Financial Statements

The ACC Liverpool Group Ltd

For the year ended 31 March 2023

Registered number: 05204033

Company Information

Directors	F L Dyer K Nicholls OBE J A Corner A Cousins A H Machray MBE
Registered number	05204033
Registered office	Kings Dock Liverpool Waterfront Liverpool L3 4FP
Independent auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Royal Liver Building Liverpool L3 1PS

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Group Strategic Report

For the year ended 31 March 2023

The directors present their group strategic review for the year ended 31 March 2023.

Who we are and what we do

The ACC Liverpool Group is the operator of the city's waterfront event campus, made up of the M&S Bank Arena, Conference Centre, Exhibition Centre and the Pullman Hotel. We also provide ticketing solutions to third parties under our TicketQuarter brand alongside our own arena box office operation. Playing a leading role in the initial regeneration of the City and in continuing to shine an international spotlight on Liverpool and its visitor economy, we have successfully staged a wide array of national and international events, from shows and conventions, business gatherings to showcase exhibitions, developing our offer over the last decade to that of a world-class provider of venue and event services. We provide uplifting experiences for visitors and help form a positive image of the wider region. Since opening, our campus has attracted more than 8.3 million visitors to around 4,500 events across our entire site and generated £2.1bn in economic benefit for the local economy.

Business Review

The period covered in this Annual Report is the first full year of trading since the pandemic. The comparative period reported in the financial statements reflected seven months of unrestricted trade from September 2021 following the lifting of all social restrictions. Since the return of large events in September 2021, operations have been intensive and core financial revenue performance has surpassed our ambitious expectations, whilst we've managed ongoing significant economic pressure on energy costs and labour rates. The magnificent Eurovision, hosted on site in May 2023, alongside an equally successful Labour Party Conference and World Gymnastics Championships in Autumn 2022, enabled us to showcase internationally our ability to successfully host a diverse range of complex large scale events within a safe, welcoming and inclusive atmosphere. These major events were delivered alongside a busy programme of entertainment, sport and exhibition events, as event programmes were rescheduled and bounced-back quickly, and other high-profile association and corporate bookings as market confidence steadily returned to the business events sector. Media extracts below tell the story of a fabulous 12 months of operational delivery, generating significant economic and social value for our communities.

Labour party conference

The Labour Party Annual Conference held at ACC Liverpool generated a record economic impact for the city. It was the party's fourth Annual Conference at the venue. A total of 12,500 delegates attended the five-day event, generating an estimated £20m in economic benefit. It will now return to the venue in 2023, the party has confirmed. The conference, which was held across the entire campus of the waterfront venue and included more than 350 fringe events. Exhibition Centre Liverpool, part of the ACC Liverpool campus, was transformed into a 2,200 seat auditorium for plenary sessions in addition to hosting a 300-stand exhibition. Fringe meetings took place in the convention centre, also part of ACC Liverpool, as well as at venues across the city. (Conference News October 2022)

World Gymnastics Championships

An independent report into the success of the World Gymnastics Championships 2022 (WG2022) has highlighted the legacy of the event and its lasting impact on the city. The study found that as a result of the event, by 2024, around 3,000 youngsters will have been directly involved in gymnastics thanks to 47 schools accessing in-person, coached taster sessions. Liverpool care homes are also feeling the afterglow as 11 people have become British Gymnastics Foundation 'Love to Move' instructors helping to transform the lives of people living with dementia with another 12 currently being processed and set to work within local care homes and community settings. The event was also a hit with its volunteers, inspiring 30 to gain national coaching and personal development accreditation to work with four gymnastics clubs across the city.

Group Strategic Report (continued)

For the year ended 31 March 2023

Business Review (continued)

As well as the legacy felt by the city, the report also underlines Liverpool's credentials as one of the world's leading event cities. WGC2022 is found to have generated a massive £5.6 million for the local economy, welcoming 35,406 spectators who on average spent £249.47 per person and booking 25,033 bed nights throughout the Championships. When analysing the audience, 82 per cent of attendees came from outside of the Liverpool City Region, with 60 per cent staying overnight. Overseas visitors made up 8 per cent of the visits and for nearly 11,000 people it was their first visit to Liverpool.

After the Championships, the International Gymnastics Federation President, Morinari Watanabe hailed the event saying "The Beatles created a new music scene. Liverpool World Championships turned gymnastics from sports to entertainment this time. It is the start of the new gymnastics scene."

Its success has been recognised by the industry as well, the Championships has won Best Sports Promoter at the Event Production Awards; Highly Commended in the Best Visitor Experience category and shortlisted in the Diversity and Inclusion category at the Access All Areas Awards; shortlisted in the international Sports Technology Awards for Event of the Year and won Silver at the international Eventex Awards in the Best Sports Event category. (British Gymnastics July 2023)

Eurovision Song Contest

Liverpool businesses have described "footfall like Christmas" thanks to an estimated influx of 500,000 visitors during Eurovision events in the city. Hotels, restaurants and shops enjoyed a huge boost as Liverpool hosted what city region mayor said was the "most successful Eurovision Song Contest". Sweden's Loreen won the honours in the grand final on Saturday. But Liverpool is also a winner with up to £250m in economic benefits over the next two years, Steve Rotheram said. The city staged the event on behalf of war-torn Ukraine. Up to 500,000 extra visitors flocked to the city during the EuroFestival between 1 and 13 May, according to early footfall data and figures from Merseyside Police, Liverpool City Council said. The city council said Liverpool ONE saw a 32% growth in numbers compared to the same period last year - with some days seeing increases as high as 53% - and more than 500,000 people visiting the shopping centre last week, making it the busiest week of the year so far.

Mr Rotheram said Liverpool had hosted the "most successful Eurovision Song Contest ever". 'Liverpool is brimming with pride and joy' He said it "had been unbelievable... I've never felt a buzz like it" and it should capitalise on its success. Visitors had "seen and heard and experienced what we know about this great place that we live in, that it is one of the most warm and friendliest places on the planet," he said. The metro mayor said "the winners in the end are the people of Liverpool because we have been able to showcase just what a wonderful place this is". He said the economic legacy over the next two years "could be as great as £250m" to the city region. He said the city would undoubtedly attract more visitors and "we need to build on that... to optimise on the opportunities that that brings to us". He added it means "attracting more businesses and diversifying our economy". "Nobody has embraced something like this to the magnitude that Liverpool has and that shows you other things could come here as well. We've demonstrated we can do large events and do them brilliantly. "More large-scale events are good for the economy and good for the local people."

