5 **Going concern**

The Group agreed a £35m revolving credit facility (RCF) with Barclays Bank plc in July 2019 with an accordion option of another £15m. This facility has been extended to July 2024. There is also an undrawn £5m CLBILS facility available. At year end we had £25m of debt, and £15m of net debt, with £10m undrawn on our RCF, £15m of accordion and £5m of CLBILS available. We have since cancelled the CIBLS facility.

Barclays replaced The City Pub Group plc's RCF's existing financial covenants with a Minimum Liquidity Test in the sum of £8m plus an additional Minimum EBITDA Test to be tested on a monthly basis. We have significant headroom between our forecasts and the requirements in the Minimum EBITDA Test. After June 2022 the financial covenant tests as currently documented will recommence. The forecasts for the business show substantial headroom.

Post year end, the group has recently sold six pubs for £17.1m. This effectively reduces debt to zero. The Group is now EBITDA and cashflow generative, with funding only required for new acquisitions.

During 2020, we reduced Pub and head office costs to the minimum and have kept a tight grip on these costs post reopening. We applied for Grants where applicable. We have been in negotiations with landlords with regards to rent holidays, rent deferrals and changes in terms of some leases.

Although there are cost pressures with wage inflation, rising energy prices and upward pressure on commodities, we've taken the time during covid to renegotiate and lock in procurement contracts, streamlining staffing and implementing energy reducing initiatives.

When making our assessment of going concern, our assumptions have assumed all covid restrictions continue to be removed. We have assumed that trading reverts to pre COVID-19 levels. While trading restrictions remain a risk, it is considered that the likelihood of them returning is now considered remote and so is not considered to present a material going concern risk to the group at the date of approval of the financial statements.

Based on the current financial projections to the end of December 2023 and having considered the facilities available, together with potential sensitivities to changes in levels of trade the Board is confident that the Group have adequate resources to continue in operational existence for the foreseeable future, while also meeting its loan covenant requirements as they presently stand. For this reason, the Board consider it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

2.6 **Revenue**

Revenue represents external sales (excluding taxes) of goods and services net of discounts. 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 receivable net of trade discounts and VAT.

Revenue principally consists of drink, food and accommodation sales, which are recognised at the point at which goods and services are provided and rental income which is recognised on a straight line basis over the lease term. Revenue for bedroom accommodation is recognised at the point the services are rendered. Loyalty card revenue is immaterial and therefore no change in accounting policy is considered necessary.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

2 Significant accounting policies continued

2.7 Cost of sales

Costs considered to be directly related to revenue are accounted for as cost of sales. Costs of goods sold are determined on the basis of the cost of purchase, adjusted for movements of inventories. Cost of services rendered is recognised at the time the revenue is recognised.

2.8 Operating profit

Operating profit is revenue less operating costs. Revenue is as detailed above and as shown in note 4. Operating costs are all costs excluding finance costs, costs associated with the disposal of properties and the tax charge.

2.9 Exceptional items

The Group presents as exceptional items those significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them merit separate presentation to allow Shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods to assess trends in financial performance more readily. These items are primarily pre-opening costs (including acquisition costs) and non-recurring costs, which are not expected to recur at a particular site.

2.10 Finance income and expense

Finance income is recognised as interest accrues (using the effective interest method) on funds invested outside the Group. Finance expense includes the cost of borrowing from third parties and is recognised on an effective interest rate basis, resulting from the financial liability being recognised on an amortised cost basis, including commitment fees. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

2.11 Taxation and deferred taxation

The income tax expense or income for the period is the tax payable on the current period's taxable income. This is based on the national income tax rate enacted or substantively enacted with any adjustment relating to tax payable in previous years and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantively enacted by the reporting date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of temporary differences can be deducted. The carrying amount of deferred tax assets are reviewed at each reporting date.

2.12 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement the Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through the income statement (FVPL)) and those to be held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Management determines the classification of financial assets at initial recognition. The Group's policy with regard to financial risk management is set out in note 21. Generally, the Group does not acquire financial assets for the purpose of selling in the short term and does not have any financial assets measured at fair value through the income statement (FVPL) in either the current or prior year.

The Group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows).

Financial assets held at amortised cost
This classification applies to the Group's trade & other receivables which are held under a hold to collect business model and which have cash flows that meet the solely payments of principal and interest (SPPI) criteria. At initial recognition, trade and other receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition or modification of a financial asset held at amortised cost is recognised in the income statement.

Financial assets at fair value through other comprehensive income (FVOCI)
The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has opted to classify financial assets which are investments in equity instruments as financial assets at fair value through other comprehensive income.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets
A forward-looking expected credit loss (ECL) review is required for: debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the "expected credit loss (ECL) model". This replaces IAS 39's "incurred loss model". The Group's instruments within the scope of the new requirements included trade and other receivables.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

As permitted by IFRS 9, the Group applies the "simplified approach" to trade and other receivable balances and the "general approach" to all other financial assets. The simplified approach in accounting for trade and other receivables records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates.

The nature of the Group's trade and other receivables are such that the expected credit loss is immaterial in the current and prior year, therefore no additional disclosures are considered necessary within the credit risk section of note 21.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less.

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include trade and certain other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest rate.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period, which are unpaid.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

2 Significant accounting policies continued

Classification of Shares as Debt or Equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability in the statement of financial position; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the Income Statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs.

The carrying amount of the equity component is not remeasured in subsequent years. The Group's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in note 24, the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings. There have been no changes to what the Group considers to be capital since the prior year.

Share repurchases

Where shares are repurchased wholly out of the proceeds of a fresh issue of shares made for that purpose, no amount needs to be transferred to a capital redemption reserve as there is no reduction in capital as a result of the purchase and issue of shares.

2.13 Business combinations and goodwill

Other than the group re-organisation that took place prior to Listing, business combinations, which include sites that are operating as a going concern at acquisition and where substantive processes are acquired, are accounted for under IFRS 3 using the purchase method. Any excess of the consideration of the business combination over the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the statement of financial position as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the profit or loss.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 11 for a description of impairment testing procedures.

2.14 Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost or deemed cost less accumulated depreciation and any impairment in value. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, with effect from the first full year of ownership, as follows:

Freehold properties	To residual value over fifty years straight line
Leasehold properties	Straight line over the length of the lease
Fixtures, fittings and equipment	Between four and ten years straight line
Computer equipment	Between two and five years straight line

No depreciation is charged on freehold land. Where there is no depreciation on historic freehold buildings as a result of a high residual value/long useful lives, the freehold building is subject to an impairment review. Residual values and useful lives are reviewed every year and adjusted if appropriate at each financial period end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

2.15 Investments in subsidiaries

The Company recognises its investments in subsidiaries at cost, less any provisions for impairment. Income is recognised from these investments only in relation to distributions receivable basis from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of the investment.

