Registered No 00030800

The Heavitree Brewery PLC

Financial Statements

31 October 2024

Annual report and financial statements

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Directors and other information

Directors

N H P Tucker	Chairman
T Wheatley	Managing
G J Crocker	
N J McLean	Finance
T P Duncan*	
K Pease-Watkin*	
C J Bush*	

*Non-executive

Secretary and registered office

N J McLean
The Heavitree Brewery PLC
Trood Lane
Matford
Exeter EX2 8YP

Bankers

Barclays Bank PLC
4th Floor
Bridgewater House
Counterslip
Finzels Reach
Bristol
BS1 6BX

National Westminster Bank PLC
59 High Street
Exeter
Devon
EX4 3DL

Solicitors

WBW Solicitors
3rd Floor
The Forum
Barnfield Road
Exeter
EX1 1QR

Trowers & Hamlins
3 Bunhill Row
London
EC1Y 8YZ

Nominated advisor and broker

Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London
SW1A 1LD

Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London
SW1A 1LD

Auditor

PKF Francis Clark
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Tax Advisors

Bishop Fleming
Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Registrars

Computershare Investor Services PLC The Pavilions Bridgewater Road Bristol BS13 8AE
Shareholders' dedicated telephone number: 0370 707 1063

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the One Hundred and Thirty Fifth Annual General Meeting of The Heavitree Brewery PLC will be held at the Company's offices, Trood Lane, Matford, Exeter on 16 April 2025 at 11.30am to transact the following business:

Ordinary business

1. To receive and, if thought fit, adopt the financial statements of the Company for the year ended 31 October 2024 and the strategic report and the report of the Directors thereon.
2. To declare final dividends on the Ordinary Shares and the 'A limited Voting Ordinary Shares.
3. To re-elect T Wheatley as a Director of the Company.
4. To re-elect T D Duncan as a Director of the Company.
5. To elect N J McLean as a Director of the Company.
6. To re-appoint PKF Francis Clark as auditor of the Company for the period prescribed in section 489 of the Companies Act 2006.
7. To authorise the Directors to determine the remuneration of the auditor.

Special business

To consider and, if thought fit, pass the following Resolution as a Special Resolution.

8. THAT the Company be hereby authorised to purchase up to an aggregate of 276,704 Ordinary Shares of 5p each and/or 477,371 'A' Limited Voting Ordinary Shares of 5p each in the capital of the Company at a price (exclusive of expenses) which is:

   (i) not more than £15 nor less than 5p per share; and

   (ii) not more than 5% above the arithmetical average of business transacted (as derived from the Daily Official List of The London Stock Exchange) for the ten business days next preceding any such purchase;

   AND THAT the authority conferred by this resolution shall expire on the date of the Company's Annual General Meeting in 2026 (except in relation to the purchase of shares the contract for which was concluded before such date and might be executed wholly or partly after such date).

By Order of the Board

N J MCLEAN
Secretary
06 March 2025

Trood Lane
Matford
Exeter
EX2 8YP

Notice of annual general meeting

Notes:

1. Any member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

2. Only holders of Ordinary Shares and ‘A’ Limited Voting Ordinary Shares are entitled to attend and vote at the meeting. On a poll the Ordinary Shares carry one vote for every £1 in nominal amount and the ‘A’ Limited Voting Ordinary Shares carry one vote for every £10 in nominal amount.

3. The Directors’ service contracts will be available for inspection at the registered office of the Company during normal business hours on any weekday, and at the place of the Annual General Meeting for fifteen minutes prior to, and during, the meeting.

4. The dividend, if approved, will be paid on 25 April 2025 to shareholders on the register on 14 March 2025.

Strategic report

Chairman's statement

Turnover has increased by 2% to £7,498,000 (2023: £7,346,000) returning an operating profit of £1,424,000 (2023: £1,054,000), an increase of 35% on the previous year. Shareholders will recall that operating profit was adversely affected last year by significant individual repair spends at five of our houses in 2023. In this year under review our total repairs spend was reduced from the previous year to £890,000 (2023: £1,061,000) but it still remains a significant figure as we strive to balance the maintenance of our properties to the highest standard whilst being subject to mounting building costs. It is not a coincidence but a positive consequence of this policy that the two named storms to hit our region so far this winter have not caused any significant damage across the estate.

The Board is pleased with the Company's performance and the numbers reported in this set of accounts. However, the trading environment has remained tough at the sharp end with the cost of doing business casting a shadow over the good levels of turnover being reported in our pubs. The new Government's budget in October has not helped in this respect. The announcements concerning the increases in business rates and Employer National Insurance contributions will come into effect in April. Particularly concerning for pubs with a tradition of employing many part time staff is the lowering of the threshold at which National Insurance is applied with the result that many employees will be subject to NI when they were not before. Very small pubs may not be affected but operations the size of our houses will be subject to effectively a double increase in the cost of employing personnel. The 1p per pint of beer reduction in duty announced at the budget is, of course, welcome but does little to mitigate the increase in cost pressures.

Dividend

The Board is particularly pleased with the Company's performance in the second half of the year after the steady start I reported on at the half year. Consequently, the Directors recommend a 10% increase in the final dividend for the year ended 31 October 2024 to 3.85p per Ordinary and "A" Ordinary Limited Voting share to those shareholders on the Register on 14 March 2025. The dividend, subject to shareholder approval at the Annual General Meeting to be held on 16 April 2025, will be paid on 25 April 2025.

Property

Plans for the rebuild of The Jolly Sailor at East Ogwell have been submitted to Teignbridge District Council and seem to have attracted positive comment and support from people local to the pub. I hope to report further on this at the half-year.

We have continued with our policy during the year of selling non-core assets to reduce debt. The Exeter Inn in Honiton Clyst was sold together with an adjacent parcel of land returning a book profit of £308,000. Two further properties are the subject of offers and/or are being marketed for sale at the end of the financial year, and I shall report further on these at the half-year.

Strategic report

Chairman’s statement (continued)

Pension Scheme

I reported at the half-year that the wind-up of the Company’s final salary pension scheme had not happened and yet at the time I was “reasonably confident" that the conclusion of the process would have happened before year-end. Ill-chosen words on my part; unfortunately, “reason” is not playing its part, and we have remained thwarted by the pace of work of the insurance companies who are transferring the annuities into the members own names. Both we and the scheme’s actuary continue to apply pressure for a completion.

Personnel

On 15 January 2025 a stock exchange announcement reported that Graham Crocker had decided to step back from his Managing Director and Finance Director roles. Effective from 1 February 2025 Terry Wheatley has been appointed Managing Director and Nicola McLean has joined the Board of Directors as Finance Director. I could not be more delighted with these two appointments, and we have been blessed to have such strong candidacy from within our organisation to be able to fill these two roles. I am also delighted that Graham will assist with a smooth transition by remaining on the Board of Directors as a full-time executive until April 2026.
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Graham joined the Company in 1974. He rose to Group Accountant and in 1989 became Company Secretary. He was appointed to the Board as Finance Director in 1991 and then also became the Managing Director in 2007. Over the years his total dedication to the business added to his wealth of knowledge about the Company and its long history, together with an uncanny ability to recall the finest of details (and immediately be able to put his finger on the corresponding archive file!) has allowed him to direct Heavitree Brewery with subtlety and great charm to today’s position of strength. I am taking this opportunity to thank Graham on behalf of the Board, all shareholders, employees and pensioners including the previous Chairman, and all other stakeholders, for the many years of his composed direction of our business.

Prospects

As I have said in previous years, the success of the Company is so reliant on our tenants’ success in the pubs which is aided by our dedicated team at head office and the relationship we enjoy with the people we do business with. At the time of writing, we have three vacancies available within the estate, all of which are attracting strong interest from operators with proven track records. The Board is confident that we are well positioned to face 2025 and we are delighted to be raising the final dividend to give a total increase of 10.9% for the year.

N H P TUCKER
Chairman
19 February 2025

Strategic report

Strategic review

Business model

The Company's business is the running and development of a Leased and Tenanted Estate in the South West of England. The Company currently operates 61 Leased and Tenanted public houses. The Company continually maintains and evaluates the Estate with the intention of maximising the full potential of its public houses, this includes development for alternative use where appropriate. The focus is always on attracting and retaining Tenants for the Estate to maintain the quality of the portfolio. As the Company operates a Tenanted Estate these are our customers and the main focus of our business. To understand more about our customers and how we interact with them see S172 statement section on page 11.

Business review

In this financial year our Estate and the hospitality industry overall has faced many economic headwinds, including increases from food suppliers, increases in the cost of labour and difficulty in retaining staff. The industry also faces uncertainty from the impact of tax and business rate policy changes that the new government have set out in the October 2024 budget. Despite these pressures the Company has returned another good performance with our Tenants working hard to minimise the impact of the headwinds to attract new customers and keep their loyal customer base. The Board has ensured that all costs have been controlled and monitored.

Although we have seen another year of pressure for our Tenants, our turnover has increased in the year by 2% to £7,498,000 (2023: £7,346,000). Investing in the Estate is always a priority for the Directors in order to retain Tenants, which is why the Company has continued with its policy of maintaining the Estate in order to help the Tenants attract custom, the programme of repairs has resulted in a spend in the year of £890,000 (2023: £1,061,000).

Although we have seen an increase in repairs spend to budget in the year, the total spend in the year has decreased from the previous year spend of £1,061,000 to £890,000 in this year, the operating profit for the year has increased by 35% to £1,424,000 (2023: £1,054,000). The Board has continued with its programme of selling certain assets; one property has been sold in the year resulting in a profit of £308,000 (2023: £1,065,000 7 properties sold). (for more information, please see S172 statement on page 11).

The Company has continued to focus on the retention of its current Tenants and attracting new operators for any vacancies which occur across the Estate. Within any financial year there are always Tenant changes. This year we are pleased to say we have had minimal vacancies and have managed to fill the four vacancies that occurred with experienced operators. Our trade team have, as always, worked hard to attract new Tenants and work closely with existing ones, this has resulted in several renewals of tenancy agreements across the Estate.

We have been able to offer promotions during difficult winter months to the Tenants, including winter bounce back offers and vouchers for meal prizes for their customers, this is a cost budgeted for through our head office promotions allowance each year. Economic factors continue to affect the Estate. Tenants have had to balance rising costs and staff retention issues without increasing prices so much that customers become scarce, we can see this is effective with our low vacancies and retention of Tenants across the Estate.

The Directors continue to negotiate with our main wet suppliers resulting in only small increases on beer prices being passed to Tenants during this financial year.

We have looked at the offer we provide to Tenants and believe we have continued to have one of the most competitive Tenancy Agreements within the market as our Tenants have the opportunity to only be tied for draught beer products, and free of tie options with continued support from our tenanted operations managers and Trade Director.

Strategic report

Strategic review (continued)

The combined effect of property and fixed asset sales realised a profit of £308,000 (2023: £1,065,000) and the annual property review which has been carried out this year has led to no impairments (2023:£150,000). The asset which was sold in in the year was part of the schedule for disposal within the business plan already agreed by the Board.

In this year, the Company has sold one of the non-core assets in its programme of disposals. Over the last few years, the Company has sold various properties and parcels of land identified within its assets for sale, with the schedule being reviewed each year. We have two more properties currently being sold and these sales should complete early within the next financial year. The programme of various disposals is looked at and evaluated at each Board meeting. These sales have enabled the Company to continue to reduce its Term Loan and preserve cash in the year. The Company has continued to pay down its term loan in accordance with the terms of the loan agreement. At the beginning of the financial year a new 5 year banking facility was agreed. This included changes to our covenant testing, and we are pleased to say that we are within our Debt service covenant and our leverage covenant (gross borrowings: EBITDA) parameters for the financial year. (See going concern section on page 10 for further details). Within this year net debt has decreased by £194,000 (2023: |Increase £188,000).