Bill Addy of Liverpool BID Company estimated the Eurovision legacy to be worth £250m over the next three years. Bill Addy, chief executive of Liverpool Business Improvement District (BID) Company said the lasting memory of Eurovision in Liverpool will be one of joy. "[Businesses are] telling us they have seen a real boost in people coming in and just wanting to enjoy the atmosphere," he said. "We've spent a lot of time with our city centre businesses helping to prepare for this, from window dressing and artwork to karaoke displays and language classes, so it's great to see it paying off. "We know the impact of Eurovision isn't purely in the two weeks of celebrations, but for the 160m people watching at home and the projected economic impact of £250m over the next three years." (BBC News May 2023)

Group Strategic Report (continued)

For the year ended 31 March 2023

Business Review (continued)

It has been a remarkable period, befitting of the 15th anniversary of the original build of ACC Liverpool's interconnected event campus; an investment made as part of Liverpool's European Capital of Culture year in 2008. Thanks to the City's bold vision and to the experienced and talented team at ACC Liverpool, those facilities have been transformed into an award winning flexible home for world class events; showcasing a city that's truly welcoming and inclusive, a city rich in culture and in music. It is a privilege to support our fantastic clients in bringing their event ambitions and objectives to life and we express our sincere thanks for the passion, resilience and can do attitude of our wider event partners and city stakeholder groups - a truly collaborative effort to create the wonderful city vibe that's been so universally praised, and which can be built upon in the years to come.

We remain fully committed to delivering the ambitious targets set out in our social value impact plan and are making significant positive progress under our environment, community and people pillars.

Most notably we have accelerated our carbon net-zero target to 2030 and have just achieved carbon neutral status for the campus; investing in credible projects to offset our current carbon footprint with the advice and support of Carbon Neutral Britain. Working closely with Liverpool City Council, we have secured the award of £1.4m in funding from the Department of Energy Security to replace hot water boilers within our Arena and Convention Centre with air sourced heat pumps. This investment is expected to save more than 4,200 tonnes of carbon over the lifetime of the project in addition to reducing our running and maintenance costs. We have also invested over £2m in replacing original build lighting in the Arena and Convention Centre with LED, and are delivering a major programme of other refurbishment and campus improvement over the next few years.

We continue to work in partnership with our landlord and shareholder in finalising new commercial and governance arrangements, ensuring best value from both perspectives. The year ended 31 March 2023 was the maiden year of a new Board, with Kate Nichols OBE, CEO of UK Hospitality, appointed as Chair on 4 April 2022. This follows the successful prior year appointments of three independent non-executive directors who bring combined expertise in digital and technology, business development and communications. The Board may be further strengthened over the current year to support delivery of the company's strategic plan, particularly in relation to skills, sustainability, and inwards investment.

Success has been delivered against the backdrop of the economic challenges facing most industries and their supply chains. The hospitality industry has been sharply effected by the energy crisis, labour pressure and food pricing. As outlined in the financial overview, reported energy costs are abnormal by up to £1.5m. With a withdrawal of higher levels of Government intervention this will recur in the financial year ending 31 March 2024, although based on forward purchasing rates we will start to see this pressure alleviate in the following financial year. We are a proud sponsor of the Real Living Wage and have encouraged adoption down through our service partner supply chain in recent years. Such cost pressures will keep financial management challenging in the coming years, although the transformation in underlying EBITDA, as highlighted in the financial overview, is highly encouraging and provides increased confidence to the further upwards trajectory targeted for the year ending 31 March 2024 and beyond.

Despite all the economic challenges provided as a result of the global pandemic and geopolitical instability, excellent progress has been made across the key business areas of:

- Financial stability
- Economic impact
- Cultural ambition
- Social impact and sustainability

Group Strategic Report (continued)

For the year ended 31 March 2023

Business Review (continued)

Financially, the business has fully adhered to its rental obligations from April 2021 and the transformation in underlying EBITDA has enabled £1.6m of cash surplus to be returned to Liverpool City Council, in March 2023, reducing historical levels of indebtedness. New lease agreements are expected to be signed before the end of the current financial year and provision has been made to settle all outstanding company rental arrears at that stage. Formal payment terms will also be finalised for the non-rent associated debt due to the Landlord.

Business performance

a. Impact of pension scheme arrangements on the financial statements:

The company is a participating employer in the Merseyside Pension Fund, a local government pension scheme. In accordance with actuarial valuation results at 31 March 2023 the company's fund remains in surplus, with a growth in its funding surplus of 5%, to 106%, since 31 March 2019. The scheme remains funded by primary payments from employer contributions, the rates for which have been substantially maintained for the next 3 years, until 31 March 2025.

The accounting presentation of a pension scheme can differ to its funding position, with discount rates used to value scheme liabilities often set lower based on high quality corporate bonds. Lower discount rates producing higher reported liabilities. The main purpose of the accounting valuation is to provide a consistent measurement of accounting costs across different companies. Whilst bonds yields have remained low in recent years, the company has reported a large accounting deficit in its pension scheme despite the fund remaining fully funded in line with its actuarial valuation. In the current year, the strengthening of interest rates and corporate bonds has much reduced the difference between the actuarial and accounting measurement bases for scheme liabilities and has almost eliminated the previous accounting deficit reported. The resulting exceptional accounting gain is reported in Other Comprehensive Income in the financial statements. The funding position of the Scheme is illustrated below:

Pension scheme assets and liabilities	Accounting 2023 £000	Accounting 2022 £000	2022 fund valuation £000	2019 fund valuation £000
Scheme assets	21,701	22,381	21,461	15,900
Scheme liabilities	(21,882)	(35,118)	(20,957)	(15,618)
Scheme deficit	**(181)**	**(12,737)**	**504**	**282**
Payment/deferment discount rate	4.70%	2.80%	5.10%	4.65%

Annual costs recorded in profit and loss are summarised as follows:

Amounts reported in profit and loss	2023 £000	2022 £000
Primary ordinary employer contributions	690	568
Daily operational cost of pension scheme	**690**	**568**
Valuation of incremental operating costs of managing future pensions	1,238	934
Valuation of net interest of scheme assets and liabilities	347	302
Non-cash impinging valuation adjustment pension scheme costs	**1,585**	**1,236**
Total cost reported in profit and loss	**2,275**	**1,804**

Group Strategic Report (continued)

For the year ended 31 March 2023

Business performance (continued)

The current cost of managing future liabilities is being funded by primary employer and employee contributions, and employer contributions are the only current cash obligation falling on the company. The full service cost of delivering future pensions is currently expected to be met by such contributions and the future investment performance of scheme funds. The Group administers defined contribution pension arrangements for its Hotel staff.

b. Financial performance:

