

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**  
**FOR**  
**UTOPIA LEISURE LIMITED**

Vista Audit LLP  
Chartered Accountants  
Statutory Auditor  
Chancery House  
3 Hatchlands Road  
Redhill  
Surrey  
RH1 6AA

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18/09/2020

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COMPANIES HOUSE

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>6</b>
<b>Report of the Independent Auditors</b>	<b>9</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>12</b>
<b>Consolidated Statement of Financial Position</b>	<b>13</b>
<b>Company Statement of Financial Position</b>	<b>14</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>15</b>
<b>Company Statement of Changes in Equity</b>	<b>16</b>
<b>Consolidated Statement of Cash Flows</b>	<b>17</b>
<b>Notes to the Consolidated Statement of Cash Flows</b>	<b>18</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>19</b>

**UTOPIA LEISURE LIMITED**

**REPORT OF THE DIRECTORS**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

The directors present their report with the financial statements of the company and the group for the period 1 October 2018 to 29 September 2019.

**DIVIDENDS**

Interim dividends totalling 11.88p per share were paid during the period. The directors recommend that no final dividend be paid.

The total distribution of dividends for the period ended 29 September 2019 will be £680,130.

**FUTURE DEVELOPMENTS**

Once the pandemic has passed the Directors anticipate continued growth in their hotel and hospitality operations and expect to achieve this through the development of existing sites and attracting visitors to Heathrow Airport to its newly acquired hotel. They anticipate that this introduction to the Group will result in follow-on visits to other hotels in the Group.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this report.

P S Hinchcliffe  
Mrs D Hinchcliffe

## **UTOPIA LEISURE LIMITED**

### **REPORT OF THE DIRECTORS**

#### **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **FINANCIAL INSTRUMENTS**

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 20. The main types of risks are market risk, credit risk and liquidity risk.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

##### **Market risk**

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, which result from its operating activities.

##### **i) Interest rate risk**

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the balance sheet date, the Group is exposed to changes in LIBOR through bank borrowings at variable interest rates being LIBOR plus 1.81%. Given that the Bank of England has recently reduced its base rate from 0.5% to 0.25%, and it doesn't appear that it currently intends to increase the rate, interest costs will remain at their current level.

##### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers. Each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered.

At a local level, a monthly review of the trade receivables' ageing analysis is undertaken and customers' credit is reassessed periodically. Existing customers that become "high risk" as a result of the periodic reassessment are placed on a restricted customer list and future credit sales are made only with approval of the Board otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions.

##### **Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives rolling cash flow projections on a monthly basis in addition to information regarding cash balances. At the end of the financial year, these projections indicated that with the banks support and Government intervention that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The directors have therefore considered it appropriate to prepare the accounts on a going concern basis.

#### **GOING CONCERN**

The Group meets its day-to-day working capital requirements through cashflow and bank facilities. The current economic conditions especially the impact from coronavirus continue to create uncertainty over the level of demand in the hospitality sector. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, the receipt of an additional bank loan of £1.5m and Government support initiatives received after the year end, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

**UTOPIA LEISURE LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 Financial Reporting Standard 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group'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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Vista Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

.....  
P S Hinchcliffe - Director

Date: 8/9/19 .....

**UTOPIA LEISURE LIMITED**

**COMPANY INFORMATION**

**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

**DIRECTORS:**

P S Hinchcliffe  
Mrs D Hinchcliffe

**SECRETARY:**

M Thomas

**REGISTERED OFFICE:**

1 St Pauls Square  
Liverpool  
Merseyside  
L3 9SJ

**REGISTERED NUMBER:**

02942989 (England and Wales)

**AUDITORS:**

Vista Audit LLP  
Chartered Accountants  
Statutory Auditor  
Chancery House  
3 Hatchlands Road  
Redhill  
Surrey  
RH1 6AA

## **UTOPIA LEISURE LIMITED**

### **GROUP STRATEGIC REPORT** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

The directors present their strategic report for the period 1 October 2018 to 29 September 2019.