2.16 Investments in associates

Investments in associates are accounted for using the equity method, unless associates are held indirectly through a venture capital organization (or similar entity), in which case they are measured at fair value through profit or loss.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment. When an investment in an associate is held indirectly via an investment manager it is measured at fair value through profit or loss.

2.17 Impairment of goodwill, property, plant and equipment and investments in subsidiaries

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.18 Inventories

Inventories are counted independently and stated at the lower of cost and net realisable value. Cost is calculated using the First In First Out method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

2.19 Leases

For any new contracts entered into on or after 30 December 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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2 Significant accounting policies continued

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Where the Group is exposed to potential future increases in variable lease payments based on an index or rate, these are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Subsequent to initial measurement, lease payments are allocated between principal, which reduces the liability, and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The right-of-use assets and lease liabilities have been disclosed separately on the face of the Statement of Financial Position, within Non-current assets and across Current & Non-current liabilities respectively.

2.20 Share-based employee remuneration

The Company operates equity-settled share-based remuneration plans for its employees. None of the Company's plans are cash-settled.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions). The fair value is determined by using the Black-Scholes method.

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share-based payments reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

2.21 **Investment in own shares (JSOP)**

Shares held in the City Pub Group Joint Share Ownership Plan ("JSOP") are shown as a deduction in arriving at equity funds on consolidation. Assets, liabilities and reserves of the JSOP are included in the statutory headings to which they relate. Purchases and sales of own shares increase or decrease the book value of "Own shares" in the statement of financial position. At each period end the Group assess and recognises the value of "Own shares" held with reference to the expected cash proceeds and accounts for any difference as a reserves transfer.

2.22 **Government grants**

The Group has received Government grants for the first time during the period ended 27 December 2020, mainly in relation to the Coronavirus Job Retention Scheme provided by the Government in response to COVID-19's impact on our business. The Group has elected to account for these grants as other operating income, rather than to off-set the Government grants within administrative expenses, so that the gross impact is disclosed on the face of the Statement of Comprehensive Income.

3 Significant judgements and estimates

The judgements, which are considered to be significant, are as follows:

Judgement is required when determining if an acquisition is a business combination or a purchase of an asset. Each acquisition is assessed individually to determine which is the most appropriate classification.

Judgement is used to determine those items that should be separately disclosed to allow a better understanding of the underlying trading performance of the Group. The judgement includes assessment of whether an item is of a nature that is not consistent with normal trading activities or of a sufficient size or infrequency.

Judgement is required when accounting for hive ups that are operationally enacted and that determines when control has passed. See note 16.

The estimates, which are considered to be significant, are as follows:

The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. This involves estimation of future cash flows, choosing a suitable discount rate and growth rate. Full details are supplied in note 11, together with an analysis of the key assumptions.

The determination of any impairment of property, plant & equipment (including the right of use assets) also requires estimation of fair value and value in use. As with goodwill, this requires estimation of future cash flows and selection of a suitable discount rate, together with assessment of the market values of properties (if applicable). Goodwill was allocated to the carrying value of property, plant & equipment for the purposes of the impairment review, with further details around key assumptions provided in note 11 (such assumptions are also relevant to the carrying value of property, plant & equipment are detailed in note 12).

The calculation of lease liabilities requires the Group to determine an incremental borrowing rate ("IBR") to discount future minimum lease payments. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. Expectations around employee retention and meeting of performance criteria have also been considered. The model used by the Group is the Black-Scholes valuation model and the inputs are detailed in note 28.

The assessment of the probability of future taxable profits on which deferred tax assets can be utilised is based on the Group's latest approved budget forecasts, which is adjustment for significant non-taxable income and expenditure. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in respect of the period for which future profits can be confidently foreseen.

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4 Segmental analysis

The Group focuses its internal management reporting predominantly on revenue, adjusted EBITDA (being earnings before exceptional items, share option charge, interest, taxation and depreciation) and operating profit.

The Chief Operating Decision Maker ("CODM") receives information on each pub and each pub is considered to be an individual operating segment. In line with IFRS 8, each operating segment has the same characteristics and therefore the pubs are aggregated to form the reportable segment below.

Revenue, and all the Group's activities, arise wholly from the sale of goods and services within the United Kingdom. All the Group's non-current assets are located in the United Kingdom.

Revenue arises wholly from the sale of goods and services within the United Kingdom.

	2021 £'000	2020 £'000
Revenue	**35,364**	25,815
Cost of sales	**(8,273)**	(6,280)
Gross profit	**27,091**	19,535
Other operating income before adjusting items (note 4(a))	**4,084**	5,391
Operating expenses:		
Operating expenses before adjusting items	**(25,254)**	(23,718)
Adjusted EBITDA	**5,921**	1,208
Depreciation	**(4,881)**	(5,494)
Share option charge	**(703)**	(397)
Exceptional items – operating expenses	**(4,288)**	(1,814)
Total operating expenses	**(35,126)**	(31,423)
Exceptional items – other operating income (note 4(a))	**1,000**	–
Operating loss	**(2,951)**	(6,497)

(a) Other operating income

During 2020 the Group has received Government grants for the first time, mainly in relation to the Furlough Scheme provided by the Government in response to COVID-19's impact on our business. Further analysis of other operating income is set out below.

	2021 £'000	2020 £'000
Coronavirus Job Retention Scheme	**2,972**	5,141
Other government grants	**1,112**	250
Insurance claim (exceptional item note 8)	**1,000**	–
Total other operating income	**5,084**	5,391

5 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging/(crediting):

	2021 £'000	2020 £'000
Costs of inventories recognised as an expense	**5,502**	6,376
Staff costs (note 26)	**18,691**	17,133
Depreciation	**4,881**	5,494
Fees payable to the company's auditor for the audit of the company's financial statements	**65**	60
Exceptional items (note 8)	**3,288**	1,814
Operating leases – land and buildings	**(266)**	(351)

Rent concessions relating to COVID-19 of £178,000 (2020: £450,000) have been recognised within this balance for 2021.