	2023 £000	2022 £000	2021 £000	2020 £000
Events:		**		
Turnover	22,629	12,428	3,638	17,492
Ordinary operating costs	(19,480)	(13,424)	(9,793)	(17,617)
Pre rent EBITDA events	3,149	(996)	(6,155)	(125)
Rent	(1,290)	(1,290)	-	(1,290)
Post rent EBITDA events	1,859	(2,286)	(6,155)	(1,415)
Net interest	74	20	66	104
Net depreciation	(122)	(179)	(137)	(64)
Net impairment of trade debtors	211	(29)	(258)	15
Capital reserve provisions	(780)	(550)	(122)	147
Net trading profit/(loss) events	1,242	(3,024)	(6,606)	(1,213)
Hotel:				
Turnover	7,354	5,991	1,203	7,021
Operating costs	(5,622)	(4,812)	(2,521)	(5,661)
Pre rent EBITDA hotel	1,732	1,179	(1,318)	1,360
Rent	(1,100)	(1,100)	-	(1,100)
Post rent EBITDA hotel	632	79	(1,318)	260
Net interest	-	-	-	-
Net depreciation	-	-	-	-
Net impairment of trade debtors	-	-	-	-
Capital reserve provisions	(603)	(484)	(100)	(281)
Net trading profit/(loss) hotel	29	(405)	(1,418)	(21)
Group total pre rent EBITDA	4,881	183	(7,473)	1,235
Group total post rent EBITDA	2,491	(2,207)	(7,473)	(1,155)
Group total net trading profit/(loss) before exceptional items and pension accounting	1,271	(3,429)	(8,024)	(1,234)
Exceptional items & pension accounting:				
Business support and recovery funding	-	336	5,985	-
Excess energy costs *	(1,447)	-	-	-
Net pension interest	(347)	(302)	(235)	(256)
Difference between cost of employer cash contributions and accounting based pension service & admin cost	(1,238)	(934)	(426)	(1,853)
Discontinued and exceptional items				(2,733)
Total statutory loss before taxation	(1,761)	(4,329)	(2,700)	(6,076)

* Computed on differential between average utility pricings for the year and pricings at Feb 2020. Draft provisional inc. £1.1m events, £0.2m hotel
** Events business in 2022 effected by highly restricted conditions through to September 2021. Results include 7 months of unrestricted events trade only.
*** The Eurovision event will be reported in the financial statements for the year ending 31 March 2024

The financial results show a £2.5m turnaround in the Group's performance before exceptional items and pension accounting compared to the year ended 31 March 2020, being the last full year of pre-pandemic trading, and a £3.6m positive transformation in EBITDA over the same period. The £1.1m difference between the two performance indicators being attributable to capital reserves provisioning across the Group, with the Group taking on responsibility for future capital replacements and refurbishments under its lease with Liverpool City Council. The comparative year, being the year ended 31 March 2022 had 5 months of restricted events trade with 12 months of restricted events trade occurring in the year ended 31 March 2021, and as such neither provide sensible comparators for the underlying business transformation which is on-going. These results exclude the Eurovision event which will be reported in the financial statements for the year ending 31 March 2024.

Group Strategic Report (continued)

For the year ended 31 March 2023

Business performance (continued)

Abnormal energy costs, which the Directors have estimated to account for an additional £1.447m of Group expenditure in the year, are set to recur for at least one more year before settling at a new norm in the year ending 31 March 2025; this is expected to be higher than pre-pandemic pricing. The business has adhered to full rental obligations since April 2021, despite the heavy trading losses reported in previous financial year due to enforced trading restrictions. Core business results cover the capital reserve provisioning which is now required for future capital obligations managed under tenancy agreements. As outlined in section a. non-trading incremental pension scheme administrative costs and net finance costs reported cause some distortion in reported financial results. The business has covered its ongoing trading employer cash contributions within its trading results and the costs of managing future pension obligations are also set to be met by future investment performance of the fund, as well as those cash contributions.

c. Liquidity analysis

Balance sheet maturity analysis - Company	< 1 year	1-2 years	3-5 years	> 5 years	Subtotal	Other	Total
Cash	17,025				17,025		17,025
Agency creditors	(5,010)				(5,010)		(5,010)
Net cash in use by the business	12,014	-	-	-	12,014	-	12,014
Other working capital balances	(9,703)				(9,703)		(9,703)
Replacement, refurbishment and cyclical decoration provisions	(1,500)	(91)	(3,610)	(3,961)	(9,162)	6,703	(2,459)
Pension liability						(181)	(181)
Liquidity before shareholders support	812	(91)	(3,610)	(3,961)	(6,850)	6,522	(328)
Amounts due to parent undertaking (repayable on demand)	(3,006)				(3,006)		(3,006)
Book liquidity after shareholder support	(2,194)	(91)	(3,610)	(3,961)	(9,856)	6,522	(3,334)
Fixed assets						1,083	1,083
Capital grants						(367)	(367)
Shareholders deficit	(2,194)	(91)	(3,610)	(3,961)	(9,856)	7,239	(2,617)

Balance sheet maturity analysis - Hotel	< 1 year	1-2 years	3-5 years	> 5 years	Subtotal	Other	Total
Cash	1,970				1,970		1,970
Other working capital balances	(1,158)				(1,158)		(1,158)
Replacement, refurbishment and cyclical decoration provisions	(405)	(100)	(3,125)	-	(3,630)	2,013	(1,617)
Liquidity before shareholders support	407	(100)	(3,125)	-	(2,818)	2,013	(805)
Amounts due to parent undertaking (repayable on demand)	(2,115)				(2,115)		(2,115)
Shareholders deficit	(1,708)	(100)	(3,125)	-	(4,933)	2,013	(2,920)

The group is cash strong but holds high levels of cash balances from agency ticketing on behalf of third parties and from event venue hire advanced payments within its own trade. The group also holds provisions for future property obligations in respect of asset replacement, refurbishment and cyclical decoration. The working capital base was eroded during the pandemic through trading losses and decreasing trading cash reserves.

The group remains reliant on the financial support of its parent undertaking Liverpool City Council, where the current indebtedness owed is unsecured and repayable on demand. The level of this indebtedness is being successfully reduced and Liverpool City Council are committed to extending their financial support whilst repayment terms for the remainder is being finalised. The group continues to meet its liabilities as they fall due and is looking to build further financial resilience in its liquidity position in the years ahead.

Other key performance indicators and acknowledgements

With a talented core team of 211 staff, rising up to 500 and more on event days, we continue to deliver award winning services to event organisers, delegates and visitors alike. We were crowned winner of Best UK Conference Centre at the M & IT Awards in 2013, 2014, 2015, 2016, 2017, 2018 and 2021 and took home silver in 2019 and 2020. In 2021 and 2023 we were also crowned the UK's Best Exhibition Centre under 8,000 sqm at the EN Awards and out experience and talented team were acknowledged as Best Venue Team in the UK at the MIA awards 2021. This year we won Best Venue under 20,000 sqm at the AEO Awards for our entire campus. These industry awards are voted for by our partners and clients so are a real testament to the quality of services delivered and a real vote of confidence that our services really are best in class, firmly establishing us as a market leader in the conference and event sector.