The Company's net assets have increased in the financial year by £1,033,000 to £17,535,000.

Key performance indicators

The Directors measure the development, performance, and position of the Company's business by reference to a number of factors including the following:

Operating profit before tax

This is the operating profit before tax adjusted to remove non trading transactions such as property sales. This provides useful insight into the Company's activities before allowing for finance costs.

Company operating profit before taxation of £1,424,000 (2023: operating profit before taxation of £1,054,000).

Interest cover

This is the Company's operating profit before tax, as detailed above, divided by the net finance costs. This is a useful tool in determining whether the Company can maintain its current level of debt and its capacity to increase that level. This year's interest cover is 8.28 (2023: 8.05).

Net debt

The Company is following a longer-term strategy of paying down debt. The debt in the year has decreased by £194,000 (2023: Increase £188,000).

Dividends and dividend policy

When determining the level of dividend each year, the Board considers the ability of the Company to generate cash, the level of distributable reserves and the level of reserves required to invest in the business to ensure the policy can continue on a long-term basis. An interim dividend was paid of 2.25p and a final dividend of 3.85p has been recommended. Please see Chairman's Statement on page 5 for details.

Strategic report

Strategic review (continued)

Going Concern

The Directors continue to closely monitor the Company's financial resources. This included a continual review of the medium-term financial plan, along with sensitised cash flow forecasts for 12 months from the date of approval of these financial statements.

With legislation arising from the Budget announced on the 30 October 2024 expected to take effect in the new financial year, this will bring about more difficulties for the industry. The increases in National Insurance (NI) rates for Employers and the threshold change will bring new challenges for us and our Tenants, while some of the very small Tenancies may not be affected by the NI change due to the nature of the seasonal business many employ a lot of part time staff during busy periods so a large amount of the Estate will be affected. Aside from the NI rates changes the biggest impact may be the decrease in the allowance of business rates as this will affect all Tenants. We are waiting to see as an industry if the government will step up and change the thresholds on rates to mitigate some of this impact. The knock on impact on the Company from these factors is potential for more vacancies with tenants which would result in reduced rental revenue and potential for reduced demand resulting in a reduction in wet sales revenue. This has been taken into account when forecasting wet sales revenue and rental revenue for the coming year and is included within the forecast for the period to April 2026. The forecast for capital receipts in 2025 includes two assets already held for sale which should complete in the calendar year. Any further decisions on the sale of assets will be discussed in Board meetings during the year. These forecasts leave the Company with minimum headroom of over £2m on an overdraft facility of £3m. The Board will continue to review cashflows as part of its ongoing strategy.

The Board took the decision a few years ago to accelerate the paying down of its £4.5m term loan by the selling of non-core assets to secure its current position and the long-term trading position of the Company. The Board originally identified up to 15 non-core assets with a value of between £5m and £7m to be realised over a period of 2 to 3 years. The process of disposal and the assets originally identified is now under a complete review. This year the Company has sold one (2023: 7) of the non-core assets resulting in profits of £308,000 being realised from this sale, leaving the balance of the Term Loan at 31 October 2024 of £1,819,000.

The Board continues to liaise with the bank on a regular basis for trading updates. The Board negotiated a new 5 year banking facility including the Term Loan and the £3m overdraft facility at the beginning of the financial year. The overdraft facility terms remain the same with no increase on interest rate over the base rate. A small reduction in interest rate on the Term Loan over bank of England base rate has been achieved with an adjustment in the debt service covenant which is now an EBITDA calculation only. The forecasts indicate that the Company will be able to operate within its new covenants and facilities. Loans from other individuals including related parties have been drawn down in the year, any of these loans outstanding at the end of the financial year have been repaid in full in the new financial year.

The Directors are satisfied that the Company's forecasts and projections, have included the anticipated cost increases which may impact the Estate. This has been reflected in the budgets with a decrease percentage 3.5% built in on wet revenue and rental revenue. The current trading performance of the Company also shows that it will be able to operate within the level of its facilities and covenant testing for the 12 months from the date of these financial statements. With the support from the bank there are no material uncertainties in relation to going concern. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

Strategic report

Strategic report (continued)

Principal risks and uncertainties

The Company is exposed to a variety of financial, operational, economic, and regulatory risks and uncertainties. The Company has risk management processes in place which are designed to identify and evaluate these risks and uncertainties based on the probability of them occurring and the impact they may have on the business. The Board has overall responsibility for ensuring that there is a robust assessment of the principal risks facing the Company and they are aware that these risks and uncertainties may, either singularly or, collectively, affect the Company's revenue. Some risks may not be known at present or may be currently immaterial but could develop into material risks in the future. The risk management processes are therefore designed to manage the risks which may have a material impact on our ability to meet our corporate objectives, rather than fully obviate all risks.

Operations

We rely on a number of key suppliers to provide our Tenanted Estate with tied products. Supply disruption could affect customer satisfaction, leading to a reduction in our revenue. The contracts for our wet trade are sourced from a number of suppliers and formal contracts are in place. The products and variety across the Estate for our Tenants to choose from are regularly evaluated with our suppliers to enable us able to give the best choice to our Tenants across the Estate in order to maximise revenue from this income stream.

As a Tenanted Pub Operation Estate, we rely on attracting and retaining the best Tenants for our pubs in order to maximise the potential of each of our pubs. Not attracting the right Tenants has a direct impact on the running of the relevant pub and reduces the revenue received and in turn may reduce profits. In order to minimise the risk, the Trade Director works closely with the Tenanted Operation Managers and carefully monitors the candidates who come forward for our Tenanted vacancies.

Fluctuations in market values of property

The UK property market continues to fluctuate. Any variations in valuations due to market conditions could reduce the value of the Company's property portfolio over time. These economic factors could also lead to a reduction in the value realised by the Company on the disposal of pubs and have an impact on the amount of property held as security for the loan facility. However the Companies' properties are held at cost not valuation on the balance sheet which reduces the susceptibility of the financial statements to market fluctuations to the extent that no impairment is identified as a result of any market changes.

Strategic report

Strategic report (continued)

Principal risks and uncertainties (continued)

General economic conditions

The Directors review the material or emerging risks on an ongoing basis. Current risks to the business and our Tenants are the ongoing cost of living crisis and the impact that the new NI rates and thresholds will have on our Tenants along with the Business rate changes. While inflation has decreased, food costs remain high and with the added pressure for all Tenants to find and retain staff the year ahead continues to be of concern, all of these factors will be closely monitored. Since the pandemic, changes in consumer habits have continued to affect our industry and we always look at the effect it has on our Estate. As the Company operates a Tenanted and Leased Estate the full impact of these difficulties will not be seen. However, the forecasts prepared for the coming year have taken all of these factors into account.

Licensing

The Company is committed to ensuring that properties meet all required licensing and other property regulatory requirements. Failure of our Tenants to comply with licensing requirements could result in licenses being revoked which would have a direct impact on the Tenants' ability to trade. This is closely monitored by our Tenanted team overseen by the Trade Director to ensure compliance with licensing and trading regulations. The Company works closely with appropriate local Licensing Authorities to ensure that all licensing requirements are met, and any changes are closely monitored.

Section 172 statement

In accordance with S172 of the Companies Act 2006, the Board has a duty to promote the success of the Company for the benefit of its members as a whole. Details of the Company's key stakeholders and how we engage with them are set out below. In governing and directing the business the Board considers the interests of all of its members as well as its employees, suppliers, and customers in order to develop and maintain its Tenanted Estate for the long term.

Key decisions

The Board took the decision at the beginning of the year to purchase a property next to the Ley Arms in Kenn for £637,000 in order to facilitate a split out of the land attached to the property. This would then enable the land to be put forward for planning permission for car parking at the Ley Arms. The title split has been done and the property purchased is now being sold and this should complete in the new financial year.

The Ley Arms capital project has been successfully completed within the year for a total spend of £1,115,000, it is now fully trading with rooms.

The Board has continued to progress its programme of property disposals with one property sale in the financial year. The Board also took the decision to remarket the Locomotive site as unconditional for sale and this has produced a buyer, and the Board is hopeful for completion in the new calendar year.

The Board approved some small capital projects in the year, these include: At the Pewsham at Chippenham, the conversion of the old pot wash room and at the Otter Inn Weston, new outside area upgraded.

Strategic report

Strategic report (continued)

Section 172 statement (continued)

Key decisions (continued)

Despite the economic headwinds for the Industry the Board made the decision to continue with its programme of refurbishment and repair across the Estate. The Trade Director and Tenanted Operations Manager liaise with the Tenants throughout each project undertaken within the Estate.

When determining the level of dividend each year, the Board considers the ability of the Company to generate cash, the level of distributable reserves and the level of reserves required to invest in the business to ensure the policy can continue on a long-term basis. Having considered all of these factors the Board took the decision to agree a final dividend of 3.85p per share based on the financial year results to 31 October 2024.

Customers

The continued cost rises across the hospitality sector continue to affect our Estate and the impact of the Governments budget in October 2024 will have a further effect going into the next financial year. We have continued to help and support the Tenants, which includes regular newsletters and direct contact with their Tenanted Operation Managers. The feedback that we continue to get from the Tenants enables the Board to target any help needed across the Estate, which has in turn led to keeping a positive and strong relationship with our Tenants and has meant that we have had very few vacancies during the year.

During normal trading the Board considers, on a monthly basis in Board meetings, any further support it can offer our Tenants, for example we have continued the winter discount voucher scheme. The Tenants also have access to industry support through the Company’s corporate BII (British Institute of Innkeepers) membership.

The Board continues to concentrate fully on its business model of running and developing its Tenanted Estate. In order to achieve the full potential of the Estate, the Board constantly strives to build strong and lasting relationships with the Tenants, as the Board believes that attracting and retaining the best Tenants will maximise the full potential of our pubs. We actively engage with our Tenants on a daily basis along with monthly visits by our Tenanted Operation Managers and the Trade Director. We use these visits and the contact that we have with Tenants to make informed decisions to maximise the trade the Tenants can achieve for the business.

Employees

The Board is committed to providing a working environment that promotes employee wellbeing and safety, whilst facilitating their performance. The Board is committed to training and incentivising its staff. Various training schemes are offered along with different incentive plans including a private healthcare scheme and a share incentive scheme plan, to maximise potential and maintain good practice. It is important to the Board that the company as a whole works as a team and finding the right people to enhance the team is a major factor in the recruitment process. The Board is kept up to date with all employee matters on a regular basis through the management team.

Strategic report

Strategic report (continued)

Section 172 statement (continued)

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships so that we may get the best deals in order to supply the Tenanted Estate and maximise business potential, this has been especially important this year with rising costs across the industry and has enabled the Board to keep any increases on wet products to a minimum. The Board actively promotes the use of local business where possible. Engagement with suppliers is primarily through a series of interactions and formal reviews. The Board agrees multi-year contracts with its wet trade suppliers. The Board recognises that relationships with suppliers are important and is briefed on suppliers' issues and feedback on a regular basis. The regular feedback from our Tenants through the monthly meetings with their Tenanted Operation Managers assists with this process.

