

UK Tax Strategy

Loungers Plc

17 April 2022 – 16 April 2023

Introduction

Loungers Plc and its subsidiaries (the 'Group') is a substantial and growing operator in the UK hospitality sector, across two distinct but complementary brands, Lounge and Cosy Club. Lounge bars are neighbourhood café/bars, each combining elements of a restaurant, British pub and coffee shop culture. Cosy Clubs are more formal bars/restaurants offering reservations and table service, but otherwise sharing many similarities with Lounges.

This tax strategy is for the financial year ending 16 April 2023 and applies to Loungers Plc and the group of companies in accordance with paragraph 16 of Schedule 19 to the Finance Act of 2016. It has been approved by the Board of Directors of the Group and will be reviewed annually.

Loungers is committed to managing our tax affairs in accordance with the letter and the spirit of the law and working transparently with the UK tax authorities.

Our commitment to compliance

Our commitment to compliance means that we will endeavour to be compliant with all aspects of UK tax law. For us, compliance means paying the right amount of tax in the right place at the right time and claiming reliefs and incentives in line with the provisions of the tax law, where available.

Approach to risk management and governance

Day to day responsibility for the Group's tax affairs sits with the Group's finance function, with oversight from the CFO and support from external advisers. The CFO reports to the Board regularly and ensures any key issues are brought to their attention.

The Group operates a risk framework, including a risk register that is managed by the CFO. The risk register is signed off annually by the Board, who have overall responsibility for the determination of the Group's risk management objectives and policies, including tax risk management.

For all commercial decisions, tax risks are duly considered and if there is any potential uncertainty the Group will consult with its external tax advisers or HMRC if required.

The Group is also within the Senior Accounting Officer (SAO) regime; the SAO is aligned with the requirements of the regime and takes reasonable steps to maintain appropriate tax accounting arrangements within the business.

Loungers Plc has zero tolerance for tax evasion or facilitation thereof.

The level of risk we are prepared to accept

The approach to tax risk is aligned to the approach taken for broader risks faced by the business through strong governance processes and controls. The wider risk management process is managed by the CFO and signed off annually by the Board.

Our attitude towards tax planning

We take a conservative approach to tax planning. The Group does not engage in complex tax planning schemes, or arrangements which could be deemed artificial or aggressive.

The Group is driven by commercial rationale and so to maximise value for stakeholders, we apply tax incentives and exemptions where available to manage, but not eliminate, tax owed. These are applied in a manner consistent with the letter and the spirit of the law.

Approach towards our dealings with HMRC

The Group seeks to maintain a collaborative and transparent working relationship with HMRC. We respond to queries from HMRC in an open and timely manner, providing appropriate support for our responses. For any new transactions carrying high levels of tax risk, we will proactively engage with HMRC to ensure committing to a decision.

If errors occur, they will be disclosed to HMRC at the earliest opportunity and we will take the time to review and update our processes and controls to prevent recurrence.