Future developments, risks and uncertainties

Economically, the aftershocks of the pandemic, soaring inflation, supply-side challenges and the threat of recession means that the operating environment will remain tough through to the end of 2024. Energy pricing is likely to restrict financial performance until then. The business carried £15m of future bookings into its 23-24 financial year, as well as the secured Eurovision tenancy. Business and enquiry levels are strong and the local stakeholder network and collaboration has been reinvigorated with recent City success and the City's Accommodation BID. Supply chain price risk remains the biggest uncertainty and we continue to closely manage costs and stretch revenue performance to mitigate. Demand for hospitality and entertainment particularly in the local region has responded well so far in the face of pressures on consumers and households but as rising interest rates continue to impact household budgets this will add further pressure to levels of disposable income.

Financial Instruments

The group uses various financial instruments. These include cash and other items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to manage working capital for the group's operations. The directors review and agree policies for managing the risk and this is summarised below.

Price & yield

The high fixed cost base required to operate the campus venues is under current pressure due to the current surge in inflation in areas such as energy and labour. Price increases are sustainable to clients in the long-term based on the unique product on offer and the provision of space and services. However short term timing differences can present challenges where unexpected cost increases exceed sales price increases contracted for future years. Yield management is imperative to the success of the business and due to the flexible nature of the facilities there is often a conflict between space available during peak months and customers seeking to hold an event. A yield management strategy has been developed to ensure the space is sold at the best possible price, utilising the assets available at ACC Liverpool, whilst also delivering on the group's economic and social value impact to Liverpool and the wider City region. Exposure to market rates of energy will limit financial performance for at least another 12 months. The business is managing efficiency through capital projects and operational initiatives. In the long term the industry must respond to a likely new norm of sustained higher energy costs.

Credit risk

The group's principal financial assets are cash and trade debtors. Ordinarily credit risk arises from the company's trade debtors. The company has advanced ticket sale collection and settlement arrangements with promoters in its entertainment markets, limiting its credit risk. For business events, future bookings adhere to advanced payment terms ahead of the event. The company has contract payment terms in place and performs full credit checks with a third party credit reference agency prior to entering into any agreements consequently mitigating any potential credit risk. Additional event service revenues are recovered quickly post event and closed down within agreed timescales, following robust credit management policies and targeted collections to prevent bad debt.

Group Strategic Report (continued)

For the year ended 31 March 2023

Liquidity risk and cash flow

The group holds high levels of cash balances due to funds held on behalf of agency third parties for advance ticket sales, and those on its own account for venue hire and accommodation advanced rentals. It takes a firm approach to treasury management whilst balancing the needs of the business between yield from deposits and instant access to cash to fund operational activities. Cash flow forecasting is undertaken to ensure anticipated cash demands are well planned and met. The group remains reliant on the financial support of its parent undertaking Liverpool City Council, where the current indebtedness owed is unsecured and repayable on demand. Liverpool City Council remain committed to extending this financial support as the group finalises new leases and governance arrangements. The group continues to hold strong cash balances and can meet liabilities as they fall due.

Faye Dyer

F L Dyer
Director

Date: 14/12/2023

Directors' Report

For the year ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors

The directors who served during the year were:

F L Dyer
K Nicholls OBE (appointed 4th Apr 2022)
J A Corner
A Cousins
A H Machray MBE
M L Steinberg CBE (resigned 3rd Apr 2022)

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report.

Directors' responsibilities statement

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Directors' Report (continued)

For the year ended 31 March 2023

Matters covered in the strategic report

A discussion on the group's financial performance, financial position, future developments, risk management and key proforma indicators have been disclosed in the Group strategic report.

Going Concern

As part of a strategic review, the directors have created a new business plan which sets out short term goals and the steps required to deliver them. A period of three years has been set as the appropriate duration of this business plan, which is reflective of the volatile operating landscape at present. As set out in note 2.6 to these financial statements, based on this business plan and the continued financial support available from its shareholders, the directors believe the adoption of the going concern assumptions remains appropriate.

Post balance sheet events

Extended political and economic uncertainty continues to severely impact economies and markets around the globe. The impact on the group continues to be considered by the directors and within its updated business plans. There are no adjusting or non-adjusting events which have come to light at this current.

Disclosure of information to auditor

The directors confirm that:

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment, in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed for on its behalf.

K Nicholls OBE
Director

Date: 14/12/2023

Independent Auditor's Report to the Members of The ACC Liverpool Group Ltd

Opinion

We have audited the financial statements of The ACC Liverpool Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as increased energy costs and cost of living costs, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

Independent Auditor's Report to the Members of The ACC Liverpool Group Ltd (continued)

Conclusions relating to going concern (continued)

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Independent Auditor's Report to the Members of The ACC Liverpool Group Ltd (continued)

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 frameworks applicable to the group and parent company and the industry in which it operates and determined which may influence the financial statements.
- We determined that the following laws and regulations are the most significant which are directly relevant to specific assertions in the financial statements:
    - Those that relate to reporting frameworks being FRS102 and the Companies Act 2006 and the relevant tax compliance regulations.
    - Those that relate to the operational activities of the group in respect of the operation of the Convention Centre, M&S Bank Arena, the Exhibition Centre Liverpool and hotel being the licences required to operate the facilities and Health and Safety requirements of visitors and employees and data protection.
- We assessed the susceptibility of the group and parent company's financial statements to material misstatements, including how fraud might occur. We performed the following audit procedures to address the risks related to irregularities and fraud:
    - evaluation of the processes and controls in place to address the risks related to irregularities and fraud;
    - challenge of the assumptions and judgements made by management in its significant accounting estimates;
    - review and testing of journal entries, in particular manual journal entries, relating to management estimates and journal entries impacting the reported result for the year;
    - consideration of the potential for fraud in revenue recognition;
    - identifying and testing related party transactions.

Independent Auditor's Report to the Members of The ACC Liverpool Group Ltd (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- We enquired of management whether there was any awareness of instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud.

- In assessing the potential risks of material misstatement, we obtained an understanding of the group and parent company's operations, the applicable statutory provisions and business risks that may result in risk of material misstatement, and the group and parent company's control environment, including the adequacy of procedures for authorisation of transactions.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The engagement team's experience with similar engagements, their understanding and knowledge of the group and parent company's industry and their understanding of the industry and regulatory requirements were considered in assessing the appropriateness of the collective competence and capabilities of the engagement team.