Shareholders

We recognise the importance of our shareholders, and their opinions are important to us. We engage with our shareholders openly and any change in the business or any important updates are sent to all our shareholders as well as being published on our website along with stock exchange announcements. The Company responds to shareholder letters and queries individually. Shareholder feedback along with details of movements in our shareholder base are regularly reported to and discussed by the Board and their views are considered as part of our decision making. Our shareholders are also encouraged to attend the Annual General Meeting, where all shareholders are given the opportunity to ask questions and raise any issues.

Communities

We engage with the communities in which we operate and look to understand the local issues that are important to them. We provide financial support to the Heavitree Brewery Charitable Trust which in turn aims to support local causes. £6,000 (2023: £6,000) was donated in the financial year. The Board is committed to the responsible retailing of alcohol to and by our Tenants and ensures that any feedback or issues from the communities are dealt with effectively and appropriately.

Government and regulators

We engage with Government and regulators through a range of industry consultations. The Company is registered with the pub sector England and Wales Tenanted Code of Practice, along with the BBPA (British Beer & Pub Association) and corporate membership to the BII, which allows our Tenants to have free access to newsletters and direct industry support.

Because of these memberships, we have continued through this year to receive industry updates quickly and efficiently which has enabled us to inform our Tenants on a regular basis regarding changes or updates from the Government.

The Board is updated monthly through its Board meetings on legal and regulatory developments and takes these into account when considering future actions.

By Order of the Board

N J McLean
Secretary
19 February 2025

Directors' Report

The Directors have pleasure in submitting their report for the year ended 31 October 2024.

Results and dividends

The profit for the year, after taxation, attributable to shareholders amounts to £1,318,000 (2023: £1,511,000). The total comprehensive income for the year is £1,318,000 (2023: £1,511,000).

The Directors recommend a final dividend of 3.85p (2023: 3.5p) on the Ordinary and 'A' Limited Voting Ordinary Shares. An interim dividend of 2p was paid (2023: 2p paid). The fixed dividend of 11.5p per share was paid on the preference shares in the year (2023: 11.5p).

Financial Instruments

As at 31 October 2024 the Company's total bank borrowings were £1,819,000 (2023: £2,065,000).

As at the 31 October 2024, the Company had other loan instruments of £400,000 which have been repaid.

The Directors continue to monitor and, where appropriate, take necessary action to minimise the Company's risk to interest rate exposure and to ensure sufficient working capital exists for the Company to operate efficiently. Debt is kept at a manageable level, with gearing no higher than necessary. The Board revises its investment strategy where needed in order to maintain its cash position.

For further details of the Company's policy on financial instruments and management of financial risk, please refer to note 23.

The Company's capital management strategy is to maintain gearing as low as possible while still ensuring that borrowing requirements are sufficient to service its needs and allow it to invest in its houses at an appropriate level.

When monitoring gearing, the Company uses the Directors' valuation as the basis of its asset value.

Information on borrowings and strategies surrounding managing interest rate risk, liquidity risk, capital risk and credit risk can also be found in note 23.

Future developments

The Company continues to concentrate fully on the running and development of its Tenanted and Leased Estate with the intention of maximising the full potential of its houses. This may include development for alternative use where appropriate and the continuation of debt reduction.

Further information in relation to the business activities, together with the factors likely to affect its future development, performance and position is set out in the Chairman's Statement on pages 5-6.

Directors

The Directors of the Company during the year ended 31 October 2024 were those listed on page 2.

N J Mclean was appointed a Director on 1 February 2025.

T Wheatley and T D Duncan are the Directors retiring by rotation under Article 14 and, being eligible, offer themselves for re-election. N J McLean is to be elected a new Director.

Directors' Report

Directors' interests

The interests of the Directors and their spouses in the Company's shares as at 31 October 2024 were as follows:

	Ordinary Shares		*'A' Limited Voting Ordinary Shares*	
	31 October 2024	*31 October 2023*	*31 October 2024*	*31 October 2023*
N H P Tucker	742,215	742,215	79,385	79,385
G J Crocker	-	-	70,972	75,213
T P Duncan	150,335	150,335	196,992	196,992
K Pease-Watkin	27,088	27,088	50,638	50,638
T Wheatley	-	-	93,853	86,263
C J Bush	-	-	2,223	2,223

All these interests are beneficial, save for the following non-beneficial interests:

(a) N H P Tucker's interest in 53,750 (2023: 53,750) Ordinary Shares.

Included in these interests are the following joint holdings:

(a) 53,750 (2023: 53,750) Ordinary Shares held jointly by W P Tucker and N H P Tucker.

Service contracts exist for each of the Executive Directors and contain a three-year notice period. Non-Executive Directors are appointed by letter for a fixed term of three years.

Substantial interests

At 31 October 2024 the following interests of shareholders in excess of 3% of each class of ordinary share capital, other than Directors, had been notified to the Company:

	Ordinary	*Ordinary %*	*'A'-Limited Voting Ordinary*	*'A' Limited Voting Ordinary %*
P A Benett	135,380	7.33%	270,740	8.50%
R A Duncan	-	-	101,369	3.18%
R H Duncan	151,643	8.22%	177,611	5.58%
J E M Duncan	133,545	7.23%	186,637	5.86%
S T Tucker	-	-	109,000	3.42%
Mrs T C Yule	78,010	4.22%	178,205	5.59%
Mrs T D Tucker	125,840	6.80%	-	-
Mr D Barry	84,108	4.55%	136,684	4.29%

Directors' Report

Corporate governance

The Board of The Heavitree Brewery PLC ("Heavitree") is collectively accountable to the Company's shareholders for good corporate governance. Accordingly, the Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code (Code). The information below and the statement on our website set out in broad terms how we comply with the Code. We provide annual updates about our compliance with the Code, any updates are uploaded to our website and dated accordingly. The Board is responsible for ensuring that Heavitree is managed for the long-term benefit of all shareholders, through effective and efficient decision-making. Corporate governance is an important part of the Board's role by providing oversight and control to manage risk and build long-term value.

The Board is currently reviewing the new QCA Code for adoption in the new financial year, our website will be updated accordingly. It was last updated for its renewal in September 2024.

The Board has adopted the principles of the 2018 QCA Code to support the Company's governance framework this is updated each year for any changes. A full version of this can be found on our website. A new QCA Code which came into effect in 2023 will be adopted in the financial year 2025. The Directors acknowledge the importance of the ten principles set out in the QCA Code and the statement in full on our website sets out how we currently comply with the provisions of the QCA Code and the reasons for any departures from it.
A full copy of the QCA Code is available from the QCA's website: www.theqca.com.

Board of Directors
At 31 October 2024, the Board consisted of an Executive Chairman, two Executive Directors and three Non-Executive Directors. The Directors will continue to re-consider the structure of the Board and believe the current structure remains appropriate. The contribution of Directors in terms of relevance and effectiveness of each one is subject to evaluation, overseen by the Executive Chairman along with their commitment and attendance at Board meetings. Each Director updates the Board at every meeting on their sector i.e. finance or trade and any relevant legislative changes in their areas that will affect the Business, along with yearly appraisals. Since October 2019 the company has in place a formalised framework for Director review which is overseen by the Independent Non-Executive Director.

N H P Tucker is the Executive Chairman; G J Crocker is the Managing Director and is also responsible for the finance function; T Wheatley is the Trade Director and is responsible for the Company's Tenanted Estate. T P Duncan and K Pease-Watkin are Non-Executive Directors.

C J Bush is an Independent Non-Executive and an ICAEW qualified professional. He has no family connection to any of the other Directors and holds a nominal shareholding only. He is responsible for Board members appraisals which are completed each financial year along with an independent overview of the Audit.

The Board is satisfied it has an effective and appropriate balance of skills and experience of Financial, Hospitality Trade, and General industry knowledge to give it the ability to constructively challenge strategy and scrutinise performance. The Directors are required to keep their skill base up to date and attend any relevant skills training and seminars to keep knowledge relevant to their skills set. Independent advice is sought where needed, the Board maintains its access to professional advisors and is able to take independent advice in the performance of their duties, at the Company's expense. No advice was sought in the year.

Directors' Report

Corporate governance (*continued)*

The business and management of the Company is the collective responsibility of the Board. At each meeting the Board considers and reviews the Company's financial and trading performance. It has a formal written schedule of matters reserved for its review and approval. The Board meets every month with additional meetings arranged as required. Formal agendas and reports are provided to the Board on a timely basis, along with other information to enable it to discharge its duties. For more information, please see principal risks and uncertainties on page 10.

Audit Committee

Given the size of the Company, the Board does not consider it appropriate to have a separate audit committee, however an independent Non-Executive Director is in place and part of his role is audit oversight and Board member reviews. The Board considers matters relating to the reporting of results, financial controls, and the cost and effectiveness of the audit process at the monthly board meetings and meets at least once a year with the auditors in attendance.

The Board is satisfied that the company's auditors, PKF Francis Clark, have been objective and independent of the Company. The Company's auditors performed non-audit services for the Company as outlined in Note 7, but the Board is satisfied that their objectivity and independence were not impaired by such work.

Remuneration Committee

Given the size of the Company, the Board does not consider it appropriate to have a separate remuneration committee. The Board considers and determines the remuneration of the Executive and Non-Executive Directors. No Director is involved in setting his or her own remuneration.

Details of Directors' Remuneration can be found in Note 9 to the financial statements.

Summary of Directors' Attendance within the financial year

	Board Meetings Entitled to attend	**Attended**
N H P Tucker	11	11
G J Crocker	11	9
T Wheatley	11	11
T P Duncan	11	10
K Pease-Watkin	11	9
C J Bush	11	11

Shareholder Communication

The Company believes in good communication with shareholders and encourages shareholders to attend its Annual General Meeting, any important updates are sent to all our shareholders as well as being published on our website along with stock exchange announcements. The Company responds to shareholder letters and queries individually.

Directors' Report

Corporate governance (*continued)*

Internal Financial Control

The Board is responsible for ensuring that the Company maintains a system of internal financial controls. The objective of the system is to safeguard Company assets, ensure proper accounting records are maintained, and that the financial information used within the business and for publication is timely and reliable. Any such system can only provide reasonable, but not absolute, assurance against material loss or misstatement. Financial information is presented and reviewed at each Board meeting. On a day to day basis controls are in place to ensure no payments or financial transactions can take place without two signatures and one being an Executive Director. Each process within the finance and operations department is done and then verified by another; individual levels of authority and signatures are set up for all transactions within the Company from orders through to payments. The Board is satisfied it has robust structures in place.

Given the size of the Company, the Board does not consider it appropriate to have its own internal audit function. However external auditors meet with the Managing Director, Company Secretary, and independent Non-Executive Director in advance of the audit and provide a comprehensive planning document that is then distributed to the Board and reviewed at the next Board meeting. In addition, a detailed audit completion report is presented by the external auditors to the full Board. All documents are reviewed by the whole of the Board, and nothing is signed off until agreed by both Executive and Non-executive Director's.

The Board is satisfied that the Company's Auditors are objective and independent of the Company, an independent audit report is shown within the yearly financial statements.

All the day to day operational decisions are taken initially by the Executive Directors, in accordance with the Company's strategy. The Executive Directors are also responsible for initiating commercial transactions and approving payments, save for those relating to their own employment.

The key internal controls include specific levels of delegated authority and the segregation of duties; the review of pertinent commercial, financial, and other information by the Board on a regular basis; the prior approval of all significant strategic decisions; and maintaining a formal strategy for business activities. These controls are reported, reviewed and checked at each Board meeting.