6 Interest payable and similar charges

	2021 £'000	2020 £'000
On bank loans and overdrafts	**475**	551
Interest and finance charges for lease liabilities	**656**	699
Interest expense capitalised within property, plant & equipment	**(90)**	(113)
Total finance cost	**1,041**	1,137

During the period £90,000 of interest was capitalised (2020: £113,000).

7 Tax charge on loss on ordinary activities

(a) Analysis of tax charge for the period

The tax charge for the Group is based on the loss for the period and represents:

	2021 £'000	2020 £'000
Current income tax:		
Current income tax charge	**–**	(572)
Adjustments in respect of previous period	**(24)**	(154)
Total current income tax	**(24)**	(726)
Deferred tax:		
Origination and reversal of temporary differences (note 23)	**280**	58
Adjustment to deferred tax asset on tax losses (note 23)	**(515)**	(503)
Total deferred tax	**(235)**	(445)
Total tax	**(259)**	(1,171)

(b) Factors affecting total tax for the period

The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom 19.00% (2020: 19.00%). The differences are explained as follows:

	2021 £'000	2020 £'000
Loss on ordinary activities before tax	**(3,127)**	(7,634)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19.00% (2020: 19.00%)	**(594)**	(1,450)
Effect of:		
Temporary differences	**265**	446
Items not deductible for tax purposes	**95**	(5)
Adjustment in respect of previous periods	**(24)**	(154)
Share options tax deduction	**(1)**	(8)
Total tax credit	**(259)**	(1,171)

The deferred tax asset included in the balance sheet of £1,018,000 (2020: £503,000) relates principally to the carry forward of tax losses. The Directors have recognised a deferred tax asset in respect of carried forward trading tax losses as, based on current estimates, the Group is forecast to make sufficient trading profit over the next 3 years, against which these losses can be offset.

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8 Exceptional items

	2020 £'000	2021 £'000
Pre opening costs	**37**	14
Impairment of pub sites	**3,690**	933
Inventory impairments	**–**	662
Insurance claim	**(1,000)**	–
Other non recurring items	**561**	205
	3,288	1,814

Exceptional items for both financial years presented are included within administrative expenditure in the Statement of Comprehensive Income.

9 Dividends

Dividends paid during the reporting period
The Board did not declare a dividend due the Covid pandemic (2020: £nil)

Dividends not recognised at the end of the reporting period
Since the year end, the Directors are not proposing a dividend due to the COVID-19 pandemic (2020: nil).

10 Loss per share

	2021 £'000	2020 £'000
Loss for the period attributable to Shareholders	**(2,868)**	(6,463)
Loss per share:		
Basic loss per share (p)	**(2.76)**	(7.15)
Diluted earnings per share (p)	**n/a**	n/a

Weighted average number of shares:	**Number of shares**	Number of shares
Weighted average shares for basic EPS	**103,795,354**	90,451,692
Effect of share options in issue	**n/a**	n/a
Weighted average shares for diluted earnings per share	**n/a**	n/a

Shares held by the City Pub Group plc Joint Share Ownership Plan ("JSOP"), which has waived its entitlement to receive dividends, are treated as cancelled for the purpose of this calculation.

For the 52 week period ended 26 December 2021 and 27 December 2020, the Group recorded a loss. As a result, share options in issue for this period are considered to be antidliutive and therefore no diluted loss per share has been presented.

11 Goodwill

Group and Company	2021 £'000	Restated 2020 £'000
Cost brought forward	**4,196**	4,196
Additions	**50**	–
At end of period	**4,246**	4,196
Amortisation/impairment brought forward	**(914)**	(60)
Impairment provided during the period	**(1,082)**	(854)
At end of period	**(1,996)**	(914)
Net book value at end of period	**2,250**	3,282
Net book value at start of period	**3,282**	4,136

The carrying value of goodwill included within the Group and Company statement of financial position is £2,250,000 (2020 restated: £3,282,000), which is allocated to the cash-generating unit ("CGU") of groupings of public houses as follows:

	2021 £'000	Restated 2020 £'000
Freehold	**1,374**	2,396
Leasehold	**876**	886
	2,250	3,282

The CGU's recoverable amount has been determined as the higher of its fair value less costs to sell and value in use based on an internal discounted cash flow evaluation. During the period ended 26 December 2021 impairments have been made against a number of sites, as described further in note 12, with impairments at three sites resulting in reductions to goodwill.

The fair value less costs to sell is calculated based on the market value of the associated property.

For the 52 week period ended 26 December 2021, the cash-generating unit recoverable amount was determined based on value-in-use calculations, using cash flow projections based on one year budgets, (modified as appropriate for the impact of COVID-19 and the expected return to normal trading conditions), extrapolated into perpetuity for freehold properties and for the length of the lease for leasehold properties, with key assumptions for both CGU's being the long-term growth rate of 2% and pre-tax discount rate of 10%. Cash flows for the businesses are based on management forecasts, which are approved by the Board and reflect management's expectations of sales growth, operating costs and margin based on past experience and anticipated changes in the local market places and trading following the re-opening of sites during 2021.

Sensitivity to changes in key assumptions: impairment testing is dependent on management's estimates and judgements, in particular in relation to the forecasting of future cash flows, the long-term growth rate and the discount rate applied to the cash flows and uncertainty of future cash flows related to COVID-19.

Lowering the discount rate by 1% from 10% to 9% would have the effect of reducing the impairment charge by £78k to £3,612k. An increase in the discount rate to 11% would result in the impairment charge increasing by £170k to £3,860k.

Lowering the long term growth rate used from 2% to 1% would result in an increase in the impairment charge of £69k to £3,759k. A higher growth rate of 3% would result in the impairment charge reducing by an immaterial amount.

The assumptions and outlined changes in impairment charge noted in the above sensitivities are relevant to the combined carrying value of goodwill and property plant & equipment, and are stated before any allocation between the two asset classes.

As outlined further in note 33, a prior period restatement has been made to the 2020 comparatives to transfer £514,000 of impairment from property, plant and equipment (the fixtures, fittings and computers category) to goodwill.