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

Use of our report

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

Grant Thornton UK LLP

Gareth Hitchmough
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
Date: 14/12/2023

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	**30,146,382**	18,419,132
Cost of sales		**(9,931,042)**	(6,063,870)
Gross profit		**20,215,340**	12,355,262
Administrative expenses		**(21,472,316)**	(16,464,400)
Other income	13	**53,625**	335,817
Operating loss	5	**(1,203,351)**	(3,773,321)
Interest receivable and similar income	9	**73,999**	19,963
Interest payable and similar expenses	10	**(284,449)**	(273,509)
Net finance expense in respect of defined benefit pension scheme	11	**(347,000)**	(302,000)
Loss on ordinary activities before taxation		**(1,760,801)**	(4,328,867)
Tax on loss on ordinary activities	12	**0**	(212,000)
Loss for the financial year		**(1,760,801)**	(4,540,867)
Actuarial gain on defined benefit pension scheme	24	**14,141,000**	2,515,000
Deferred tax attributable to pension scheme		**0**	(2,451,100)
Other comprehensive income for the year		**14,141,000**	63,900
Total comprehensive income/(loss) for the year		**12,380,199**	(4,476,967)

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2023

	Note		2023 £		2022 £
Tangible Assets	14		**1,082,743**		1,266,655
			1,082,743		1,266,655
Current Assets					
Stocks	16	**76,084**		45,833	
Debtors: amounts due within one year	17	**4,653,486**		4,317,897	
Cash at bank and in hand	18	**18,995,405**		17,707,034	
		23,724,975		22,070,764	
Creditors: amounts falling due within one year	19	**(24,993,666)**		(24,674,470)	
Net current liabilities			**(1,268,691)**		(2,603,706)
Total assets less current liabilities			**(185,948)**		(1,337,051)
Creditors: amounts falling due after more than one year	20		**(1,100,564)**		(1,086,875)
Provisions for liabilities					
Other provisions	21	**(4,075,283)**		(2,762,068)	
			(4,075,283)		(2,762,068)
Net liabilities excluding pension liability			**(5,361,795)**		(5,185,994)
Pension liability	24		**(180,606)**		(12,736,606)
Net liabilities			**(5,542,401)**		(17,922,600)
Capital and reserves					
Called up share capital	22		**1**		1
Profit and loss account	23		**(5,542,402)**		(17,922,601)
Shareholders' deficit			**(5,542,401)**		(17,922,600)

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

Faye Dyer

F L Dyer
Director

Date: 14/12/2023

The notes on pages 21 to 39 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number: 05204033

Company Statement of Financial Position

As at 31 March 2023

	Note		2023		2022
			£		£
Fixed Assets					
Tangible Assets	14		**1,082,743**		1,266,655
Investments	15		**1**		1
			1,082,744		1,266,656
Current Assets					
Stocks	16	**20,562**		20,562	
Debtors: amounts falling due within one year	17	**4,348,753**		3,963,040	
Cash at bank and in hand	18	**17,024,923**		16,500,104	
		21,394,238		20,483,706	
Creditors: amounts falling due within one year	19	**(21,354,317)**		(21,508,901)	
Net current assests/(liabilities)			**39,921**		(1,025,195)
Total assets less current liabilities			**1,122,665**		241,461
Creditors: amounts falling due after more than one year	20		**(1,100,564)**		(1,086,875)
Provisions for liabilities					
Other provisions	21	**(2,458,511)**		(1,678,511)	
			(2,458,511)		(1,678,511)
Net liabilities excluding pension liability			**(2,436,410)**		(2,523,925)
Pension liability	24		**(180,606)**		(12,736,606)
Net liabilities			**(2,617,016)**		(15,260,531)
Capital and reserves					
Called up share capital	22		**1**		1
Profit and loss account	23		**(2,617,017)**		(15,260,532)
Shareholders' deficit			**(2,617,016)**		(15,260,531)

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The parent company's loss for the year was £1,497,484 (2022: Loss - £4,247,797).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Faye Dyer

F L Dyer
Director

Date: 14/12/2023

The notes on pages 21 to 39 form part of these financial statements.

The ACC Liverpool Group Ltd
Registered number: 05204033

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
At 1 April 2022	1	(17,922,601)	(17,922,600)
Comprehensive income for the year			
Loss for the year	0	(1,760,801)	(1,760,801)
Actuarial gain on pension scheme	0	14,141,000	14,141,000
At 31 March 2023	1	(5,542,402)	(5,542,401)

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
At 1 April 2021	1	(13,445,634)	(13,445,633)
Comprehensive income for the year			
Loss for the year	0	(4,540,867)	(4,540,867)
Actuarial gain on pension scheme	0	2,515,000	2,515,000
Deferred tax movements attributable to pension scheme	0	(2,451,100)	(2,451,100)
At 31 March 2022	1	(17,922,601)	(17,922,600)

The notes on pages 21 to 39 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 March 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2022	1	(15,260,532)	(15,260,531)
Comprehensive income for the year			
Loss for the year	0	(1,497,484)	(1,497,484)
Actuarial gain on pension scheme	0	14,141,000	14,141,000
At 31 March 2023	1	(2,617,017)	(2,617,016)

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	1	(11,076,635)	(11,076,634)
Comprehensive income for the year			
Loss for the year	0	(4,247,797)	(4,247,797)
Actuarial gain on pension scheme	0	2,515,000	2,515,000
Deferred tax movements attributable to pension scheme	0	(2,451,100)	(2,451,100)
At 31 March 2022	1	(15,260,532)	(15,260,531)

The notes on pages 21 to 39 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	2023	2022
Cash flows from operating activities	**£**	£
Loss for the financial year	**(1,760,801)**	(4,540,867)
Adjustments to cash flows from non-cash items:		
Depreciation of tangible assets	**219,241**	220,038
Amortisation of capital grants	**(52,725)**	(40,746)
Pension current service costs	**1,585,000**	1,236,000
Interest received	**(73,999)**	(19,963)
Interest payable	**284,449**	273,509
Other income	**(53,625)**	(335,817)
Tax on loss on ordinary activities	**0**	212,000
	147,540	(2,995,846)
Working capital adjustments		
Movement in stocks	**(30,253)**	(4,651)
Movement in debtors	**(374,897)**	(1,771,245)
Movement in creditors	**385,612**	3,660,048
Movement in provisions	**1,098,666**	761,070
Cash from operations	**1,226,668**	(350,624)
Revenue grants and other income	**53,625**	335,817
Provisions utilised	**(69,900)**	(84,159)
Corporation tax received	**39,308**	788,173
Net cash from operating activities	**1,249,701**	689,207
Cash flows from investing activities		
Capital grants received	**0**	297,265
Proceeds on the disposal of fixed assets	**28,078**	81,493
Purchase of property, plant & equipment	**(63,407)**	(348,269)
Interest received	**73,999**	19,963
Maturity or increase in principal amount of cash deposits	**1,699,858**	2,877,104
Net cash from investing activities	**1,738,528**	2,927,556
Net increase in cash and cash equivalents	**2,988,229**	3,616,763
Cash and cash equivalents at beginning of year	**16,007,176**	12,390,413
Cash and cash equivalents at the end of year	**18,995,405**	16,007,176
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**18,995,405**	17,707,034
Less: Bank deposits of greater than 3 months duration	**0**	(1,699,858)
	18,995,405	16,007,176

The notes on pages 21 to 39 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2023

1. Company Information and details of controlling parties

The ACC Liverpool Group Ltd is a private company limited by shares, incorporated in England & Wales under the Companies Act 2006, registration number 05204033. The address of its registered office and its principal place of business is Kings Dock, Liverpool Waterfront, Liverpool, L3 4FP. Disclosures about the principal activity or details to that effect are included in the Strategic Report.