The Company is committed to the highest standards of corporate social responsibility in its activities these areas are looked at within Board and Management meetings. Our Head office site actively recycles all paper produced through a shred it scheme, Company vehicles where it is possible are electric or hybrid models and the site contains electric charging points. All of our staff are encouraged in training and an inclusive culture is promoted within the Head Office environment and any recruitment is carried out on this basis

Within the community, we provide financial support to the Heavitree Brewery Charitable Trust which in turn aims to support local causes. The Board is committed to the responsible retailing of alcohol to and by our Tenants and ensures that any feedback or issues from the communities are dealt with effectively and appropriately. Tenants actively look to support their local communities where they can and encourage the pub to be the local hub of the community. Our Tenants and our contractors are actively encouraged to use energy efficient materials and practices wherever possible.

Directors' Report

Corporate governance (*continued)*

The Company is committed to the care of the environment and encourages its contractors and Tenants to use energy efficient materials and practices wherever possible. The Board is committed to promoting a healthy corporate culture. The Company actively works with its Tenants and Leaseholders holding monthly meetings with them conducted by our Tenanted Operations Managers and reviewed and overseen by the Trade Director.

The Company is committed to training and incentivising its staff, various training schemes are offered along with different incentives plans including a Company share incentive plan to help staff attain maximum potential and maintain good practice.

The Company is committed to the highest standards of corporate social responsibility in its activities. The Company falls below the threshold to report in accordance with the Modern Slavery Act 2015 and antibribery and corruption regulations.

Directors' statement as to disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 2. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to re-appoint PKF Francis Clark as the Company's auditor will be put to the forthcoming Annual General Meeting.

By Order of the Board

N J McLean
Secretary
19 February 2025

Directors' Report

Statement of Director's Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-Adopted International Accounting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of affairs of the profit or loss. for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK–Adopted International Accounting Standards 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 Company will continue in business

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Independent Auditor's Report

To the members of The Heavitree Brewery PLC

Opinion

We have audited the financial statements of The Heavitree Brewery PLC for the year ended 31 October 2024, which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement 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 in accordance with UK adopted International Accounting Standards (UK-adopted IAS).

In our opinion:

- The financial statements give a true and fair view of the state of the Company's affairs as at 31 October 2024 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK-adopted IAS; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

An overview of the scope of our audit

We planned and performed our audit by obtaining an understanding of the Company and its environment, including the accounting processes and controls, and the industry in which it operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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.

Independent Auditor’s Report

To the members of The Heavitree Brewery PLC

Risk: impairment of property

As detailed in the accounting policies and note 14, the Company has a portfolio of trading properties with a net book value of £16.3m (2023: £15.8m) and investment properties with a net book value of £2.3m (2023: £2.3m). Given the age of the portfolio and the Company’s policy of holding assets at depreciated historical cost, many of the individual property carrying values are low. Accordingly, the risk of a material impairment in a proportion of the estate is significantly mitigated. Notwithstanding this, given the size and value of the portfolio, the nature of the industry, anticipated impact of changes to the UK taxation environment, and the depressed consumer confidence and discretionary spend as a result of the continued cost of living crisis in the United Kingdom, a key audit risk is the Company’s assessment of whether there is any impairment to the carrying value of the properties.

Our work focussed on management’s assessment of the need for any impairment on an individual property basis. We paid particular attention to any closed houses and empty properties in the year, being a potential indicator of impairment. We reviewed and challenged the assumptions used by management in making their assessment, as well as comparing their consideration of market value to relevant local market data and post year-end sales values realised.

We also performed our own value in use calculation for all properties, setting expectations for future cash flows by reference to both rental income and wet sales contribution. We made prudent assumptions in relation to moderate growth rate and the discount rates and assessed the sensitivity of the calculation to these rates. Where our work highlighted any properties with a value in use lower than carrying value, we challenged management’s assertions and sought to understand and corroborate assumptions such as alternate uses for those properties.

As a result of the procedures performed, we are satisfied with the Company’s assessment that there is no material impairment to the carrying value of the properties.

Risk: revenue recognition

The Company’s primary revenue streams are outlined in the accounting policies and note 3. The Company derives most of its revenue from wet sales (sales of alcoholic and non-alcoholic beverages) to, and rent receivable from, licenced premises. Sales are routine and little judgement is applied. Based on our understanding of the business and the environment in which it operates, we identified completeness and cut-off as significant audit risks for these revenue streams. We also considered other industry relevant areas of potential misstatement such as volume rebates and lease incentives.

Our work on completeness and cut-off included substantive analytical procedures on the main revenue streams, a review of post year end credit notes and the use of data analytics software to match all wet purchases to the resulting wet sale. In addition, we performed tests of detail on a sample of transactions, including those around the year end to test cut off. We also reviewed the expected level of volume rebates and concluded these are not material to the financial statements.

In respect of the rent incentives granted to tenants, we reviewed a sample of agreements and recalculated the amount of total expected rent due over the remaining lease term and considered whether this had been appropriately recognised on a straight-line basis.

As a result of the procedures performed, we are satisfied that revenue has been appropriately recorded.

Independent Auditor's Report

To the members of The Heavitree Brewery PLC

Our application of materiality

Misstatements, including omissions, are considered to be material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality is applied in planning the scope of our audit, determining the nature, timing and extent of our audit procedures and in evaluating the results of our work.

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

Overall materiality: £231k
Performance materiality: £173k
Misstatements considered above triviality: £12k

Basis for determination
The basis of determination is reviewed each year taking into account current market conditions and levels set across similar companies in the industry. We also consider whether there are any additional risk factors.

The company holds a significant amount of properties in order to carry out their trade. The assessment of impairment of these properties is a key judgement within the financial statements and a key risk area (as discussed above). As a result, we have considered it appropriate to base materiality on gross assets and have applied a materiality level of 1% of the gross assets.

Materiality using adjusted profit before tax is considered a more appropriate basis to assess the licenced trade of the business. Additional procedures have been performed in key risk areas and where considered appropriate on trading balances and transactions using testing thresholds set based on 5% of profit before tax (adjusted for property disposals) at £64k.

During the course of the audit, we reassessed initial materiality but did not consider any changes to materiality necessary based on the final results.

Independent Auditor’s Report

To the members of The Heavitree Brewery PLC

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 work centred on management’s assessment of going concern, which is detailed in note 1 to the financial statements. In particular we:

- Obtained management’s cash flow forecasts supporting the Company’s ability to trade within current banking facilities for a period of at least twelve months from the date of approval of the financial statements. We critically challenged the assumptions used in their preparation and considered the timing of planned non-core asset sales;
- reviewed the outcome of prior year forecasts to assess management’s forecasting accuracy;
- reviewed correspondence with the Company’s bankers confirming the Company’s banking facilities;
- reviewed the Company’s compliance with banking covenants;
- considered the level of headroom in bank facilities based on management’s cash flow forecasts and the impact of changing assumptions, particularly around timing of planned non-core asset sales; and
- reviewed the adequacy of the related disclosures in the financial statements.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report

To the members of The Heavitree Brewery PLC

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

To the members of The Heavitree Brewery PLC

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:

We obtained an understanding of the legal and regulatory framework that is applicable to the company and the industry in which it operates. We identified the principal risks of non-compliance with laws and regulations as relating to breaches around the Licensing Act 2003 (Amended 2007), Tenant and Landlord Act 1985 and health and safety regulations. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as financial reporting legislation (including the Companies Act 2006) and taxation legislation. We considered the extent to which any non-compliance with these laws and regulations may have a negative impact on the company's ability to continue trading and the risk of a material misstatement in the financial statements.

We discussed with management how the compliance with these laws and regulations is monitored. We also identified the individuals who have responsibility for ensuring that the group complies with laws and regulations and deal with reporting any issues if they arise.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to the overstatement of profit, either through incorrect revenue recognition, understating expenditure or management bias in accounting estimates and judgements (in particular around property impairments) included in the financial statements.

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

- Revenue recognition was assessed as a key audit matter and our work in respect of this is discussed above under key audit matters.

- We made enquiries of management regarding their knowledge of any non-compliance or potential non- compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud.
- We identified the individuals with responsibility for ensuring compliance with laws and regulations and discussed with them policies and procedures in place.
- We reviewed processes around compliance with the Licensing Act 2003 (Amended 2007) and Tenant and Landlord Act and discussed with those responsible for compliance whether there had been any breaches during the year.

Independent Auditor's Report

To the members of The Heavitree Brewery PLC

- We discussed health and safety with those responsible for compliance and enquired as to whether there had been any reportable incidents during the year.
- We reviewed minutes of meetings of Senior Management and those charged with governance.
- We audited the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- We challenged assumptions and judgements made in the accounts by management.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate omissions, collusion, forgery, misrepresentations, or the override of internal controls. We are also less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

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

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an audit 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Farrant BA MSc FCA (Senior Statutory Auditor)

or and on behalf of

PKF Francis Clark

Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE
19 February 2025

Income Statement

For the year ended 31 October 2024

	Notes	*Total 2024 £'000*	*Total 2023 £'000*
Revenue	3	7,498	7,346
Other operating income	5	294	215
Purchase of inventories		(2,982)	(2,991)
Staff costs	9	(1,505)	(1,483)
Depreciation of property, plant and equipment		(222)	(236)
Other operating charges		(1,659)	(1,797)
		(6,074)	(6,292)
Operating profit	6	1,424	1,054
Profit on sale of property, plant and equipment	8	308	1,065
Impairment of fixed assets	14	-	(150)
Profit before finance costs and taxation		1,732	1,969
Finance costs	10	(172)	(131)
		(172)	(131)
Profit before taxation		1,560	1,838
Tax expense	11a	(242)	(327)
Profit for the year attributable to equity holders		1,318	1,511
Basic earnings per share	12	27.2p	31.1p
Diluted earnings per share	12	27.2p	31.1p

Statement of Comprehensive Income

for the year ended 31 October 2024

	2024 £'000	2023 £'000
Profit for the year	1,318	1,511
Other comprehensive income for the year, net of tax	1,318	1,511
Total comprehensive income attributable to:		
Equity holders	1,318	1,511

Balance Sheet

at 31 October 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Property, plant and equipment	14	17,261	16,891
Investment property	14	2,258	2,255
Right of use asset	14b	116	77
		19,635	19,223
Financial assets	16	436	503
Deferred tax asset	11c	16	16
		20,087	19,742
Current assets			
Inventories	17	10	10
Trade and other receivables	18	1,217	1,165
Cash and cash equivalents	19	754	373
		1,981	1,548
Assets held for sale	15	504	70
Total assets		22,572	21,360
Current liabilities			
Trade and other payables	20	(1,013)	(1,115)
Financial liabilities	21	(746)	(2,101)
Income tax payable	11a	(347)	(263)
		(2,106)	(3,479)
Non-current liabilities			
Other payables	20	(326)	(338)
Financial liabilities	21	(1,638)	(97)
Deferred tax liabilities	11c	(875)	(852)
Defined benefit pension plan deficit	26	(92)	(92)
		(2,931)	(1,379)
Total liabilities		(5,037)	(4,858)
Net assets		17,535	16,502

Balance Sheet

at 31 October 2024

	Notes	*2024* *£'000*	*2023* *£'000*
Capital and reserves			
Equity share capital	25	251	251
Capital redemption reserve	25	686	686
Own share reserve	25	(1,049)	(1,041)
Fair value adjustments reserve	25	10	10
Retained earnings	25	17,637	16,596
Total equity		17,535	16,502

The notes on pages 35 to 69 form part of the financial statements.