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for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

12 Property, plant and equipment

Group and Company	Freehold & leasehold property £'000	Fixtures, fittings and computers £'000	Total £'000
Cost			
At 29 December 2019	97,292	29,357	126,649
Additions	311	2,107	2,418
Disposals	(821)	–	(821)
At 27 December 2020	**96,782**	**31,464**	**128,246**
Additions	1,405	4,178	5,583
Acquisitions	1,600	50	1,650
Disposals	(3,175)	(745)	(3,920)
At 26 December 2021	**96,612**	**34,947**	**131,559**
Depreciation			
At 29 December 2019	**4,627**	**11,108**	**15,735**
Provided during the period	747	3,112	3,859
Impairment (restated)	–	79	79
At 27 December 2020 (restated)	**5,374**	**14,299**	**19,673**
Provided during the period	587	2,703	3,290
Impairment	967	1,582	2,549
Disposals	(921)	(399)	(1,320)
At 26 December 2021	**6,007**	**18,185**	**24,192**
Net book value			
At 26 December 2021	**90,605**	**16,762**	**107,367**
At 27 December 2020 (restated)	91,408	17,165	108,573
At 29 December 2019	92,665	18,249	110,914

During the period ended 26 December 2021 the group made a provision for impairment against a number of sites totalling £3,690,000, split £1,082,000 against goodwill, £967,000 against freehold & leasehold property, £1,582,000 against fixtures and fittings and £59,000 against right of use assets.

The assumptions and sensitivities relating to the Group's impairment review laid out in note 11 are also relevant to this note.

During the period ended 27 December 2020 the group made a provision for impairment against a number of sites totalling £933,000, split £340,000 against goodwill and £593,000 against fixtures and fittings. During the period ended 26 December 2021 management identified that £514,000 of the prior year impairment of fixtures and fittings should have been made against goodwill and therefore a prior year adjustment has been made to restate the amounts of goodwill and fixtures and fittings accordingly.

During the period ended 26 December 2021 the group capitalised £90,000 (2020: £113,000) of interest within the Freehold & Leasehold property asset.

13 Leases

Group and Company

This note provides information for leases where the Group is a lessee. The Group enters into property leases for certain of its pub sites. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(i) amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

Group and Company	**2021 £'000**	2020 £'000
Right-of-use assets		
Net book value at start of period	**19,565**	21,042
Additions	**1,192**	158
Disposals	**(1,232)**	–
Impairment	**(59)**	–
Depreciation	**(1,591)**	(1,635)
Total	**17,875**	19,565
Lease liabilities		
Current	**1,912**	2,103
Non-current	**16,473**	17,750
Total	**18,385**	19,853

Additions to the right-of-use assets during the 2020 financial year were £1,192,000 (2020: £158,000). Following the publication on the amendment to IFRS 16 in relation to rent concessions, the Group has applied the practical expedient in all cases where relevant conditions were met. These concessions totalled a credit to the income statement for the period of £178,000 (2020: £450,000). Changes in leases which do not fulfil the criteria of the practical expedient have been treated as additions or disposals in line with normal IFRS 16 accounting.

The assumptions and sensitivities relating to the Group's impairment review laid out in note 11 are also relevant to this note. The impairment review resulted in the impairment of the right-of-use assets relating to one site.

(ii) amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

Group and Company	**2021 £'000**	2020 £'000
Depreciation charge		
Leasehold Properties	**1,591**	1,635
Interest expense (included in finance cost)	**656**	699

The total cash outflow for leases in 2021 was £2,071,000 (2020: £2,046,000), see note 21.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

14 Financial assets at fair value through Other Comprehensive income

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
At start of period	**1,309**	–	**1,309**	–
Additions	**916**	1,309	**751**	1,309
Transfer to Associates (note 15)	**(1,239)**	–	**(1,239)**	–
Disposals/repayments	**(750)**	–	**(750)**	–
Revaluations	**18**	–	**–**	–
At end of period	**254**	1,309	**71**	1,309

The Company acquired an initial 14% stake in the Mosaic Companies in September 2020 for £1.2m. During the year ended 26 December 2021 the group increased its stake to 24% in certain companies within the Mosaic Pub and Dining Group, through the acquisition of existing shares in The Galaxy (City) Pub Company Limited, The Pioneer (City) Pub Company Limited and The Sovereign (City) Pub Company Limited (the "Mosaic Companies") for a total cash consideration of approximately £1.2m. This additional investment resulted in the Mosaic companies becoming Associate investments and therefore the original stake acquired in the prior period was transferred to Associates – see note 15.

During the year the group made additional smaller strategic equity investments, which have been designated as fair value through other comprehensive income. Investments, totalling £165k, were made through a subsidiary company rather than being held directly by the parent company.

15 Investments in associates

Group and Company	**2021 £'000**	2020 £'000
Additions in the period	**2,144**	–
Transfer from financial assets at fair value through other comprehensive income (note 14)	**1,239**	–
Revaluations through profit and loss	**943**	–
Aggregate amounts of the group's share of:		
Loss from continuing operations	**(78)**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(78)**	–
Aggregate carrying amount of associates	**4,248**	–

During the year ended 26 December 2021 the Group announced that it had acquired a 49% stake in Barts Pub Ltd, owner of the iconic Kensington Park Hotel ("KPH") in Ladbroke Grove, for £0.75m. The Group also acquired a 25% stake in Bupp Ltd for £0.2m.

The KPH is a leasehold pub located 200 metres from Ladbroke Grove tube station. It has large trading areas on the ground and first floors, benefits from seven hotel letting rooms and has potential for a further four letting rooms on the top floor. Ladbroke Grove is a prime residential area in London and the Company trades very successfully at the Cock & Bottle, Notting Hill, which is located close by. The Group has recognised its share of the associates operating losses during the period since ownership.

As noted in note 15, during the period the Group's interest in the Mosaic Companies exceeded 20% and is therefore deemed to give rise to the power to the Group to exert significant influence. As such, the Directors consider the Mosaic Companies to have become associates and the investment has been reclassified as such.

The Mosaic Companies own ten prominent pubs, predominantly in London and Birmingham, of which eight are freehold. Mosaic has a strong balance sheet with over £3m in cash deposits and a very strong freehold asset-backing.

The City Pub Group and Mosaic jointly negotiate their major liquor supply deals (draught beer, spirits, wines, soft drinks) and the Company's investment will help to cement this relationship. It is the intention of both the Company and Mosaic to assist each other in advancements in technology, especially in areas such as the City Club app.

Clive Watson is an investment consultant to Mosaic. Richard Prickett, Non-Executive Director of the City Pub Group, is a Non-Executive Director of The Pioneer (City) Pub Company Limited.

For the majority of the year, the Group held its interest in Mosaic through an independently managed investment fund and therefore, in reflection in the Group's assessment of its valuation and in accordance with IAS 28, it has been measured at a fair value through profit and loss. Prior to the period end, the Group took direct control of the investment, meaning that prospectively the investment in Mosaic will be accounted for in accordance with the equity method. The Group's share of Mosaic's profits and losses for the period after it took direct ownership is not considered material.