The company is a wholly owned subsidiary of Liverpool City Council. Liverpool City Council is the ultimate controlling party and is the parent undertaking of the smallest and largest group which consolidates these financial statements for which the company is a member. Copies of financial statements can be obtained from Liverpool City Council, Cunard Building, Water Street, Liverpool, L3 1AH

2. Accounting policies

2.1 Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Statement of compliance

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008. The company presents both individual financial statements (subject to relevant exemptions) and consolidated financial statements for its group.

2.3 Basis of preparation

The financial statements have been prepared under the historic cost convention. The primary economic environment in which the company operates is governed by the Great British Pound, its functional currency. As such the financial statements have been prepared in this currency.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company. A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the company. The accounting periods of subsidiaries are co-terminus with those of the company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.5 Disclosure exemptions

The company's individual statement of comprehensive income is omitted from the financial statements as permitted by section 408 of the Companies Act 2006, where group financial statements are presented. The company's individual statement of cash flows is omitted from the financial statements as permitted by FRS 102 Section 1.12. The company is exempt from disclosing transactions with other wholly owned members of the group controlled by the ultimate parent undertaking, as permitted by FRS 102 Section 33.

Notes to the Financial Statements

For the year ended 31 March 2023

2. Accounting policies (continued)

2.6 Going concern

The directors acknowledge the losses reported in the financial statements amounting to £1.76m and the deficit in reserves of £5.54m. As part of a strategic review, the directors have created a new business plan which sets out short term goals and the steps required to deliver them. A period of three years has been set as the appropriate duration of this business plan, which is reflective of the volatile operating landscape at present. Based on this business plan and the continued financial support available from its shareholder, the directors believe the adoption of the going concern assumptions remains appropriate.

Continuing uncertain economic conditions present increased risks for all businesses including the particular impact of inflation and supply chain management issues. The company remains reliant on financial support from its shareholder where current indebtedness owed is unsecured and repayable on demand. The shareholder remains committed to extending this financial support as the business continues to respond to operating risk.

2.7 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and turnover can be readily measured. Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax. Turnover includes revenue earned from the sale of goods and rendering of services.

The revenue streams of the business consist of rental income and additional service charges for the M&S Bank Arena, Convention Centre and Exhibition Centre Liverpool, box office income from ticket sales, sponsorship income, accommodation charges and associated food and beverage income.

The revenue for the rental of the M&S Bank Arena, Convention Centre and Exhibition Centre Liverpool and related additional charges is recognised when the event has been held. If the event is held over a number of days the revenue is only recognised once the entire event has taken place.

The revenue from the box office ticket sales is recognised when the event has been held except for facility fees which are recognised at the point of sale. Sponsorship revenue is recognised over the period of the agreement.

Turnover in respect of accommodation is recognised at the point of the customer's stay whilst other sales, including food and beverage revenues, are recognised at the point of sale.

Customer and function deposits received are held as a liability on the statement of financial position until the customer has stayed at the hotel or the function has occurred.

2. Accounting policies (continued)

2.8 Other income

Other income includes government grants receivable that are recognised in income over the periods in which the group recognises the related costs for which the grant is intended to compensate.

2.9 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and equipment	- 3 to 7 years
Fixtures and fittings	- 3 to 12 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated Statement of Comprehensive Income.

2.10 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease, unless the rental payments structured are to increase in line with expected general inflation, in which case the group recognises annual rent expenses equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

2.11 Deferred capital grants

Where grants are received to cover the cost of asset purchases, they are held on the Statement of Financial Position and amortised over the life of the asset through Other Income.

2.12 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements

For the year ended 31 March 2023

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.15 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to group undertakings.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.17 Retirement benefits

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the Statement of Comprehensive Income (SOCI) in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Gains and losses on curtailments/settlements are recognised when the curtailment/settlement occurs.

The Group operates a defined contribution plan for other employees, the assets for which are held separately, in independently administered funds. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. The contributions are recognised as an expense in the Statement of income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position.

2.18 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are charged as an expense to the Statement of income in the year that the Group becomes aware of the obligation and the unwinding of the discount is recognised as finance cost. Provision for cyclical asset replacement, refurbishment and redecoration costs is recognised when the existence of a liability has been established by the Group after entering into full repairing and insurance conditions of property leases, or through obligations created under any brand and franchise agreements.

2. Accounting policies (continued)

2.19 Taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income. It comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors consider the key judgements and estimates in the financial statements to be as follows:

- the valuation of pension scheme liabilities
- the recognition of deferred tax assets
- measurement of provisions
- impairment of financial assets

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

3.1 Defined benefit pension scheme liability - (estimate)

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net expense / (income) for pensions include the discount rate. Any changes in these assumptions which have been disclosed in note 24, will impact the carrying amount of pension obligations.

3.2 Deferred tax – (judgement)

The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise tax losses accumulated. Deferred tax assets have not been recognised in respect of current and past trading losses, because although it is possible, it is not probable, that future taxable profit will be available against which the Group can use the benefits therefrom. The deferred tax asset previously recognised in respect of the defined benefit pension scheme deficit was derecognised in the prior year consistent with the same approach.

3.3 Provisions – (estimate)

When determining the measurement of provisions the directors are required to make estimates regarding future cash flows with regard to: obligations contained in lease and other legal agreements; cyclical asset replacement; the life and condition of assets; and the future replacement value of such assets or maintenance costs. Inherent measurement uncertainties include potential variation in landlord and franchisee conditions; technical risk in the large facilities management projects, currently exacerbated in public buildings by climate change initiatives; and the rate of inflation impacting the value of future works. The directors perform annual updates to rolling technical management life cycle programmes and seek advisory support where necessary when reviewing technical risk. The time value of money is set by reference to prudential borrowing rates.

3.4 Impairment of financial assets – (estimate)

In considering indications of impairment the Directors consider a number of qualitative and quantitative factors including but not limited to, client contractual payment terms, adherence to any negotiated payment plan, inherent risk in operations, history of default, general debtor days and other market intelligence. Management will review and assess the recoverability of financial assets at each reporting date and monitor the conditions thereafter before finalising the valuation of financial assets at the reporting date.

Notes to the Financial Statements

For the year ended 31 March 2023

4. Turnover

The whole of the turnover is attributable to the services rendered as explained in the Strategic Report. All turnover arose within the United Kingdom.