#### **REVIEW OF BUSINESS**

The Group owns and operates luxury, award winning hotels in the South East of England. During the year the Group acquired Great Fosters (1931) Limited, this company owned and operated a hotel called Great Fosters in Egham, Surrey. This acquisition was to ensure a wide coverage of the area from the west to the east of London. As a result of the acquisition, turnover for the Group in the current year has increased by 27.73%. On 1 April 2019 the trade and assets of Great Fosters (1931) Limited were transferred to Utopia Leisure Limited.

The Directors originally anticipated further growth in activity and their hotels' operations post year end and had started a major refurbishment of the newly acquired hotel in the year. Up until March 2020 performance was as expected, however, this was all brought to an end when all hotels in the UK were ordered to close due to the coronavirus pandemic. During the lockdown period the Group's hotels have remained open to support NHS and key workers and vulnerable groups. The hotels also developed new income generating initiatives to help meet costs.

On 4 July 2020 the Group's hotels re-opened to the public having implemented new and comprehensive safety, health and hygiene protocols. The Directors anticipate an increase in activity boosted by the UK Government's temporary reduction to the Standard Rate of VAT from 20% to 5% for the hospitality sector, and the "Eat Out to Help Out" scheme to encourage people to return to eating out. They believe with the continued support of their bank, the benefit of the help given by the UK Government, their healthy balance sheet and quality offering that the Group is in a very strong position to weather the affect of the virus.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The directors consider the following to be the principal risks facing the Group:

##### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterpart to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is the Group's policy to assess the credit risk of new customers. Each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered.

At a local level, a monthly review of the trade receivables' aged analysis is undertaken and customers' credit is reassessed periodically. Existing customers that become "high risk" as a result of the periodic reassessment are placed on a restricted customer list and future credit sales are made only with approval of the Board otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions.

##### **Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives rolling cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The directors have considered it appropriate to prepare the accounts on a going concern basis.

## **UTOPIA LEISURE LIMITED**

### **GROUP STRATEGIC REPORT**

**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **PRINCIPAL RISKS AND UNCERTAINTIES - CONTINUED**

##### **Political uncertainty and Economic recession**

The Group continues to monitor the implications of UK's exit from the European Union, particularly ongoing access to residents of the European Union seeking work in the UK, and the ease of accessibility to the UK of overseas visitors. The weaker pound has been helpful to inbound tourism, although temporary travel bans imposed during the coronavirus pandemic have resulted in a significant reduction in overseas visitors. However, these restrictions and the uncertainty of overseas protection procedures have had a positive impact on local tourism and Staycations.

##### **Covid-19 Pandemic**

In line with the UK Government's mandatory closure of all hotels and restaurants, other than those required to support essential workers and services combating the pandemic, all the Group's hotels were closed on 24 March 2020 and re-opened on 4 July 2020.

There can be no certainty as to whether the applicable government measures will be reintroduced in the future, although the restrictions are currently lifted, there is a risk of a recession in the UK and possibly globally, depressing demand for leisure and business customers, resulting in a period of excess supply in the hotel market consumers may also become more reticent about mixing in a social setting and may cut-back on time spent in public spaces such as restaurants, spa and hotels.

During the lockdown period, the Group placed a significant number of employees on temporary furlough. The Group also benefited from the UK Government's decision to stop the payment of business rates which would have cost the business c.£1million. The Group also halted its major refurbishment of its newly acquired hotel on 24 March 2020 to reduce costs and maintain cash reserves.

The Group has subsequently agreed with its bank a 12-month repayment holiday on its existing bank loan and has received an additional loan of £1.5 million via The Coronavirus Business Interruption Loan Scheme.

##### **Disaster incidents that could seriously impact the business such as fire, flood or terrorist attack**

A comprehensive disaster recovery plan, with back-up processes and facilities to ensure the business can continue to operate with minimal disruption, is in place. Appropriate insurance cover protects the business financially in the event of a disaster incident.

##### **Failure of information systems, cyber-attack or data protection breach**

The Group has specialist service providers which advise and support the business on its IT security and GDPR responsibilities. Staff training, data back-up, penetration testing and other security measures are also in place.

##### **Competition**

New entrants into the market in close proximity to our existing hotels resulting in over supply. The Group continues to invest in the existing hotel portfolio which, together with a strong focus on guest service and high standards, allows the Group's hotels to differentiate from their competitors.

The Group's strategy to combat these threats is to continue to develop the quality and range of the facilities and to cater for a wider range of different market sectors.