16 Investments in subsidiaries

Company	2021 £'000	2020 £'000
At start of period	**1,067**	12,730
Write-down of investment	**(266)**	(11,663)
At end of period	**801**	1,067

The investment in Flamequire was written down in the current period as an application to strike off the entity was made in December 2021, which was concluded in March 2022. During 2019 the Company hived up the trade and assets of its subsidiary The City Pub Company (West) Limited via an intercompany transfer, which included the transfer of investments previously held by The City Pub Company (West) Limited. In 2020 there was a final dividend from The City Pub Company (West) Limited, which eliminated the amounts due to group undertakings balance (note 16) and resulted in a write down of the investments carrying value of £11,663,000.

The Company had the following subsidiary undertakings as at 26 December 2021:

Name of subsidiary	Class of share held	Country of incorporation	Proportion held	Nature of business
The City Pub Company (West) Limited	Ordinary	England and Wales	100%	Dormant
BNB Leisure Limited	Ordinary	England and Wales	100%	Dormant
Gresham Collective Ltd	Ordinary	England and Wales	100%	Dormant
Randall & Zacharia Limited	Ordinary	England and Wales	100%	Dormant
Chapel 1877 Ltd	Ordinary	England and Wales	100%	Dormant
Flamequire Limited	Ordinary	England and Wales	100%	Dormant

The above companies all had the same registered office as the parent company, being Essel House, 2nd Floor, 29 Foley Street, London, W1W 7TH.

17 Inventories

Group and Company	2021 £'000	2020 £'000
Finished goods and goods for resale	**1,048**	703

During the year ended 27 December 2020 the Group (and Company) had to write off £662,000 of inventory due to the impact of the COVID-19 lockdowns in England, which has been recognised within the other non-recurring items line as part of the exceptional items in note 8. There were no such impairments required in the year ended 26 December 2021, as sites remained open.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

18 Trade and other receivables

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Trade receivables	**674**	235	**674**	235
Government grant receivables	**–**	379	**–**	379
Corporation tax receivables	**170**	774	**170**	774
Other receivables	**1,216**	664	**1,216**	664
Amounts due from group undertakings	**–**	–	**165**	–
Prepayments and accrued income	**1,271**	1,012	**1,271**	1,012
	3,331	3,064	**3,496**	3,064

Rent deposits are included within other receivables, greater than one year. They are at £319k (2020: £358k). In addition the other receivables in 2021 include £300k of deferred consideration relating to the disposal of The Island, Kensal Rise, which is payable over 4 years.

19 Current trade and other payables

	Group 2021 £'000	Group 2020 £'000	**Company 2021 £'000**	Company 2020 £'000
Trade payables	**4,188**	2,641	**4,188**	2,641
Corporation taxation	**–**	–	**–**	–
Other taxation and social security	**1,498**	2,828	**1,498**	2,828
Amounts due to group undertakings	**–**	–	**801**	1,067
Accruals	**5,062**	2,190	**5,062**	2,190
Other payables	**1,466**	771	**1,466**	771
	12,214	8,430	**13,015**	9,497

Included within Other taxation and social security is £nil (2020: £80,000), which is due to be repaid greater than one year.

20 Borrowings and lease liabilities

Group and Company	**2021 £'000**	2020 £'000
Current borrowings and financial liabilities:		
Lease liabilities	**1,912**	2,103
Non-current borrowings and financial liabilities:		
Bank loans	**24,750**	24,801
Lease liabilities	**16,473**	17,750
	41,223	42,551

At 26 December 2021 a revolving credit facility of £25,000,000 (2020: £25,000,000) was outstanding, net of capitalised arrangement fees, Barclays Bank PLC had a fixed charge over certain freehold property as security in respect of this loan. Interest was charged at LIBOR plus a margin, which varied dependent on the ratio of net debt to EBITDA. During the year the revolving credit facility was extended for an additional 2 years to July 2024.

Reconciliation of liabilities arising from financing activities

The changes in the Group's and Company's liabilities arising from financing activities can be classified as follows:

	Long-term Borrowings £'000	Short-term Borrowings £'000	Total £'000
At 28 December 2020	24,801	–	24,801
Cash flows:			
Repayment	–	–	–
Non-cash items:			
Amortisation of loan arrangement fees	(51)	–	(51)
At 26 December 2021	**24,750**	**–**	**24,750**

	Long-term Borrowings £'000	Short-term Borrowings £'000	Total £'000
At 30 December 2019	32,310	–	32,310
Cash flows:			
Repayment	(7,500)	–	(7,500)
Non-cash items:			
Amortisation of loan arrangement fees	(9)	–	(9)
At 27 December 2020	**24,801**	**–**	**24,801**

The changes in the Group's and Company's liabilities arising from leases can be classified as follows:

	Long-term Lease liabilities £'000	Short-term Lease liabilities £'000	Total £'000
At 28 December 2020	17,750	2,103	19,853
Cash flows:			
Repayments	–	(2,071)	(2,071)
Accrued interest	–	656	656
Non-cash items:			
Additions	1,192	–	1,192
Disposals	(1,245)	–	(1,245)
Reclassification	(1,224)	1,224	–
At 26 December 2021	**16,473**	**1,912**	**18,385**

	Long-term Lease liabilities £'000	Short-term Lease liabilities £'000	Total £'000
At 30 December 2019	18,959	2,083	21,042
Cash flows:			
Repayments	–	(2,046)	(2,046)
Accrued interest	–	699	699
Non-cash items:			
Additions	158	–	158
Reclassification	(1,367)	1,367	–
At 27 December 2020	**17,750**	**2,103**	**19,853**

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

21 Financial instruments and risk management

Financial instruments by category:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Financial assets – loans and receivables				
Trade and other receivables	1,890	899	1,890	899
Amounts owed by group undertakings	–	–	165	–
Cash and cash equivalents	12,510	12,331	12,510	12,331
	14,400	13,230	14,565	13,230

Prepayments are excluded, as this analysis is required only for financial instruments.

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Non-current				
Borrowings	24,750	24,801	24,750	24,801
Lease liabilities	16,473	17,750	16,473	17,750
	41,223	42,551	41,223	42,551
Current				
Current borrowings	–	–	–	–
Lease liabilities	1,912	2,103	1,912	2,103
Trade and other payables	5,654	3,412	5,654	3,412
Amounts due to group undertakings	–	–	801	1,067
	7,566	5,515	8,367	6,582

Statutory liabilities and deferred income are excluded from the trade payables balance, as this analysis is required only for financial instruments.