These accounts were approved by the Board of Directors and authorised for issue on 19 February 2025 and were signed on its behalf by

N H P TUCKER)
G J CROCKER) Directors

Statement of Changes in Equity

for the year ended 31 October 2024

	Equity share capital £'000	*Capital redemption reserve £'000*	*Own share reserve £'000*	*Fair value adjustment reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
At 1 November 2022	264	673	(1,537)	10	15,927	15,337
Profit for the year	-	-	-	-	1,511	1,511
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	1,511	1,511
Consideration received by EBT on sale of shares	-	-	61	-	-	61
Consideration paid by EBT on purchase of shares	-	-	(140)	-	-	(140)
Buy back of own shares	(13)	13	575	-	(575)	-
Equity dividends paid	-	-	-	-	(267)	(267)
At 31 October 2023	251	686	(1,041)	10	16,596	16,502

Statement of Changes in Equity

for the year ended 31 October 2024

	Equity share capital £'000	*Capital redemption reserve £'000*	*Own Share Reserve £'000*	*Fair value adjustment reserve £'000*	*Retained earnings £'000*	*Total equity £'000*
At 1 November 2023	251	686	(1,041)	10	16,596	16,502
Profit for the year	-	-	-	-	1,318	1,318
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	1,318	1,318
Consideration received by EBT on sale of shares	-	-	67	-	-	67
Consideration paid by EBT on purchase of shares	-	-	(75)	-	-	(75)
Buy back of own shares	-	-	-	-	-	-
Equity dividends paid					(277)	(277)
At 31 October 2024	251	686	(1,049)	10	17,637	17,535

Details of the reserves can be found in note 25.

Statement of Cashflows

for the year ended 31 October 2024

	Notes	2024 £'000	2023 £'000
Operating activities			
Profit for the year		1,318	1,511
Tax expense		242	327
Net finance costs		172	132
Profit on disposal of non-current assets and assets held for sale		(308)	(1,065)
Impairment of property		-	150
Mortgage receipts received		33	51
Depreciation and impairment of property, plant and equipment		222	236
Decrease in trade and other receivables		11	133
Decrease in trade and other payables		(73)	(142)
Cash generated from operations		1,617	1,333
Income taxes paid		(135)	(335)
Interest paid		(200)	(166)
Net cash inflow from operating activities		1,282	832
Investing activities			
Interest received		28	-
Proceeds from sale of property, plant and equipment and assets held for sale		370	1,202
Payments to acquire property, plant and equipment		(1,138)	(1,774)
Net cash(outflow)/inflow from investing activities		(740)	(572)
Financing activities			
Preference dividend paid		(1)	(1)
Equity dividends paid	13	(277)	(267)
Consideration received by EBT on sale of shares		67	61
Consideration paid by EBT on purchase of shares		(75)	(140)
Capital element of lease rental payments		(29)	(76)
Loan repayment		(246)	(252)
Other Loans received		400	-
Net cash outflow from financing activities		(161)	(675)
Increase/(Decrease) in cash and cash equivalents		381	(415)
Cash and cash equivalents at the beginning of the year	19	373	788
Cash and cash equivalents at the year end	19	754	373

Notes to the Financial Statements

for the year ended 31 October 2024

1. Authorisation of financial statements

The financial statements of The Heavitree Brewery PLC for the year ended 31 October 2024 were authorised for issue by the board of Directors on 19 February 2025. The Heavitree Brewery PLC is a public company incorporated and domiciled in England. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange.

2. Accounting policies and statement of compliance

Basis of preparation

The financial statements have been prepared in accordance with UK-Adopted International Accounting Standards as applied in accordance with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for certain items that are measured at fair value at the end of each reporting period as explained in the accounting policies below.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 October 2024. The subsidiary Heavitree inc was disposed of during the year and therefore these are now Company only accounts rather than consolidated group accounts. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

Notes to the Financial Statements

for the year ended 31 October 2024

2. Accounting policies (continued)

Going Concern

The Directors continue to closely monitor the Company's financial resources. This included a continual review of the medium-term financial plan, along with sensitised cash flow forecasts for 12 months from the date of approval of these financial statements.

With legislation arising from the Budget announced on the 30 October 2024 expected to take effect in the new financial year, this will bring about more difficulties for the industry. The increases in National Insurance (NI) rates for Employers and the threshold change will bring new challenges for us and our Tenants, while some of the very small Tenancies may not be affected by the NI change due to the nature of the seasonal business many employ a lot of part time staff during busy periods so a large amount of the Estate will be affected. Aside from the NI rates changes the biggest impact may be the decrease in the allowance of business rates as this will affect all Tenants. We are waiting to see as an industry if the government will step up and change the thresholds on rates to mitigate some of this impact. The knock on impact on the Company from these factors is potential for more vacancies with tenants which would result in reduced rental revenue and potential for reduced demand resulting in a reduction in wet sales revenue. This has been taken into account when forecasting wet sales revenue and rental revenue for the coming year and is included within the forecast for the period to April 2026. The forecast for capital receipts in 2025 includes two assets already held for sale which should complete in the calendar year. Any further decisions on the sale of assets will be discussed in Board meetings during the year. These forecasts leave the Company with minimum headroom of over £2m on an overdraft facility of £3m. The Board will continue to review cashflows as part of its ongoing strategy.

The Board took the decision a few years ago to accelerate the paying down of its £4.5m term loan by the selling of non-core assets to secure its current position and the long-term trading position of the Company. The Board originally identified up to 15 non-core assets with a value of between £5m and £7m to be realised over a period of 2 to 3 years. The process of disposal and the assets originally identified is now under a complete review. This year the Company has sold one (2023: 7) of the non-core assets resulting in profits of £308,000 being realised from this sale, leaving the balance of the Term Loan at 31 October 2024 of £1,819,000.

The Board continues to liaise with the bank on a regular basis for trading updates. The Board negotiated a new 5 year banking facility including the Term Loan and the £3m overdraft facility at the beginning of the financial year. The overdraft facility terms remain the same with no increase on interest rate over the base rate. A small reduction in interest rate on the Term Loan over bank of England base rate has been achieved with an adjustment in the debt service covenant which is now an EBITDA calculation only. The forecasts indicate that the Company will be able to operate within its new covenants and facilities. Loans from other individuals including related parties have been drawn down in the year, any of these loans outstanding at the end of the financial year have been repaid in full in the new financial year.

The Directors are satisfied that the Company's forecasts and projections, have included the anticipated cost increases which may impact the Estate. This has been reflected in the budgets with a decrease percentage 3.5% built in on wet revenue and rental revenue. The current trading performance of the Company also shows that it will be able to operate within the level of its facilities and covenant testing for the 12 months from the date of these financial statements. With the support from the bank there are no material uncertainties in relation to going concern. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

Notes to the Financial Statements

for the year ended 31 October 2024

2. Accounting policies (continued)

Basis of consolidation

The assets of the Employee Benefits Trust are treated as part of the Company's figures for accounting purposes. The company share incentive plan is not consolidated on the grounds of materiality.

New standards, interpretations and amendments to existing standards

The Directors have considered all IFRS and IFRIC interpretations issued but not yet in force and have concluded that there is no material impact is expected in respect of the year ended 31 October 2025.

Revenue recognition

Revenue is measured at transaction price when control passes to the customer in respect of goods and services provided, net of discounts and VAT. The following criteria must be met before revenue is recognised:

Drink and food sales (Revenue)

Revenue in respect of drink sales is recognised at the point at which the goods are provided, net of any discounts or volume rebates allowed.

Rents receivable from licenced properties (Revenue) and Rents receivable from investment properties (Other operating income)

Rents receivables are recognised on a straight-line basis over the lease term.

Property, plant and equipment

Buildings, furniture and fittings, equipment and vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all property, plant and equipment, other than freehold land, on a straight-line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

- Buildings - 2%
- Fixtures and fittings - 10% to 20%
- Computer equipment - 20% to $33^1/_3$%
- Office equipment - 20%
- Motor vehicles - 25%

Freehold land and assets under construction are not depreciated.

An annual assessment of residual values is performed and there is no depreciable amount if residual values are the same as, or more than, book value. Residual values are based on the estimated amount which would be currently obtainable from disposal of the asset net of disposal costs if the asset were already of the age and condition expected at the end of its useful life.

Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Notes to the Financial Statements

for the year ended 31 October 2024

2. Accounting policies (continued)

Investment property

Unlicensed property held to earn rental income is classified as investment property and is recorded at cost less accumulated depreciation and any recognised impairment losses. The depreciation policy is consistent with that described for property, plant and equipment.

Non-current assets held for sale

Properties identified for disposal which are classified in the Balance Sheet as non-current assets held for sale are held at the lower of carrying value on transfer to non-current assets held for sale, as assessed at the time of transfer, and fair value less costs to dispose. The fair value less costs to dispose is based on the net estimated realisable disposal proceeds (ERV) which are provided by third party property agents who have been engaged to sell the properties. Licensed land and buildings are classified as held for sale when they have been identified for disposal by the Company. They must be available for immediate sale in their present condition and the sale should be highly probable. These conditions are met when management are committed to the sale, the property is actively marketed, and the sale is expected to occur within one year. Licensed land and buildings held for sale are not depreciated.

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised immediately in the income statement in those expense categories consistent with the function of the impaired asset.

Financial instruments

Financial assets and financial liabilities are recognised when the Company entity becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

Mortgages

Where the Company holds a debt instrument for the purpose of collecting contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, the instrument is measured at amortised cost net of any write down for impairment. The mortgages currently held are for previous Tenants who have purchased a non-core asset for sale.

Trade receivables

Trade receivables are initially recognised at the transaction price less impairment. In measuring the impairment, the Company has applied the simplified approach to expected credit losses as permitted by IFRS 9. Expected credit losses are assessed by considering the Company's historical credit loss experience, factors specific for each receivable, the current economic climate and expected changes in forecasts of future events. Changes in expected credit losses are recognised in the Company income statement.

Preference shares

Preference shares are measured at amortised cost and recognised as a liability in the balance sheet, net of transaction costs. Preference shares are classified as a financial liability measured at amortised cost until they are extinguished on redemption. The corresponding dividends on those shares are charged as finance costs in the income statement.

Notes to the Financial Statements

for the year ended 31 October 2024

2. Accounting policies (continued)

Financial instruments (continued)

Interest-bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

Fair value measurement

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date.

Leases – lessor accounting

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Assets leased out under operating leases are included in property, plant and equipment and depreciated over their estimated useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Where the Company transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. As payments fall due, finance income is recognised in the income statement so as to achieve a constant rate of return on the remaining net investment in the lease.

Leases – Lessee accounting

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right of use assets are depreciated on a straight line basis over the estimated useful life of the asset. The corresponding lease liability is measured at the present value of lease payments to be made over the lease term.

Income taxes

The tax expense comprises both the tax payable based on taxable profits for the year and deferred tax. Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying value of assets and liabilities for accounting and tax purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Income tax is charged or credited to equity or to other comprehensive income if it relates to items that are charged or credited to equity or to other comprehensive income. Otherwise, income tax is recognised in the income statement. Tax is calculated using tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Notes to the Financial Statements

for the year ended 31 October 2024

2. Accounting policies (continued)

Pensions and other post-retirement benefits

The Company has both defined contribution and defined benefit pension arrangements.

The cost of defined contribution payments is charged to the income statement as incurred.

The Company provides discretionary additional post-retirement benefits to retired employees. The benefits, which are entirely discretionary, are reviewed on an annual basis and charged to the income statement during the year in which they are made available.

As described in note 26, the Company maintains a defined benefit pension scheme that was closed to new members on 18 July 2002 and there has been no future accrual since 5 April 2006.

