

# AUDIT COMMITTEE REPORT



## COMMITTEE MEMBERSHIP

### William Tuffy

Independent Non-Executive Director (Committee Chair)

### Luke Johnson

Non-Executive Chairman

### Jemima Bird

Senior Independent Non-Executive Director

## DEAR SHAREHOLDER

I am pleased to introduce the report of the Audit Committee for the 52 weeks ended 29 June 2024.

Best practice recommends that all members of the Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement and that at least one such member has recent and relevant financial experience. Accordingly, the Committee comprises all three independent Non-Executive Directors including myself as Committee Chairman, considered by the Board to have recent and relevant financial experience due to my previous experience as an Audit Committee chair in another publicly listed company, in other senior financial roles, and my FCA and FCCA qualifications.

Regular Committee meetings are also normally attended by the Chief Executive Officer, Chief Financial Officer and our external auditors, PricewaterhouseCoopers LLP ("PwC"). The Chief Financial Officer, who is also the Company Secretary, acts as secretary to the Committee. Other members of management, particularly senior financial managers, may be invited to attend depending on the matters under discussion.

PwC was appointed as the Group's external auditors on 29 January 2018; the period under review represents their seventh year of audit. The Committee is satisfied that PwC has undertaken its responsibilities as the Group's external auditors to a high standard and therefore the Committee will be recommending that PwC be reappointed as auditors at the 2024 Annual General Meeting ("AGM"). The PwC senior statutory auditor responsible for the Group is Jonathan Studholme, who became the Group's senior statutory auditor for the first time in FY22.

During the year, the Directors continued to assess the following key areas:

- Board governance, including the Committee and the procedure for assessing the Group's key risks;
- management accounting processes to ensure that high-quality information is provided to the Board;
- external financial reporting procedures and audit arrangements and reporting standards, as well as the appropriateness of going concern conclusions and stress testing;
- complex transactions, and the accounting for a number of unique circumstances including the Restructuring Plan;
- information systems; and
- budgeting and forecasting procedures and controls.

The Directors recognise the need to maintain robust financial reporting procedures, review them on a continuing basis and adapt them to changing circumstances. Their review forms part of the Committee's agenda going forward together with its wider role and responsibilities, which are set out in more detail in this report.

I hope to be able to take any questions from shareholders at the AGM on 3 December 2024 to answer any questions on the work of the Audit Committee.

### Assessing effectiveness of external audit process

Whilst the Committee does not rely solely on the work of the external auditors, it regards the breadth and quality of the work performed by the external auditors as contributing significantly to several of the Committee's objectives, particularly regarding assurance relating to the accuracy and reliability of its external reporting. For that reason, planning meetings are held with the external auditors to review their proposed work programmes and any recommendations made by the external auditors are reviewed in depth, as are their findings from their review of the interim and year-end financial statements. The Committee meets to discuss the performance of the external auditors and to consider priority areas for future work.

For the auditors to be fully effective, they must be totally independent from the Company. To that end, the Committee intends to ensure that no other work is performed by the external auditors so that their independence is not compromised. There were no non-audit services provided in the current or prior year.

## AUDIT COMMITTEE REPORT CONT.

### ROLE AND RESPONSIBILITIES

The Committee's terms of reference can be found on the Group's website or may be obtained from the Company Secretary. The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities to protect the interests of shareholders as to the integrity of financial reporting, audit, risk management and internal controls. In doing so the Committee shall act in a way which would be most likely to promote the success of the Company for the benefit of its members as a whole.

The principal areas of focus for the Committee are as follows:

- Confirming appointment, reappointment or dismissal of auditors, including overseeing a tender for external audit services as required. Reviewing remuneration of the auditor for appropriateness, including terms of engagement, and satisfying itself with the independence and objectivity of the external auditor.
- Assessing effectiveness of the external audit process, and meeting with the external auditors to review the audit plan, timetables, findings and results, and any major issues arising during the audit. Assessing the key audit matters and risks.
- Reviewing and approving the annual and interim financial statements, including challenging for integrity. Reviewing any other statements containing financial information, ensuring appropriate Board approval.
- Considering new accounting standards, their implications for the Group, and alignment to the audit process. Receiving and reviewing regular technical accounting updates as required. Assessing any key management assumptions or judgements, significantly financial reporting issues, or critical judgements for reasonableness and their disclosure in financial statements.
- Coordination with internal audit activities, including the constant improvement of internal processes and controls.
- Ongoing review of Corporate Governance, ensuring provisions are met of the UK's Quoted Companies Alliance Corporate Governance Guidelines for Small and Mid-Size Quoted Companies (the "QCA Code") and the requirements of the AIM Regulations and any other applicable rules, as appropriate.
- The Committee reviews the Group's procedures for handling allegations from whistleblowers and ensures that these arrangements allow for proportionate and independent investigation of such matters and appropriate follow up. The Committee reviews the Company's procedures for detecting fraud and the systems and controls for the prevention of bribery and receives reports of non-compliance.
- The Committee assists the Board in relation to preparing the statement required to be published annually describing how the Directors have had regard to the matters set out in section 172 of the Companies Act 2006.