There is no material difference between the book value and the fair value of the financial assets and financial liabilities disclosed above.

The Group's operations expose it to financial risks that include market risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

Group and Company

Cash at bank and short-term deposits	2021 £'000	2020 £'000
A1	12,210	12,082
Not rated	300	249
	12,510	12,331

A1 rating means that the risk of default for the investors and the policy holder is deemed to be very low.

Not rated balances relate to petty cash amounts.

Market risk – cash flow interest rate risk
The Group had outstanding borrowing of £25,000,000 at year end as disclosed in note 20. These were loans taken out with Barclays to facilitate the purchase of public houses.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 26 December 2021, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's cash at bank and short-term deposits is considered immaterial.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% on borrowings in the period. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate on borrowings for each period. All other variables are held constant.

	Profit for the year		Equity	
	+1%	–1%	+1%	–1%
26 December 2021	**(250)**	**250**	**(250)**	**250**
27 December 2020	(317)	317	(317)	317

Credit risk
The risk of financial loss due to a counter party's failure to honour its obligations arises principally in relation to transactions where the Group provides goods and services on deferred payment terms and deposits surplus cash.

Group policies are aimed at minimising losses and deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Individual customers are subject to credit limits to control debt exposure. Credit insurance is taken out where appropriate for wholesale customers and goods may also be sold on a cash with order basis.

Cash deposits with financial institutions for short periods are only permitted with financial institutions approved by the Board. There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the financial period end.

Liquidity risk
The Group actively maintains cash and banking facilities that are designed to ensure it has sufficient available funds for operations and planned expansions. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
As at 26 December 2021:				
Borrowings	**–**	**–**	**24,750**	
Lease liabilities	**1,912**	**1,912**	**5,613**	**14,312**
Trade and other payables	**5,654**	**–**	**–**	**–**
As at 27 December 2020:				
Borrowings	–	–	24,801	–
Lease liabilities	2,103	2,103	6,119	15,108
Trade and other payables	3,412	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

21 Financial instruments and risk management continued

Company	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
As at 26 December 2020:				
Borrowings	**–**	**–**	**24,750**	
Lease liabilities	**1,912**	**1,912**	**5,613**	**14,312**
Trade and other payables	**6,455**	**–**	**–**	**–**
As at 27 December 2020:				
Borrowings	–	–	24,801	–
Lease liabilities	2,103	2,103	6,119	15,108
Trade and other payables	4,479	–	–	–

Capital risk management
The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance.

The Group monitors cash balances and prepare regular forecasts, which are reviewed by the board. In order to maintain or adjust the capital structure, the Group may, in the future, return capital to shareholders, issue new shares or sell assets to reduce debt.

22 Fair value measurements of financial instruments

Financial assets and financial liabilities measured at fair value are required to be grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: unobservable inputs for the asset or liability.

There were no material financial asset or liabilities measured at fair value as at 29 December 2019. During the period ended 27 December 2020 the Group acquired investments in other companies, which have been recognised at fair value in the prior year and at the current reporting date.

23 Deferred tax

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Provision for deferred tax liabilities				
Accelerated capital allowances	**1,324**	1,044	**1,324**	1,044
Arising on revaluations	**3**	–	**–**	–
Arising on acquisition	**1,137**	1,137	**1,137**	1,137
	2,464	2,181	**2,461**	2,181
Provision at the start of the period	**2,181**	2,123	**2,181**	2,123
Deferred tax charge through OCI	**3**	–	**–**	–
Deferred tax charge through profit or loss	**280**	58	**280**	58
Provision at the end of the period	**2,464**	2,181	**2,461**	2,181

Group and Company	2021 £'000	2020 £'000
Deferred tax asset		
Arising on tax losses carried forward	**1,018**	503
Deferred tax asset at the start of the period	**503**	–
Deferred tax credit for the period	**515**	503
Deferred tax asset at the end of the period	**1,018**	503

24 Share capital

	2021 £'000	2020 £'000
Allotted called up and fully paid		
105,793,430 Ordinary shares of 1 pence each (2020: 105,684,425)	**1,058**	1,057
3,021,770,759 Deferred shares of 1 pence each (2020: 3,021,770,759)	**30,218**	30,218
Total	**31,276**	31,275

In May 2021 the Group issued 22,500 £0.01 shares at a price of £1.00 per share in relation to the exercise of share options. The premium on the shares issued was credited to the share premium account.

In September 2021 the Group issued 86,505 £0.01 shares at a price of £1.156 per share in relation to the acquisition of The Cliftonville Hotel in Cromer, Norfolk. The premium on the shares issued was credited to the share premium account.

The ordinary shareholders are entitled to be paid a dividend out of any surplus profits and to participate in surplus assets on winding up in proportion to the nominal value of each class of share. All equity shares in the Company carry one vote per share.

The deferred shareholders are not entitled to be paid a dividend out of any surplus profits and only participate in surplus assets on winding up after certain conditions. The deferred shares do not entitle the holder to vote at a General Meeting.

In the prior year (April 2020) the Group undertook a subdivision of its ordinary share capital, which resulted in the issued ordinary share capital of 61,668,791 ordinary £0.50 shares being subdivided into 3,083,439,550 ordinary £0.01 shares. After the subdivision 3,021,770,759 ordinary £0.01 shares were re-designated as 3,021,770,759 deferred £0.01 shares, leaving 61,668,791 ordinary shares of £0.01 each.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

24 Share capital continued

The ordinary share capital account represents the amount subscribed for shares at nominal value.

	£0.50 Ordinary shares Number	£0.01 Ordinary shares Number	Deferred shares Number
At 29 December 2019	61,623,791	–	–
Issue of new ordinary shares on exercise of share options	45,000	–	–
Sub-total	61,668,791	–	–
Impact of the subdivision of £0.50 ordinary shares to £0.01 ordinary shares	(61,668,791)	3,083,439,550	–
Impact of the re-designation to deferred shares	–	(3,021,770,759)	3,021,770,759
Issue of new ordinary shares on Placing	–	30,000,000	
Issue of new ordinary shares on Open Offer	–	14,015,634	
At 27 December 2020	**–**	**105,684,425**	**3,021,770,759**
Issue of new ordinary shares on exercise of share options	–	22,500	–
Issue of new ordinary shares	–	86,505	–
At 26 December 2021	**–**	**105,793,430**	**3,021,770,759**

Own shares held (JSOP)

The Group announced the establishment of a Joint Share Ownership Plan ("JSOP") in January 2018, as detailed in the Company's AIM Admission Document, to be used as part of the remuneration arrangements for employees. This resulted in the purchase of the Group's own shares and the creation of an Employee Benefit Trust.