In respect of the defined benefit pension scheme the amount recognised in the Balance Sheet comprises the difference between the present value of the scheme's liabilities and the fair value of the scheme's assets determined by qualified actuaries using the projected unit credit method. The financing charge is determined by applying the discount rate used to measure the defined benefit obligation to both the scheme liabilities and plan assets and is recognised within net finance costs.

Foreign currency

There are no transactions in currencies other than the individual entity's functional currency.

Own share reserve

The cost of own shares held by The Heavitree Brewery PLC Employee Benefits Trust is deducted from shareholders' equity until the shares are cancelled, re-issued or disposed of. Consideration received for the sale of such shares is also recognised in shareholder's equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of own shares held.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of assets

As discussed in the accounting policies above, the Directors assess impairment of assets at each reporting date, on a property by property basis. The Directors' take into consideration trade performance during the year and open market value as to whether there is an indication that an asset may be permanently impaired. When necessary external valuations are carried out. There were no impairments made in the year (2023: £150,000).

Pension benefits

The cost of defined benefit pension plans are determined using actuarial valuations. While the Company continues to operate its Final Salary Pension Scheme, the final three deferred members transferred out of the scheme in 2018. Accordingly, the net liability for the company is now solely costs incurred while the scheme is being wound up. The costs have been estimated as at 31 October 2024 at £92,000 (2023:£92,000). Further details are given in note 26.

Notes to the Financial Statements

for the year ended 31 October 2024

2. Accounting policies (continued)

Key sources of estimation uncertainty (continued)

Significant judgements from Jolly Sailor fire

The Company suffered a fire at the Jolly Sailor in April 2021. The Company is covered by an indemnity insurance policy to cover the losses incurred and reinstate the asset to its original state. Demolition is now complete. The Directors have put plans forward for a small operating pub and shop plus two cottages to be built on the site. The insurers have confirmed this is covered as long as it is within the original footprint of the pub. Following the plans being put forward to the parish committee meeting in January 2024, ecological surveys have taken place, and the plans have progressed to Teignbridge district council the Company is awaiting the outcome. There is no liability to rebuild the property at the year end. As a result, no insurance income has been recognised as, under IAS 37, no reimbursement asset can be recognised in excess of related liability and the amount cannot be reliably estimated at this stage.

3. Revenue

Revenue recognised in the income statement is analysed as follows.

	2024	*2023*
	£'000	*£'000*
Sale of goods	5,202	5,165
Machine revenue	77	65
Revenue recognised under contracts with customers	5,279	5,230
Rents from licensed properties	2,219	2,116
Total revenue recognised	7,498	7,346

Sale of goods comprises the invoiced values of beers and ciders supplied by the Company to Tenants. Machine revenue is shown as a separate income above. All revenue is derived in the United Kingdom.

Notes to the Financial Statements

for the year ended 31 October 2024

4. Segment information

Primary reporting format – business segments

During the year the Company operated in one business segment - leased estates.

Leased estate represents properties which are leased to tenants to operate independently from the Company, under tied and free of tie tenancies.

Secondary reporting format – geographical segments

Revenue is based on the geographical location of customers. All revenue is generated in, and all assets are held in the United Kingdom.

5. Other operating income

	2024	*2023*
	£'000	*£'000*
Rents from unlicensed properties	219	215
Other income	75	-
	294	215

Other income relates to the write off of intercompany creditor balances since the subsidiary was wound up.

6. Operating profit

This is stated after charging:	2024	2023
	£'000	*£'000*
Depreciation of property, plant and equipment	222	236
Repairs and maintenance of properties	890	1,061
Cost of inventories recognised as an expense (included in purchase of inventories)	2,982	2,991

7. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

		2024	2023
		£'000	*£'000*
Audit of the financial statements		60	55
Other fees to auditors	- audit of the company pension scheme	2	2
	- other compliance services	6	6
		8	8
		68	63

Other compliance services relate to a review of the Company's Interim Report of £6,000 (2023: £6,000).

Notes to the Financial Statements

for the year ended 31 October 2024

8. Profit on sale of property, plant and equipment

	2024	*2023*
	£'000	*£'000*
Profits on sale of property, plant and equipment	308	1,065
Impairment of property	-	(150)

Profit on disposal of non-current assets represents gains on disposal of property, plant and equipment. They are classified as non-operating on the basis that they arise from transactions to dispose of assets other than at the end of their expected useful lives or at values significantly different to their previously assessed residual value.

9. Staff costs and Directors' emoluments

(a) Staff costs

	2024	*2023*
	£'000	*£'000*
Wages and salaries	1,267	1,203
Social security costs	147	139
Other pension costs	91	141
	1,505	1,483

Included in other pension costs is £67,048 (2023: £65,567) in respect of the defined contribution scheme. Other pension costs include those defined benefit scheme costs included within operating costs and any defined contribution scheme charge. The Company operates an Inland Revenue approved share incentive plan for its employees. Employees (including Directors) can purchase shares in the scheme and the Company can match these shares and issue free shares. The maximum amounts the Company can issue are within the Inland Revenue maximum allowances. The total cost in the year of the issue of these shares by the Company is £43,346 (2023: £48,735). The scheme is not consolidated into the accounts as it is immaterial to the Company.

The average monthly number of employees during the year including Executive Directors was made up as follows:

	2024	*2023*
	No.	*No.*
Average monthly number of employees	15	15

Notes to the Financial Statements

for the year ended 31 October 2024

9. Staff costs and Directors' emoluments (continued)

(b) Directors' emoluments

	Basic salary and fees £'000	*Performance related bonus £'000*	*Benefits £'000*	*Pension contributions £'000*	*Total 2024 £'000*	*Total 2023 £'000*
N H P Tucker	197	28	3	-	228	220
G J Crocker	195	13	1	-	209	201
T Wheatley	184	12	11	-	207	200
T P Duncan	20	-	-	-	20	19
K Pease-Watkin	20	-	-	-	20	19
C J Bush	20	-	-	-	20	19
	636	53	15	-	704	678

The performance-related bonuses comprise payments under the Company's bonus scheme and are dependent upon the level of profits.

The emoluments (excluding pension contributions) of the highest paid Director totalled £228,000 (2023: £220,000). The number of Directors accruing pension benefits is nil (2023: nil). The highest paid Director has an accrued pension entitlement of £nil (2023: £nil) arising from past membership of the defined benefit scheme. During the year, shares were awarded to G J Crocker and T Wheatley with a value of £7,028 (2023: £7,198) as part of the company share incentive plan.

10. Finance costs

	2024 £'000	*2023 £'000*
Interest on bank loans and overdrafts	150	145
Interest on other loans (including cumulative preference shares)	50	20
Interest received on loans and mortgages	(28)	(34)
Total finance costs	172	131

Notes to the Financial Statements

for the year ended 31 October 2024

11. Taxation

(a) Tax on profit on ordinary activities

Tax expensed in the income statement

	2024	*2023*
	£'000	*£'000*
Current income tax:		
UK corporation tax	347	263
Under/(over) provision of tax in prior years	(129)	(4)
Tax paid by Employee Benefits Trust	-	-
Total current income tax	218	259
Deferred tax:		
Origination and reversal of temporary differences	(1)	67
Adjustments in respect of prior periods	25	1
Changes in tax rates	-	-
Total deferred tax	24	68
Tax expense in the income statement	242	327

Notes to the Financial Statements

for the year ended 31 October 2024

11. Taxation (continued)

(b) Reconciliation of the total tax expense

The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 25% (2023: 22.52%). The differences are reconciled below:

	2024	*2023*
	£'000	*£'000*
Accounting profit before income tax	1,560	1,838
Accounting profit multiplied by the current tax rate of 25% (2023: 22.52 %)	390	414
Expenses not deductible for tax purposes	(50)	(191)
Income not taxable	(57)	(6)
Adjustment in respect of prior years – current tax	(129)	(4)
Adjustment in respect of prior years – deferred tax	25	1
Short term timing differences	1	-
Chargeable gains	62	107
Change in tax rates	-	6
Total tax expense reported in the income statement	242	327

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2024	*2023*
	£'000	*£'000*
Deferred tax liability		
Accelerated capital allowances	882	858
Short term timing differences	(7)	(6)
	875	852

Notes to the Financial Statements

for the year ended 31 October 2024

11. Taxation (continued)

(c) Deferred tax (continued)

	2024 £'000	2023 £'000
Deferred tax asset		
Pension plans	16	16

The deferred tax asset has been recognised on the basis that it will be relieved against future profits anticipated to arise in the foreseeable future.

The deferred tax included in the Company income statement is as follows:

	2024 £'000	2023 £'000
Deferred tax in the income statement		
Accelerated capital allowances	23	68
Change in tax rates on opening balances	-	-
Deferred income tax expense	23	68

Notes to the Financial Statements

for the year ended 31 October 2024

12. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares and 'A' Limited Voting Ordinary shares outstanding during the year.

The following reflects the income and shares data used in the basic earnings per share computation:

	2024	*2023*
	£'000	*£'000*
Profit for the year	1,318	1,511

	2024	*2023*
Basic weighted average number of shares (excluding own share reserve)	4,840	4,840

13. Dividends paid and proposed

	2024	*2023*
	£'000	*£'000*
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2023: 3.5p (2022: 3.5p)	188	176
First dividend for 2024: 2.25p (2023: 2.00p)	113	101
Less: dividends on shares held within employee share schemes	(12)	(10)
Dividends paid	289	267
Proposed for approval at AGM (not recognised as a liability as at 31 October 2024)		
Final dividend for 2024: 3.85p (2023: 3.5p)	193	176
Cumulative preference dividends	1	1

Notes to the Financial Statements

for the year ended 31 October 2024

14. Property, plant and equipment

	Land and buildings	*Furniture and fittings*	*Equipment and vehicles*	*Investment properties*	*Total*
	'£000	*£'000*	*£'000*	*£'000*	*£'000*
Cost:					
At 1 November 2022	15,686	2,960	443	1,211	20,300
Additions	1,496	217	91	25	1,829
Transfer to assets held for sale	(79)	(12)	-	(18)	(109)
Transfer to investment properties	(1,037)	-	-	1,037	-
Transfer from current inventories	-	39	-	-	39
Disposals	(9)	(15)	(39)	-	(63)
Transfer between categories	-	-	-	-	-
At 1 November 2023	16,057	3,189	495	2,255	21,996
Additions	299	90	109	640	1,138
Transfer to assets held for sale	-	-	-	(475)	(475)
Transfer from current inventories	-	(29)	-	-	(29)
Disposals	-	-	(111)	-	(111)
Transfer between categories	162	-	-	(162)	-
At 31 October 2024	16,518	3,250	493	2,258	22,519
Depreciation and impairment:					
At 1 November 2022	110	2,179	207	-	2,496
Provided during the year	-	157	65	-	222
Transfer from assets	-	7	-	-	7
Impairment	150	-	-	-	150
Disposals	(1)	(15)	(9)	-	(25)
Transfer between categories	-	-	-	-	-
At 1 November 2023	259	2,328	263	-	2,850
Provided during the year	-	142	77	-	219
Transfer from assets	-	-	-	-	-
Impairment	-	-	-	-	-
Disposals	-	-	(69)	-	(69)
Transfer between categories	-	-	-	-	-
At 31 October 2024	259	2,470	271	-	3,000
Net book value at At 31 October 2024	16,259	780	222	2,258	19,519
Net book value at 31 October 2023	15,798	861	232	2,255	19,146
Net book value at 31 October 2022	15,576	781	236	1,211	17,804

Notes to the Financial Statements

for the year ended 31 October 2024

14. Property, plant and equipment (continued)

In the Directors’ opinion the investment properties have a fair value as at 31 October 2024 of £3,225,000 (2023: £3,265,000). The investment properties are held at cost and the fair value has been considered and valued by the Directors based on current market prices for similar properties within a similar area. The fair value disclosure of investment property is categorised as a level 2 recurring fair value disclosure in accordance with IFRS 13.