5. Operating Loss

The operating loss is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation of tangible fixed assets - owned by the group	**219,241**	220,038
Amortisation of capital grants	**(52,725)**	(40,746)
Impairment of financial assets	**(299,705)**	28,589
Revenue grants and other income	**(900)**	(295,071)
Operating leases - land and buildings	**2,390,000**	2,390,000
Operating leases - provisions for restoration and replacement	**1,098,666**	761,070
Operating leases - motor vehicles	**18,430**	18,430

6. Auditors' remuneration

	2023	2022
	£	£
Fees payable to the group's auditors in respect of:		
The auditing of accounts of the Group pursuant to legislation	**35,020**	29,600
The auditing of accounts of the Subsidiaries to legislation	**18,025**	12,900
	53,045	42,500

Notes to the Financial Statements

For the year ended 31 March 2023

7. Employees

Group

Staff costs, including directors' remuneration, were as follows:

	2023	2022
	£	£
Wages and salaries	**7,379,881**	6,158,842
Social security costs	**671,702**	542,005
Pension costs	**693,536**	602,475
	8,745,119	7,303,322

The average monthly number of employees, including casual workers and the directors, during the year was as follows:

	2023	2022
	No.	No.
Events	**175**	149
Hotel	**73**	55
	248	204

Company

Staff costs, including casual workers and directors' remuneration, were as follows:

	2023	2022
	£	£
Wages and salaries	**5,411,952**	4,581,059
Social security costs	**549,562**	439,249
Pension costs	**665,949**	576,257
	6,627,463	5,596,565

The average monthly number of employees, including casual workers and the directors, during the year was as follows:

	2023	2022
	No.	No.
Events	**175**	149

Notes to the Financial Statements

For the year ended 31 March 2023

8. Directors' remuneration and key management personnel

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	209,564	192,527
Contributions paid to defined benefit pension scheme	22,344	21,377
	231,908	213,904

During the year the number of directors who were receiving benefits was as follows

	2023	2022
	No.	No.
Accruing benefits under defined benefit pension schemes	1	1

In respect of the highest paid director:	2023	2022
	£	£
Remuneration	166,389	160,207
Contributions paid to defined benefit pension scheme	22,344	21,377
	188,733	181,584

Payments to other key management personnel

Number of personnel (non-directors)	3	3
Total remuneration (inc. pension contributions and social security)	443,186	438,584

9. Interest receivable

	2023	2022
	£	£
Bank interest receivable	73,999	19,963
	73,999	19,963

10. Interest payable

	2023	2022
	£	£
Unwinding of discount on provisions	284,449	273,509
	284,449	273,509

Notes to the Financial Statements

For the year ended 31 March 2023

11. Net finance expense in respect of defined benefit pension scheme

	2023	2022
	£	£
Expected return on pension scheme assets	**638,000**	450,000
Interest on pension scheme liabilities	**(985,000)**	(752,000)
	(347,000)	(302,000)

12. Taxation

	2023	2022
	£	£
Total current tax	**0**	0
Deferred tax		
Origination and reversal of timing differences		212,000
Total deferred tax	**0**	212,000
Taxation charge for the year	**0**	212,000

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 – higher than) the standard rate of corporation tax in the UK of 19% (2022 – 19%). The differences are explained below:

	2023	2022
	£	£
Loss on ordinary activities before tax	**(1,760,801)**	(4,328,867)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	**(334,552)**	(822,485)
Effects of:		
Expenses not deductible for tax purposes	**369,702**	236,519
Deferred tax adjustments	**0**	212,000
Trading losses carry back relief	**(35,150)**	0
Trading losses carried forward without deferred tax recognition	**0**	585,966
Total tax charge for the year	**0**	212,000

Factors that may affect future tax charges

In October 2021 the government enacted an increase in the Corporation Tax rate to 25% from April 2023. This has no impact on the current financial statements and would increase the value of unrecognised deferred tax assets. The group has trading tax losses carried forward of £5,065,659 (2022: £5,215,398), to utilise against future trading profits. Due to the uncertainty as to when these losses will be utilised, no recognition of a deferred tax asset has been made in the financial statements. The deferred tax asset previously recognised in respect of the defined benefit pension scheme deficit was derecognised in the prior year, consistent with treatment of trading losses carried forward. Current unrecognised deferred tax assets in relation to the pension scheme have fallen to £45,151 (2022: £3,184,415) following the actuarial gains reported.

Notes to the Financial Statements

For the year ended 31 March 2023

13. Other Income

Other income relates to pandemic specific revenue grants and other funding secured.

14. Tangible fixed assets

Group and company	Plant and equipment £	Fixtures and fittings £	Total £
Cost			
At 1 April 2022	567,485	1,347,886	1,915,371
Additions	0	63,407	63,407
Disposals	0	(28,078)	(28,078)
At 31 March 2023	**567,485**	**1,383,215**	**1,950,700**
Depreciation			
At 1 April 2022	284,745	363,971	648,716
Charge for the year	45,393	173,848	219,241
Released on Disposal	0	0	0
At 31 March 2023	**330,138**	**537,819**	**867,957**
Net book value			
At 31 March 2023	**237,347**	**845,396**	**1,082,743**
At 31 March 2022	282,740	983,915	1,266,655

15. Fixed asset investments

Company	Investment in subsidiary companies £	Total £
Cost and net book value		
At 1 April 2022 and 31 March 2023	**1**	**1**

Subsidiary undertakings

The company owns 100% of the ordinary share capital of ACC Liverpool Hotel Ltd, a company incorporated in England & Wales, registration number 08798224. Its principal activity is that of a hotelier. The address of its registered office is Arena and Convention Centre Liverpool, Kings Dock, Liverpool Waterfront, L3 4FP.

Notes to the Financial Statements

For the year ended 31 March 2023

16. Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Consumables	**76,084**	45,833	**20,562**	20,562

17. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Debtors: Amounts due within one year				
Trade debtors	**2,323,171**	3,082,916	**2,328,244**	2,966,954
Amounts owed by group undertakings	**1,512,661**	620,116	**1,512,661**	696,980
Other debtors	**161,571**	178,878	**0**	0
Prepayments and accrued income	**656,083**	396,679	**507,848**	259,798
Corporation tax	**0**	39,308	**0**	39,308
	4,653,486	4,317,897	**4,348,753**	3,963,040

18. Cash at bank and in hand

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	**18,995,405**	16,007,176	**17,024,923**	14,800,246
Cash held in deposit accounts	**0**	1,699,858	**0**	1,699,858
	18,995,405	17,707,034	**17,024,923**	16,500,104

19. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	**1,803,290**	1,330,582	**1,442,201**	962,247
Amounts owed to group undertakings	**5,477,775**	6,804,425	**3,138,324**	4,579,643
Taxation and social security	**1,952,635**	953,358	**1,674,809**	871,266
Other creditors	**5,923,066**	9,429,640	**5,911,315**	9,417,409
Accruals and deferred income	**9,836,900**	6,156,465	**9,187,668**	5,678,336
	24,993,666	24,674,470	**21,354,317**	21,508,901

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

Included within other creditors is £5.2m (2022: £9.0m) owed under agency relationships for event admission monies held for promoters and event organisers.