### Meetings and attendance

During the 52 weeks ended 29 June 2024, the Audit Committee met formally on two occasions, with all members attending. At all of the meetings, the Committee had access to the external auditors without management present.

Work performed by the Committee during the financial period has included:

- reviewing the annual financial statements for 2023 and recommending to the Board its adoption as fair, balanced and understandable;
- reviewing the Group's accounting policies and critical judgements and sources of estimation and uncertainty including the appropriateness of going concern;
- reviewing the designation of certain items of expenditure as Exceptional and the appropriateness of alternative performance measures;
- reviewing compliance with and explaining any exceptions from the QCA Code;
- reviewing the independence and objectivity of PwC as external auditor, together with its effectiveness, following the 2023 audit and recommending its appointment to shareholders at the Annual General Meeting in December 2023;
- reviewing the auditor's comments during FY24 planning;
- reviewing and approving the external audit plan for the 52 weeks ended 29 June 2024;
- receiving the external auditor's reports to the Committee and acting on any recommendations therein; and
- considering the risk assessment, mitigation actions and assurance activities produced by management.

### Risk Committee

To strengthen and complement the Audit function, a Risk Committee is chaired by the Chief Financial Officer and comprises several members of the senior management team including the Heads of Compliance, Property, Operations, Food, IT, Finance and People. The purpose of the Committee, which is not a Board committee, is:

- to identify, mitigate and prevent risk as far as possible;
- to protect the financial, physical and reputational image of the business;
- to ensure that the Group fulfils its legal and statutory obligations; and
- to ensure visibility and transparency over controls.

The Committee's terms of reference are available from the Company Secretary and can be found on the Company's website at [www.therevelcollective.com](http://www.therevelcollective.com).

The key activities of the Committee during the period have been:

- to monitor the audits carried out by the external consultants and to ensure any critical issues identified have been rectified in a timely function;
- to monitor health and safety standards in bars including compliance certification, reviews of updated risk assessments, and compliance with all matters concerning food safety;
- to review serious incidents involving colleagues or guests to ensure that all lessons are learned and that any necessary improvements to controls and procedures to prevent a recurrence are acted upon;
- to ensure the Company adheres strictly to the licensing objectives to protect all premises' licences;

- to monitor the risks surrounding sustainability and the environment and ensure the Group's sustainability agenda is being applied thoughtfully and with the support of the Group's Net Zero partners;
- to ensure that all changes in relevant legislation and policies are identified and acted upon in a timely manner; and
- review the wider impacts of the Restructuring Plan on the business.

### Significant accounting matters

In reviewing the financial statements with management and the external auditor, the Committee has discussed and debated the critical accounting judgements and key sources of estimation uncertainty as set out in note 1 to the consolidated financial statements.

As a result of its review, the Committee has identified the following items that require particular judgement or have significant impact on the interpretation of the Financial Statements for 2024:

- **Recoverable amount of property, plant and equipment and right-of-use assets (Group), and investments (Company), goodwill (Group) and intercompany receivables (Company):** Formal procedures are used in each external reporting period to assess the appropriateness of the balance sheet asset carrying values. Impairment calculations are based upon assumptions that were considered reasonable as at the balance sheet date. Additional disclosures are given in note 1 to the financial statements to provide an understanding of the charges that would have resulted had the current outlook been apparent at the balance sheet date. The Committee has considered and approved the assumptions regarding trading outlook at both the balance sheet date and at the date of signing the accounts, as well as scrutinised all resultant impairment charges.

- **Exceptional items:** Exceptional items can fluctuate significantly depending on activities of the business. These have been significant in the current and previous years due to the Restructuring Plan in the current year, and costs associated with the acquisition of Peach Pubs in the previous year. The Committee considered the appropriateness of presenting these items as exceptional.
- **Going concern:** The Committee recognises that with the degree of uncertainty caused by ongoing inflationary cost rises, the associated impact on consumer confidence, and forecasting difficulties, and notwithstanding that the business has a level of liquidity that under normal circumstances would be more than adequate to allow going concern sign-off of the financial statements, it is right to reference material uncertainty when considering going concern statements. Detailed descriptions are given with regard to the Board's assumptions on its base case forecast scenario as well as a severe but plausible downside forecast scenario so that users of the accounts are able to understand the trading backdrops that would likely require a further injection of liquidity over and above that which is currently committed. The Committee has carefully studied the assumptions relating to base case and severe but plausible projections and believes that they are sensible and appropriate to the circumstances.

The Committee reviewed reports presented by PwC detailing its key audit findings in relation to the above matters.

**William Tuffy**  
Chair of the Audit Committee  
21 October 2024