Included within land and buildings is £594,000 (2023: £594,000) in relation to owner occupied property. The remainder of this category is subject to operating leases and an analysis of rent receipts is given in note 22.

14b. Right of Use Asset

	Motor vehicles	Property	Total
	£’000	*£’000*	*£’000*
At 1 November 2023	74	49	123
Additions	82	-	82
Disposals	-	-	-
At 31 October 2024	156	49	205
Depreciation			
At 1 November 2023	25	21	46
Provided during the year	36	7	43
Disposals	-	-	-
At 31 October 2024	61	28	89
NBV at 31 October 2024	95	21	116
NBV at 31 October 2023	49	28	77

Notes to the Financial Statements

for the year ended 31 October 2024

15. Non-current assets held for sale

	2024	*2023*
	£'000	*£'000*
At 1 November 2023	70	180
Transfer (to)/from property, plant and equipment (note 14)	475	109
Disposals	(41)	(219)
At 31 October 2024	504	70

As at 31 October 2024 two properties were being actively marketed for sale (2023 – two properties).

16. Financial assets

Financial assets, measured at fair value through other comprehensive income consist of an investment in ordinary shares of a company listed on Aquis markets. Financial assets at amortised cost are mortgages provided to previous tenants to purchase property. The company holds security against these properties. The loans are being paid over 10-15 years.

	Mortgages	*Subsidiary undertakings*	*Investments*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost:				
At 1 November 2023	490	86	55	631
Loan advance	-	-	-	-
At 31 October 2024	490	86	55	631
Amounts provided or paid:				
At 1 November 2023	(55)	(52)	(21)	(128)
Amounts paid in the year	(33)	-	-	(33)
Disposals	-	(34)	-	(34)
At 31 October 2024	(88)	(86)	(21)	(195)
Net book value:				
At 31 October 2024	402	-	34	436
At 31 October 2023	435	34	34	503

Notes to the Financial Statements

for the year ended 31 October 2024

16. Financial assets (continued)

The Company's subsidiary undertakings are as follows:

Heavitree inc USA was wound up during the year.

Heavitree Inns Limited	England and Wales	Ordinary shares	100% (2023: 100%) Dormant

Each subsidiary undertaking is directly owned by the Company.

Registered office of subsidiary: Trood Lane Matford Exeter Devon EX2 8YP

17. Inventories

	2024	*2023*
	£'000	*£'000*
Fine wines	6	6
Merchandising inventory	4	4
	10	10

18. Trade and other receivables

	2024	*2023*
	£'000	*£'000*
Trade receivables	577	505
Prepayments and accrued income	382	449
Other receivables	-	81
Finance leases	258	130
	1,217	1,165

Notes to the Financial Statements

for the year ended 31 October 2024

18. Trade and other receivables (continued)

Trade receivables are all denominated in sterling.

An allowance has been made for estimated irrecoverable amounts of £95,000 (2023: £103,930). The estimated irrecoverable amount is arrived at by considering the historical loss rate and adjusting for current expectations, client base and economic conditions. The Directors have applied a single average rate for expected credit losses to the overall population of trade receivables and accrued income. The single expected loss rate applied is 11% (2023: 11%). The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables are non-interest bearing and are generally on 30 days' terms and are shown net of a provision for impairment. As at 31 October 2024, trade receivables at nominal value of £95,000 (2023: £103,930) were considered to be fully impaired and the Directors have included a specific provision over the expected credit losses in respect of these. Movements in the provision for impairment of receivables were as follows:

	2024	*2023*
	£'000	*£'000*
At 1 November 2023	103	96
(Credit)/charge for the year	(8)	7
Amounts written off	-	-
At 31 October 2024	95	103

As at 31 October 2024, the analysis of trade receivables that were past due but not impaired and for where no provision has been included in the accounts is as follows:

	Total	*Neither past due nor impaired*	*0-30 days*	*Past due but not impaired 30-90 days*	*90+ days*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
2024	577	524	39	1	13
2023	505	379	38	75	13

Notes to the Financial Statements

for the year ended 31 October 2024

19. Cash and cash equivalents

	2024	*2023*
	£'000	*£'000*
Cash at bank and in hand	754	373
	754	373

20. Trade and other payables

	2024	*2023*
	£'000	*£'000*
Current		
Trade payables	351	406
Other taxation and social security	189	99
Accruals	296	292
Other payables	177	208
Amount owed to subsidiary	-	110
	1,013	1,115

During the year the amounts owed to subsidiary were fully written off when the subsidiary was wound up

Non-current		
Other payables - tenants' deposits	326	338

Tenants' deposits mature when the tenant leaves the property or if trading terms are altered at which point, they are repaid. Interest is based on the base rate and an appropriate margin.

Notes to the Financial Statements

for the year ended 31 October 2024

21. Financial liabilities

	2024	*2023*
	£'000	*£'000*
Current		
Bank loan	295	2,065
Other loan	400	-
Lease liabilities	51	36
	746	2,101

Due to breach of banking covenants in 2023, the bank loan became payable within one year and was therefore disclosed as a current liability in last year's financial statements..

	2024	*2023*
	£'000	*£'000*
Non-current		
11.5% cumulative preference shares (note 24)	11	11
Bank loan	1,524	-
Lease liabilities	103	86
	1,638	97

The bank loan and overdraft are secured over certain of the Company's freehold properties by a first legal charge to the value. A revaluation was done in the year as per the banking agreement the value is now £21,665,000 (2023: £21,665,000). Lease liabilities are secured on the assets to which they relate. Other Loans received are unsecured and payable on demand with interest rate of 1.5% above base rate.

Obligations under lease liabilities	*2024*	*2023*
	£'000	*£'000*
Amounts payable under lease liabilities:		
Within one year	51	36
Within two to five years	103	86
After five years	-	-
Present value of lease obligation	154	122

Included in the obligations under lease liabilities are £20,000 (2023: £64,000) in respect of Motor vehicle HP liability, £115,000 (2023: £33,000) in respect of motor vehicle right of use assets and £19,000 (2023: £24,000) in respect of right of use asset on Property.

Notes to the Financial Statements

for the year ended 31 October 2024

22. Operating lease agreements where the company is a lessor

The Company is a lessor of licensed properties to Tenants. The leases have various terms, escalation clauses and renewal rights.

The maturity of undiscounted lease receipts is as follows:

	2024	*2023*
	£'000	*£'000*
Within one year	1,502	1,837
One to two years	1,258	1,073
Two to three years	905	838
Three to four years	659	573
Four to five years	437	446
More than five years	2,701	3,042
	7,462	7,809

As a lessor the Company gave various rent concessions during the year 2020 and 2021, resulting in a reduction in rents received in the year which is reflected in the above table. In accordance with IFRS 16 the revised total rent receipts are being recognised on a straight line basis over the lease term.

23. Financial instruments and derivatives

The Company's principal financial instruments comprise cash, Tenants' deposits, loans, investments and its own non-equity share capital. The principal purpose of these financial instruments is to provide finance for the Company's operations.

Short-term trade receivables and trade payables

Short-term trade receivables and trade payables have been excluded from the numerical disclosures on fair values below.

Notes to the Financial Statements

for the year ended 31 October 2024

23. Financial instruments and derivatives (continued)

Interest rate risk

As the Company has no significant interest-bearing assets, other than cash and cash equivalents, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The terms of mortgages given protect them from interest rate risk as they are fixed rates. Income and cash flows from cash and cash equivalents fluctuate with interest rates.

The Company finances its operations through a mixture of equity shareholders' funds, preference shares and a secured Term Loan, overdraft and leases.

Cash and borrowings are denominated in sterling and interest is paid on cash and borrowings at a floating rate. The interest rate risk exposure is managed by the use of interest rate swap contracts when considered appropriate (none were used in the year), and the Company continually monitors its interest rate risk exposure. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on cash and floating rate borrowings). There is no impact on the Company's equity.

The sensitivity analysis of interest rates on bank borrowings is as follows. 100 basis points has been used as movements are linear.

	Increase/ decrease in basis points	*Effect on profit before tax £000*
2024		
Sterling	+100	(16)
Sterling	-100	16
2023		
Sterling	+100	(16)
Sterling	-100	16

Notes to the Financial Statements

for the year ended 31 October 2024

23. Financial instruments and derivatives (continued)

Interest rate risk profile of non-equity shares

The Company has in issue 11,695 £1 cumulative preference shares with a fixed coupon rate of 11.5%. These represent the remaining preference shares in issue following the offer made by the Company in 1996 to repurchase these shares. They are no longer listed on any public market and have no fixed maturity date.

Liquidity risk

The Company is primarily financed by equity shareholders' funds and a secured Term Loan, subject to relevant covenants being met. The covenants that applied at the year end are, borrowings to the bank shall not exceed 40% of property value at any time, gross borrowings : EBITDA calculation of no more than 2:1 and debt service cover of no less than 2. At 31 October 2024 Gross borrowings: EBITDA was 1.08 and debt service cover was 3.21.

Cash flow forecasts are produced to assist management in identifying liquidity requirements and are stress tested for possible scenarios. Cash balances are invested in the short-term such that they are readily available to settle short-term liabilities or fund capital additions.

The table below summarises the maturity profile of the Company's financial liabilities at 31 October 2024 and 2023 based on contractual undiscounted payments.

Year ended 31 October 2024

	On demand	*Less than 3 months*	*3-12 months*	*1-5 years*	*More than 5 years*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Bank loan/overdraft	295	-	-	1,524	-	1,819
Other loans	400	-	-	-	-	400
Tenants' deposits	-	-	-	326	-	326
Trade payables	351	-	-	-	-	351
Lease liabilities	51	-	-	103	-	154

Year ended 31 October 2023

	On demand	*Less than 3 months*	*3-12 months*	*1-5 years*	*More than 5 years*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Bank loan/overdraft	2,065	-	-	-	-	2,065
Tenants' deposits	-	-	-	338	-	338
Trade payables	406	-	-	-	-	406
Lease liabilities	36	-	-	86	-	122

Notes to the Financial Statements

for the year ended 31 October 2024

23. Financial instruments and derivatives (continued)

Capital risk

The Company's capital structure is made up of net debt, issued share capital and reserves. These are managed effectively to minimise the Company's cost of capital, to add value to shareholders and to service debt obligations, ultimately ensuring that the Company continues as a going concern.

The securitised debt is monitored by a variety of measures which are reported to debt providers on a quarterly basis. The Company assesses the performance of the business; the level of available funds and the short to medium-term plans concerning capital spend as well as the need to meet financial covenants. Such assessment influences the level of dividends payable.

Credit risk

There are no significant concentrations of credit risk. Within the Company the three largest financial assets are three mortgages with a carrying value of £402,000 (2023: £435,000) which are secured on property to which they relate. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the balance sheet date.

Trade and other receivables, as shown on the balance sheet, comprise a large number of individually small amounts from unrelated customers and are shown net of a provision for doubtful debts.

The Company has established procedures to minimise the risk of default on trade receivables including, when considered appropriate, undertaking detailed credit checks before a customer is accepted. This includes mortgages owed to the Company. The credit quality of counterparts is assessed through the use of credit agencies at the outset of the business relationship.

Monthly checks are made, and credit terms altered where appropriate. Historically, these procedures have proved effective in minimising the level of impaired and past due receivables. Receivables are considered on an individual basis each year.