The JSOP purchases shares in the Company to satisfy the Company's obligations under its JSOP performance share plan. No shares (2019: no shares) in the Company were purchased during the period at a cost of £nil (2020: £nil).

At 26 December 2021 the JSOP held 1,925,000 ordinary shares in The City Pub Group plc (2020: 1,925,000).

At 26 December 2021 awards over 675,000 (2020: 1,925,000) ordinary shares The City Pub Group plc, made under the terms of the performance share plan, were outstanding.

Nature and purpose of reserves

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Own shares (JSOP) represents shares in the Company purchased by the Group's Employee Benefit Trust as part of a Joint Share Ownership Plan ("JSOP").

The other reserve has arisen from using the predecessor value method to combine the results of the Company and its subsidiary The City Pub Company (West) Limited, which was acquired through a share for share exchange as part of the reorganisation of two entities under common control prior to the Company's Listing on AIM. The reserve represents the share premium that exists within The City Pub Company (West) Limited.

Share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

Retained earnings include all results as disclosed in the statement of comprehensive income.

25 Other reserves

Group	Other reserve	Share-based payment reserve	Revaluation reserve	Total
Balance at 29 December 2019	92	977	–	1,069
Employee share-based compensation	–	397	–	397
Transactions with owners	–	397	–	397
Balance at 27 December 2020	92	1,374	–	1,466
Employee share-based compensation	–	703	–	703
Transactions with owners	–	703	–	703
Revaluation – gross	–	–	18	18
Deferred tax on revaluation	–	–	(3)	(3)
Total comprehensive income for the period	–	–	15	15
Balance at 26 December 2021	**92**	**2,077**	**15**	**2,184**

26 Staff costs

Number of employees

The average monthly numbers of employees (including salaried Directors) during the period was:

	2021	2020
Management and Administration	**83**	92
Operation of Public Houses	**879**	892
	962	984

Employment costs (including Directors)

	2021 £'000	2020 £'000
Wages and salaries	**16,701**	15,500
Pension costs	**336**	323
Social security costs	**951**	913
Share based payments charge	**703**	397
	18,691	17,133

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for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

27 Directors' remuneration

Single total figure of remuneration table

The following table shows a breakdown of the remuneration of individual Directors who served in all or part of the year:

	Salary/Fees		Taxable Benefits		Pension/Other		Compensation for loss of office		Total	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Clive Watson	**153**	112	**5**	9	**20**	7	**–**	–	**178**	128
Alex Derrick	**–**	101	**–**	6	**–**	5	**–**	166	**–**	278
Rupert Clark	**153**	112	**9**	9	**21**	7	**–**	–	**183**	128
Tarquin Williams	**135**	104	**2**	2	**23**	2	**–**	–	**160**	108
Toby Smith	**253**	33	**10**	–	**–**	–	**–**	–	**263**	33
Holly Elliott	**18**	–	**–**	–	**–**	–	**–**	–	**18**	–
Richard Prickett	**48**	38	**–**	–	**–**	–	**–**	–	**48**	38
John Roberts*	**33**	26	**–**	–	**34**	26	**–**	–	**67**	52
Neil Griffiths	**42**	32	**–**	–	**–**	–	**–**	–	**42**	32
Emma Fox	**30**	–	**–**	–	**–**	–	**–**	–	**30**	–
Total	**865**	558	**26**	26	**98**	47	**–**	166	**989**	797

* John Roberts provides brewery consultancy services to the Group in relation to our seven microbreweries. The fees for these consultancy services are included within the Other column.

Emoluments in respect of the Directors are as follows:

	2021 £'000	2020 £'000
Remuneration for qualifying services	**989**	797

The highest paid Director in the period received remuneration of £263,000; (2020: £278,000). Four directors had equity settled share options in issue at the period end (2020: Four). Additional information on Directors' remuneration is given within the Corporate Governance Report.

28 Share-based payments

The Group provides share-based payments to employees, which are all equity settled, in the form of a Company Share Ownership Plan (CSOP), started in 2016, a Joint Share Ownership Plan ("JSOP") started in 2018 and the Group's Long Term Incentive Plan ("LTIP") started in 2020. The Company uses the Black-Scholes valuation model to value these types of share-based payment plan and the resulting value is amortised through the consolidated income statement over the vesting period of the share-based payments.

In prior periods the Group also operated an equity settled share option plan known as the Enterprise Management Incentive Share Option Plan. The Group was required to reflect the effects of share-based payment transactions in profit or loss and in its statement of financial position. For the purposes of calculating the fair value of share options granted, the Black Scholes Pricing Model was used by the Group. Fair values have been calculated on the date of grant. A key input into the model is the share price, on the date of grant of the options. The share price has been estimated based on the most recent subscription for shares. In the prior period a transfer was made between the share-based payment reserve and the retained earnings in respect of the EMI share options that were all exercised during the prior period.

During the period ended 26 December 2021 175,000 options were granted under the CSOP scheme (2020: 2,515,000 options granted), 2,950,000 options were granted under the Group's Long Term Incentive Plan (2020: 2,100,000 options granted); and no awards were made under the JSOP scheme (2020: no awards). A share-based payment charge of £703,000 (2020: £397,000) has been reflected in the consolidated statement of comprehensive income.

The fair value of options granted in the current period and the assumptions used in the calculation are shown below:

Year of grant	2021 – CSOP	2021 – LTIP
Exercise price (£)	**1.20**	**0.00**
Number of awards granted	**175,000**	**2,950,000**
Performance based criteria (see Directors options for criteria)	**No**	**Yes**
Vesting period (years)	**3**	**3**
Expected Life (years)	**7**	**4**
Contractual life (years)	**10**	**10**
Risk free rate	**0.048%**	**(0.011)%**
Expected dividend yield	**1.40%**	**1.00%**
Volatility	**30%**	**27%**
Fair value (£)	**0.15**	**0.92**

Movements in share-based payments are summarised in the table below:

	2021 Number of Awards	2021 Weighted average exercise price £	2020 Number of Awards	2020 Weighted average exercise price £
Outstanding at start of period	**6,980,000**	**0.90**	3,332,500	1.75
Granted	**3,125,000**	**0.07**	4,615,000	0.33
Exercised	**(22,500)**	**1.00**	(45,000)	1.00
Expired	**(2,122,500)**	**1.73**	(922,500)	1.11
Outstanding at end of period	**7,960,000**	**0.44**	6,980,000	0.90
Exercisable at 26 December 2021	**1,165,000**	**1.68**	405,000	1.00

The weighted average remaining contractual life of options outstanding at the end of the period is 8.42 years (2020: 6.66 years).