## **UTOPIA LEISURE LIMITED**

### **GROUP STRATEGIC REPORT**

**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **NON-FINANCIAL KEY PERFORMANCE INDICATORS**

The Group monitors key non-financial indicators such as food hygiene ratings, feedback from guest comment cards, ratings on guest online surveys and third-party web feedback sites.

The Group also take independent assessment of services to monitor its quality against industry standard.

The Group have a comprehensive and proactive approach to risk management, endeavouring to ensure that all customers are always in safe accommodation, maintained and operated in compliance with the appropriate regulations and standards.

The Group's hotels are committed to provide amazing experiences in a manner that ensures a safe and healthy place for employees and guests whilst minimising the hotels' potential impact on the environment. All hotels operate in compliance with all relevant environmental legislation. The Group's hotels are committed to reduce, reuse and recycle as much as possible. During the year all hotels started reducing the use of single-use plastics and all hotels have a zero waste direct to landfill policy with a target of waste to be recycled. The Group will continue promoting efficient use of materials and resources throughout their facilities including water, electricity, raw materials and other resources, particularly those that are non-renewable.

The Group actively seeks to use energy saving initiatives and has installed solar panels at each of their facilities.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The Group monitors key financial performance indicators across all sites in order to maximise performance, room rate and occupancy. Each hotel's performance is benchmarked regularly against hotels in the immediate vicinity.

The key financial performance indicators for the Group are highlighted below:

	2019	2018
Gross profit margin	43.89%	47.95%
Net profit margin	10.51%	17.73%
Rooms sold	58,875	42,853

Gross profit margin has decreased due to the increase in staff wages relating to the newly acquired hotel.

Net profit margin has decreased due to the increase in depreciation and interest charged due to the new acquisition in the period.

The increase in the number of rooms sold in the current year is again due to the newly acquired hotel.

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the Group's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of the other employees.

**UTOPIA LEISURE LIMITED**

**GROUP STRATEGIC REPORT**

**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

**EMPLOYEE CONSULTATION**

The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees, and on the various factors affecting the performance of the Group. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

**ON BEHALF OF THE BOARD:**

  
.....  
P S Hinchcliffe, Director

Date: 29/9/20

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
UTOPIA LEISURE LIMITED**

**Opinion**

We have audited the financial statements of Utopia Leisure Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 29 September 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 affairs as at 29 September 2019 and of the group's profit for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
UTOPIA LEISURE LIMITED**

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page eight, 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 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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**UTOPIA LEISURE LIMITED**

**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 a Report of the Auditors 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.



Susan Jones FCA (Senior Statutory Auditor)  
for and on behalf of Vista Audit LLP

Chartered Accountants

Statutory Auditor

Chancery House

3 Hatchlands Road

Redhill

Surrey

RH1 6AA

Date: 9/9/20

**UTOPIA LEISURE LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

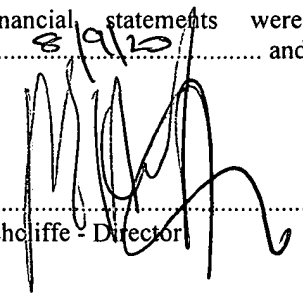
		Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
	Notes		
<b>TURNOVER</b>	4	24,974,012	19,552,571
Cost of sales		<u>14,012,475</u>	<u>10,177,354</u>
<b>GROSS PROFIT</b>		10,961,537	9,375,217
Administrative expenses		<u>7,900,607</u>	<u>5,808,167</u>
<b>OPERATING PROFIT</b>	6	3,060,930	3,567,050
Interest receivable and similar income		<u>2,345</u>	<u>6,944</u>
		3,063,275	3,573,994
Interest payable and similar expenses	7	<u>439,727</u>	<u>107,763</u>
<b>PROFIT BEFORE TAXATION</b>		2,623,548	3,466,231
Tax on profit	8	<u>347,718</u>	<u>827,667</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		2,275,830	2,638,564
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>2,275,830</u>	<u>2,638,564</u>
Profit attributable to: Owners of the parent		<u>2,275,830</u>	<u>2,638,564</u>
Total comprehensive income attributable to: Owners of the parent		<u>2,275,830</u>	<u>2,638,564</u>