Notes to the Financial Statements

for the year ended 31 October 2024

23. Financial instruments and derivatives (continued)

Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of all the Company's financial assets, financial liabilities and non-equity shares as at 31 October 2024.

	Hierarchical classification	*Book value 2024 £'000*	*Fair value 2024 £'000*	*Book value 2023 £'000*	*Fair value 2023 £'000*
Financial assets					
Cash	Level 1	754	754	373	373
Assets held at fair value through other comprehensive income **	Level 1	-	-	34	34
Mortgage *	Level 2	402	402	435	435
		1,156	1,156	842	842
Financial liabilities					
Bank loan/overdraft*	Level 2	(1,819)	(1,819)	(2,065)	(2,065)
Interest-bearing loans and borrowings:	Level 2				
Other loans		(400)	(400)	-	-
Floating rate borrowings					
Tenants' deposits*	Level 3	(326)	(326)	(338)	(338)
Cumulative preference shares*	Level 3	(11)	(11)	(11)	(11)
Lease liabilities*	Level 2	(154)	(154)	(122)	(122)
		(2,710)	(2,710)	(2,536)	(2,536)

* denotes amortised cost ** financial liabilities at fair value

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

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

The fair value of short-term loans and overdrafts approximates to the carrying amount because of the short maturity of these instruments.

The carrying value of Tenants' deposits and cumulative preference shares are assumed to approximate their fair value

The fair value of assets held at fair value through other comprehensive income is based on market value (see note 16).

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

Notes to the Financial Statements

for the year ended 31 October 2024

23. Financial instruments and derivatives (continued)

Hierarchical classification of financial assets and liabilities measured at fair value

IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive fair value.

The classification uses the following three-level hierarchy:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the years ending 31 October 2024 and 31 October 2023 there were no transfers between level 1, 2 or 3 fair value measurements.

Notes to the Financial Statements

for the year ended 31 October 2024

24. Issued share capital

(i) Ordinary shares

	2024	*2023*
	£	£
Ordinary shares of 5p each	92,235	92,235
‘A’ limited voting Ordinary shares of 5p each	159,124	159,124
Unclassified shares of 5p each	936,946	936,946
	1,188,305	1,188,305

Allotted, called up and fully paid	*2024*	*2023*	*2024*	*2023*
	No.	*No.*	£	£
Ordinary Shares of 5p each				
At 1 November	1,844,699	1,994,699	92,235	99,735
Purchases	-	(150,000)	-	(7,500)
At 31 October	1,844,699	1,844,699	92,235	92,235

	2024	*2023*	*2024*	*2023*
	No.	*No.*	£	£
‘A’ Limited Voting Ordinary Shares of 5p each				
At 1 November	3,182,478	3,282,478	159,124	164,124
Purchases	-	(100,000)	-	(5,000)
At 31 October	3,182,478	3,182,478	159,124	159,124

The Ordinary Shares and ‘A’ Limited Voting Ordinary Shares are entitled equally to dividends, and rank equally on a winding up, after the Cumulative Preference Shares. The Ordinary Shares carry one vote for every £1 in nominal amount and the ‘A’ Limited Voting Ordinary Shares carry one vote for every £10 in nominal amount. There are no Unclassified Shares in issue; shares purchased by the Company become authorised (but unissued) Unclassified Shares.

Notes to the Financial Statements

for the year ended 31 October 2024

24. Issued share capital (continued)

(ii) Preference shares classified as non-current liability

	2024	*2023*
	£	£
11.5% Cumulative Preference Shares of £1 each	11,695	11,695

Allotted, called up and fully paid	*2024* *No.*	*2023* *No.*	*2024* £	*2023* £
11.5% Cumulative Preference Shares of £1 each	11,695	11,695	11,695	11,695

The Cumulative Preference Shares are entitled to a fixed cumulative preferential dividend at 11.5% per annum. On a return of capital on a winding up, these shares will rank first for their nominal amount and any arrears of dividend. The Cumulative Preference Shares do not normally carry voting rights.

An explanation of the Company's capital management process and objectives is set out in the discussion of financial instruments on page 15 in the Directors' report.

25. Reconciliation of movements in equity

The reconciliations of movements in equity are shown in the Company statement of changes in equity. in equity on page 33.

Equity share capital

The balance classified as share capital includes the total net proceeds (nominal amount only) arising or deemed to arise on the issue of the Company's equity share capital, comprising Ordinary Shares of 5p each and 'A' Limited Voting Ordinary Shares of 5p each.

Capital redemption reserve

The capital redemption reserve arises on the repurchase and cancellation by the Company of Ordinary Shares, and 'A' limited Voting Ordinary Shares.

Own share reserve

Own share reserve represents the cost of The Heavitree Brewery PLC shares purchased in the market and held by The Heavitree Brewery PLC Employee Benefits Trust ('EBT').

At 31 October 2024, the Company held 98,938 Ordinary Shares and 51,156 'A' Limited Voting Ordinary Shares (2023: 98,938 Ordinary Shares and 59,641 'A' Limited Voting Ordinary Shares) of its own shares. During the year there were purchases of 48,946 and sales of 57,431 'A' Limited Voting Ordinary Shares.

Notes to the Financial Statements

for the year ended 31 October 2024

25. Reconciliation of movements in equity (continued)

Fair value adjustments reserve

The fair value adjustments reserve is used to record differences in the year on year fair value of the investment classified as fair value through comprehensive income.

26. Pensions and post-retirement benefits

(i) Pension payments

During the year the Company made discretionary pension payments of £9,072 (2023: £4,461) directly to past employees.

(ii) Defined contribution schemes

From 1 January 2003, the Company has also operated an employer-sponsored personal pension arrangement. The assets of the arrangement are held separately from those of the Company in an independently administered fund. The pension charge for the period was £67,048 (2023: £65,567).

(iii) Defined benefit scheme

The Company sponsors the plan which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension plan assets to meet long term pension liabilities for past and present employees. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

The scheme was closed to new members on 18 July 2002 and there has been no future accrual since 5 April 2006.

The Trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the Trustees is determined by the scheme's trust documentation. It is policy that one third of all Trustees should be nominated by the members and there must be a minimum of one such trustee.

A full actuarial valuation was carried out as at 31 December 2016 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the Company and the Trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

There have been no changes in the valuation methodology adopted for this period compared to the previous period. Wind-up of the scheme has been entered into from the 17 January 2022.

Notes to the Financial Statements

for the year ended 31 October 2024

26. Pensions and post-retirement benefits (continued)

Amounts included in the Balance Sheet

	31 October 2024 £'000	*31 October 2023 £'000*	*31 October 2022 £'000*
Fair value of plan assets	18	18	18
Present value of defined benefit obligation	(110)	(110)	(110)
Surplus/(deficit) in scheme	(92)	(92)	(92)

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit credit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

All actuarial gains and losses will be recognised in the year in which they occur in other comprehensive income.

Reconciliation of opening and closing present value of the defined benefit obligation

	2024 £'000	*2023 £'000*
As at 1 November	110	110
Current service cost	-	-
Interest cost	-	-
Actuarial losses due to scheme experience	-	-
Actuarial gains due to changes in demographic assumptions	-	-
Actuarial losses due to changes in financial assumptions	-	-
Benefits paid	-	-
Past service costs	-	-
Liabilities extinguished on settlement	-	-
At 31 October	110	110

Notes to the Financial Statements

for the year ended 31 October 2024

26. Pensions and post-retirement benefits (continued)

There have been no plan amendments, or curtailments in the accounting period.

Reconciliation of opening and closing values of the fair value of plan assets

	2024	*2023*
	£'000	*£'000*
As at 1 November	18	18
Interest	-	-
Return on plan assets (excluding amounts included in interest income)	-	-
Employer contributions	-	-
Assets distributed on settlement	-	-
Benefits paid	-	-
At 31 October	18	18

The actual return on the plan assets over the period ended 31 October 2024 was £nil.

Defined benefit costs recognised in profit or loss

	2024	*2023*
	£'000	*£'000*
Past service costs and loss on settlements	-	-
Net interest cost	-	-
Defined benefit cost recognised in profit or loss	-	-

Defined benefit costs recognised in Other Comprehensive Income

	2024	*2023*
	£'000	*£'000*
Return on plan assets (excluding amounts included in net interest cost) –loss	-	-
Experience losses arising on the defined benefit obligation	-	-
Effects of changes in the demographic assumptions - gain	-	-
Effects of changes in the financial assumptions - loss	-	-
Total amount recognised in other comprehensive income	-	-

Notes to the Financial Statements

for the year ended 31 October 2024

26. Pensions and post-retirement benefits (continued)

Plan assets

	31 October 2024 £'000	*31 October 2023 £'000*	*31 October 2022 £'000*
Corporate Bonds	-	-	-
Government Bonds	-	-	-
Cash	18	18	18
Insured Contract	-	-	-
Total assets	18	18	18

None of the fair values of the assets shown above include any direct investments in the Company's own financial instruments or any property occupied by, or other assets used by, the Company. The scheme assets consist of the Trustee bank account; therefore, the scheme assets do not have a quoted market price in an active market. There are no additional assets pledged, and no additional arrangements agreed between the Company and Trustees to secure members benefits under the plan.

It is the policy of the Trustees and the Company to review the investment strategy at the time of each funding valuation. The Trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy are illustrated by the allocation as at 31 October 2024.

There are no asset-liability matching strategies in place for the scheme.

Significant Actuarial Assumptions

	31 October 2024 % per annum	*31 October 2023 % per annum*	*31 October 2022 % per annum*
Rate of discount	5.00	5.00	5.00
Allowance for commutation of pension for cash at retirement	N/A	N/A	N/A

It is not considered necessary to disclose details of mortality rates and sensitivity to principal actuarial assumptions given the scheme has only retired members and their dependants at the year end, where the benefits are fully covered by purchased annuities.

Notes to the Financial Statements

for the year ended 31 October 2024

27. Related party transactions

A close family member of one of the Directors was a tenant in the previous financial year of one of the licensed properties. Comparative transactions to the previous year with this related party are as follows:

	Sales to related parties £'000	*Trading amounts owed from related parties' £'000*	*Purchases from related parties £'000*
31 October 2024	-	-	-
31 October 2023	85	-	-

During the year the company received a loan amount from a close family member of one of the Directors. The loan advanced in this year totalled £350,000 (2023: nil). The balance outstanding at the year end was £350,000 and is included in other loans . Interest is accrued on the loans at 1.5% over base rate. The loan has been paid in full in the new financial year.

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made on normal commercial terms. Outstanding balances with entities re unsecured, interest free and cash settlement is expected within 30 days of month end. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 October 2024, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2023: £nil).

Compensation of key management personnel (including Directors)

The only key management personnel are Directors, and their compensation is disclosed in note 9.

Notes to the Financial Statements

for the year ended 31 October 2024

28. Notes to the cashflow statement

Recognition of liabilities arising from financing activities.

	At 1 November 2023 £'000	*Financing cash flows £'000*	*New finance leases £'000*	*Other changes £'000*	*At 31 October 2024 £'000*
Cash	373	381	-	-	754
Cash and cash equivalents	373	381	-	-	754
Bank loans	(2,065)	246	-	-	(1,819)
Other loans	-	(400)	-	-	(400)
Lease liabilities	(121)	49	-	(82)	(154)
11.5% cumulative preference shares	(11)	-	-	-	(11)
Liabilities	(2,197)	(105)	-	(82)	(2,384)
Net debt	(1,824)	276	-	(82)	(1,630)