Previous issues of CSOPs in both 2016 and 2018 had a vesting period of 3 years, an expected life of 7 years and a contractual life of 10 years. The exercise price for the 2016 CSOPs was £1.00 and the exercise price for the 2018 CSOPs was £1.70. The JSOP has an exercise price of £2.05 and contractual life of 10 years.

At the end of the period there were 7,960,000 outstanding options (2020: 6,980,000). The breakdown of these is as follows:

367,500 – 2016 CSOP; 112,500 – 2018 CSOP; 675,000 – JSOP; 1,900,000 – 2020 LTIP; 2,170,000 – 2020 CSOP; 175,000 – 2021 CSOP; and 2,550,000 – 2021 LTIP.

NOTES TO THE FINANCIAL STATEMENTS

for the 52 week period ended 26 December 2021 (2020: for the 52 week period ended 27 December 2020)

29 Ultimate controlling party and related party transactions

The Directors consider there to be no ultimate controlling party. The following related party transactions took place during the period:

£3,500 (2020: £1,500) was paid to Helen Watson, who is related to Clive Watson. At the period end Helen Watson was owed £nil (2020: £nil). Helen Watson has an existing £10,000 float with the group.

During the year ended 31 December 2021 the Group acquired an additional 10% in the Mosaic entities for a total cash consideration of approximately £1.2m, on an arm's length basis, giving a total investment of £2.4m at the year end. As at 26 December 2021 the Group had an investment in an Associate, being a 24% in certain companies within the Mosaic Pub and Dining Group, through the acquisition of existing shares in The Galaxy (City) Pub Company Limited, The Pioneer (City) Pub Company Limited and The Sovereign (City) Pub Company Limited (the "Mosaic Companies"). There were no transactions between the Group and the Mosaic entities. Clive Watson is an investment consultant to Mosaic. Richard Prickett, Non-Executive Director of the City Pub Group, is a Non-Executive Director of The Pioneer (City) Pub Company Limited, a company which forms part of the Mosaic Pub and Dining Group. James Watson, CEO of Mosaic, is related to Clive Watson.

Remuneration of Key Management Personnel

The Company consider that the Directors are their key management personnel and further detail of their remuneration is disclosed in note 27.

No key personnel other than the directors have been identified in relation to the periods ended 26 December 2021 and 27 December 2020.

30 Post balance sheet events

Pub disposals

In March 2022 the group announced the disposal of six public houses (the "Disposal Pubs") in two separate transactions for a total cash consideration of approximately £17.1 million. These transactions have resulted in impairment write-downs during the period ended 26 December 2021.

The Group has agreed terms and exchanged contracts for the disposal of five of the six Disposal Pubs on the South Coast of England, which include three pubs in Brighton (Walrus, Brighton Beach Club, and Lion and Lobster), The Inn on the Beach on Hayling Island and The Travellers Friend in Woodford Green, Essex. All are freehold pubs, with the exception of Brighton Beach Club which is leasehold. These five pubs, which had a net book value of approximately £17.1 million as at April 2022 and recorded unaudited aggregate site EBITDA of £0.7 million for the year ended 26 December 2021, are being acquired by Portobello Starboard Limited for cash consideration of £16.2 million. This transaction is expected to complete on or around 11 April 2022, subject to successful lease assignment of the Brighton Beach Club.

Separately, the Company has sold The London Road Brewhouse, a freehold pub in Southampton for £0.9m. This sale completed on 18 March 2022.

The proceeds from the Disposal Pubs will be used to invest and expand the Group in other geographies across the UK.

Mosaic Investment

We also recently announced that we increased our investment into Mosaic Pub and Dining (Tranche 1 of companies) by £1.7m in April 2022. Our total stake in Mosaic is now 36% for a total investment of £4.1m.

31 Capital commitments

At the period end the Group and Company has no capital commitments.

32 Business combinations

During the period the Group acquired The Cliftonville Hotel in Cromer, Norfolk through a business combination, the fair values of the assets and liabilities acquired, and the nature of the consideration, are outlined within the table below. The acquisition was part of the Group's continuing strategy to expand its pub portfolio via selective quality acquisitions.

Group & Company	2019 £'000
Provisional fair value:	
Property, plant and equipment acquired	**1,650**
Goodwill	**50**
Total	**1,700**
Satisfied by:	
Cash	**1,600**
Shares	**100**
Total	**1,700**

All other pub acquisitions have been accounted for as property acquisitions.

33 Prior year adjustment

During the period ended 27 December 2020 the group made a provision for impairment against a number of sites totalling £933,000, split £340,000 against goodwill and £593,000 against fixtures and fittings.

During the period ended 26 December 2021 management identified that £514,000 of the prior year impairment of fixtures and fittings should have been made against goodwill and therefore a prior year adjustment has been made to restate the amounts of goodwill and fixtures and fittings accordingly.

As the prior year adjustment was between two categories of non-current assets there was no impact on the total non-current assets or other totals within the Consolidated or Company statements of financial position and there was no impact on the prior year consolidated statement of profit or loss.

DIRECTORS, OFFICERS AND COMPANY INFORMATION

Directors	Clive Watson ACA – Executive Chairman Rupert Clark – Managing Director Toby Smith – Chief Operating Officer Holly Elliott – Chief Financial Officer Richard Prickett FCA – Non Executive Director Neil Griffiths – Non Executive Director Emma Fox – Non Executive Director
Secretary and Registered Office	James Dudgeon Essel House 2nd Floor 29 Foley Street London W1W 7TH
Nominated Adviser and Corporate Broker	Liberum Capital Limited 25 Ropemaker Street London EC2Y 9LY
Joint Broker	Peel Hunt LLP 100 Liverpool Street London EC2M 2AT
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Solicitors	Addleshaw Goddard LLP Exchange Tower 19 Canning Street Edinburgh EH3 8EH
Bankers	Barclays Bank PLC Exchange Tower 2 Harbour Exchange Square London E14 9GE
Registrars	Equiniti Limited Aspect House Spencer Road Lancing BN99 6DA
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