20. Creditors: Amounts falling due after more than one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Accruals and deferred income	**733,680**	667,266	**733,680**	667,266
Deferred capital grant	**366,884**	419,609	**366,884**	419,609
	1,100,564	1,086,875	**1,100,564**	1,086,875

Notes to the Financial Statements

For the year ended 31 March 2023

21. Provisions

Group	**Replacement, refurbishment and cyclical decoration**
	£
At 1st April 2022	2,762,068
Charged to the statement of comprehensive income	1,098,666
Unwinding of discount	284,449
Utilised in year	(69,900)
At 31 March 2023	**4,075,283**

Details of provisions are provided in note 3.3. Provisions are expected to be utilised £1.9m within 1 year, £6.9m 2-5 years and £4.0m greater than 5 years (2022: £1.2m, £4.3m and £7.2m). £8.7m is to be recognised in profit and loss in future years (2022: £10m).

Company	**Replacement, refurbishment and cyclical decoration**
	£
At 1st April 2022	1,678,511
Charged to the statement of comprehensive income	495,551
Unwinding of discount	284,449
Utilised in year	0
At 31 March 2023	**2,458,511**

Details of provisions are provided in note 3.3. Provisions are expected to be utilised £1.5m within 1 year, £3.7m 2-5 years and £4.0m greater than 5 years (2022: £1.2m, £0.7m and £7.2m). £6.7m is to be recognised in profit and loss in future years (2022: £7.5m).

22. Share Capital

Allotted, called up and paid	**2023**	2022
	£	£
1 Ordinary share of £1	**1**	1

Called up share capital represents the nominal value of the shares issued.

Notes to the Financial Statements

For the year ended 31 March 2023

23. Reserves

Profit and loss account – includes all current and historical retained profits and losses.

24. Pension commitments

Group and Company

The company is a participating employer in the Merseyside Pension Fund, a local government defined benefit pension scheme, which the employees of the company are eligible to join.

The defined benefit pension scheme provides benefits based on employees' number of years' service. The assets of the scheme are held separately from those of the company.

The following information is based upon the full actuarial valuation of the fund at 31 March 2022 updated to 31 March 2023 by a qualified independent actuary. The deficit recognised in the statement of financial position amounts to £180,606 (2022: £12,436,606). The directors consider the best estimate of contributions to the defined benefit pension scheme for the year ended 31 March 2024 will be £670,000 (2022: £639,000).

Reconciliation of present value of plan liabilities:

	2023	2022
	£	£
At the beginning of the year	**35,118,531**	34,396,531
Current service cost	**1,903,000**	1,482,000
Interest cost on scheme liabilities	**985,000**	752,000
Curtailments	**0**	0
Actuarial gain	**(16,249,000)**	(1,065,000)
Contributions by scheme participants	**353,000**	293,000
Benefits paid	**(228,000)**	(740,000)
At the end of the year	**21,882,531**	35,118,531

Reconciliation of present value of plan assets:

	2023	2022
	£	£
At the beginning of the year	**22,381,925**	20,380,925
Expected return on scheme assets	**638,000**	450,000
Actuarial (loss)/gain	**(2,108,000)**	1,450,000
Contributions by scheme participants	**353,000**	293,000
Benefits paid	**(228,000)**	(740,000)
Contributions by employer	**690,000**	568,000
Administration expenses	**(25,000)**	(20,000)
At the end of the year	**21,701,925**	22,381,925

Notes to the Financial Statements

For the year ended 31 March 2023

24. Pension commitments (continued)

Composition of plan assets:

	2023	2022
	£	£
Equities	**10,503,000**	11,123,000
Government bonds	**2,235,000**	2,104,000
Other bonds	**608,000**	761,000
Property	**2,344,000**	2,149,000
Cash/liquidity	**412,000**	470,000
Other	**5,599,925**	5,774,925
Total plan assets	**21,701,925**	22,381,925

The amounts recognised in the statement of financial position in respect of the defined benefit pension scheme is as follows:

	2023	2022
	£	£
Fair value of plan assets	**21,701,925**	22,381,925
Present value of plan liabilities	**(21,882,531)**	(35,118,531)
Net pension scheme liability	**(180,606)**	(12,736,606)

The amounts recognised in the statement of comprehensive income are as follows:

	2023	2022
	£	£
Current service costs	**(1,903,000)**	(1,482,000)
Administration expenses	**(25,000)**	(20,000)
Interest on pension scheme liabilities	**(985,000)**	(752,000)
Return on scheme assets	**638,000**	450,000
Curtailments	**0**	0
Contributions by employer	**690,000**	568,000
Total	**(1,585,000)**	(1,236,000)

24. Pension commitments (continued)

The amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £14,141,000 gain (2022 - £2,515,000 gain).

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2023	2022
	%	%
Discount rate	**4.7**	2.8
Future salary increases	**4.2**	4.7
Future pension increases	**2.8**	3.3
Inflation	**2.7**	3.2
Life expectancies:		
- current pensioners aged 65 - males	**21.2**	20.9
- future pensioners aged 65 - males	**22.6**	22.4
- current pensioners aged 65 - females	**23.7**	24
- future pensioners aged 65 - females	**25.5**	25.9

Amounts for the current and previous three years are as follows:

	2023	2022	2021	2020
	£	£	£	£
Defined Benefit Obligation	**(21,882,531)**	(35,118,531)	(34,396,531)	(26,926,531)
Scheme Assets	**21,701,925**	22,381,925	20,380,925	16,294,925
	(180,606)	(12,736,606)	(14,015,606)	(10,631,606)
Experience adjustments on scheme liabilities	**16,249,000**	1,065,000	(4,897,000)	2,425,000
Experience adjustments on scheme assets	**(2,108,000)**	1,450,000	2,628,000	(1,015,000)
	14,141,000	2,515,000	(2,269,000)	1,410,000

Notes to the Financial Statements

For the year ended 31 March 2023

25. Commitments under operating leases

At 31 March 2023 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

26. Commitments under operating leases

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Building Rents				
Not later than 1 year	**2,390,000**	2,390,000	**1,290,000**	1,290,000
Later than 1 year and not later than 5 years	**9,560,000**	9,560,000	**5,160,000**	5,160,000
Later than 5 years	**11,352,500**	13,742,500	**6,127,500**	7,417,500
Total	**23,302,500**	25,692,500	**12,577,500**	13,867,500

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Motor vehicles				
Not later than 1 year	**10,630**	10,887	**10,630**	10,887
Later than 1 year and not later than 5 years	**13,283**	8,416	**13,283**	8,416
Total	**23,913**	19,303	**23,913**	19,303

26. Analysis of net funds

	At 1 April 2022 £	Cashflows £	At 31 March 2023 £
Cash at bank and in hand	16,007,176	2,988,229	18,995,405

27. Post balance sheet events

Extended political and economic uncertainty continues to severely impact economies and markets around the globe. The impact on the group continues to be considered by the directors and within its updated business plans. There are no adjusting or non-adjusting events which have come to light at this current time.