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**29 SEPTEMBER 2019**

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible assets	11	3,874,654	237,500
Tangible assets	12	42,770,211	28,146,303
Investments	13	-	-
		<u>46,644,865</u>	<u>28,383,803</u>
<b>CURRENT ASSETS</b>			
Stocks	14	235,790	178,422
Debtors	15	1,744,043	1,393,068
Cash at bank and in hand		<u>1,062,726</u>	<u>2,370,177</u>
		3,042,559	3,941,667
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>6,970,879</u>	<u>5,323,285</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,928,320)</u>	<u>(1,381,618)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		42,716,545	27,002,185
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	(16,712,686)	(2,577,320)
<b>PROVISIONS FOR LIABILITIES</b>	21	<u>(86,993)</u>	<u>(103,699)</u>
<b>NET ASSETS</b>		<u>25,916,866</u>	<u>24,321,166</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	5,725,002	5,725,002
Retained earnings	23	<u>20,191,864</u>	<u>18,596,164</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>25,916,866</u>	<u>24,321,166</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8/10/19 and were signed on its behalf by:

  
P S Hinchcliffe - Director

The notes form part of these financial statements

**UTOPIA LEISURE LIMITED (REGISTERED NUMBER: 02942989)****COMPANY STATEMENT OF FINANCIAL POSITION  
29 SEPTEMBER 2019**

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible assets	11	2,758,003	237,500
Tangible assets	12	42,885,338	28,146,303
Investments	13	<u>11,247,233</u>	<u>2</u>
		56,890,574	28,383,805
<b>CURRENT ASSETS</b>			
Stocks	14	235,790	178,422
Debtors	15	1,744,043	1,393,068
Cash at bank and in hand		<u>1,062,726</u>	<u>2,370,177</u>
		3,042,559	3,941,667
<b>CREDITORS</b>			
Amounts falling due within one year	16	<u>18,218,112</u>	<u>5,323,286</u>
<b>NET CURRENT LIABILITIES</b>		<u>(15,175,553)</u>	<u>(1,381,619)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		41,715,021	27,002,186
<b>CREDITORS</b>			
Amounts falling due after more than one year	17	(16,712,686)	(2,577,320)
<b>PROVISIONS FOR LIABILITIES</b>	21	<u>(86,993)</u>	<u>(103,699)</u>
<b>NET ASSETS</b>		<u>24,915,342</u>	<u>24,321,167</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	5,725,002	5,725,002
Retained earnings		<u>19,190,340</u>	<u>18,596,165</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>24,915,342</u>	<u>24,321,167</u>
Company's profit for the financial year		<u>1,274,305</u>	<u>2,638,565</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29/9/20 and were signed on its behalf by:

  
P S Hinoncliffe - Director

The notes form part of these financial statements



**UTOPIA LEISURE LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 2 October 2017</b>	5,725,002	16,957,643	22,682,645
<b>Changes in equity</b>			
Dividends	-	(1,000,043)	(1,000,043)
Total comprehensive income	-	<u>2,638,564</u>	<u>2,638,564</u>
<b>Balance at 30 September 2018</b>	<u>5,725,002</u>	<u>18,596,164</u>	<u>24,321,166</u>
<b>Changes in equity</b>			
Dividends	-	(680,130)	(680,130)
Total comprehensive income	-	<u>2,275,830</u>	<u>2,275,830</u>
<b>Balance at 29 September 2019</b>	<u>5,725,002</u>	<u>20,191,864</u>	<u>25,916,866</u>

The notes form part of these financial statements

**UTOPIA LEISURE LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 2 October 2017</b>	5,725,002	16,957,643	22,682,645
<b>Changes in equity</b>			
Dividends	-	(1,000,043)	(1,000,043)
Total comprehensive income	-	<u>2,638,565</u>	<u>2,638,565</u>
<b>Balance at 30 September 2018</b>	<u>5,725,002</u>	<u>18,596,165</u>	<u>24,321,167</u>
<b>Changes in equity</b>			
Dividends	-	(680,130)	(680,130)
Total comprehensive income	-	<u>1,274,305</u>	<u>1,274,305</u>
<b>Balance at 29 September 2019</b>	<u>5,725,002</u>	<u>19,190,340</u>	<u>24,915,342</u>

The notes form part of these financial statements

**UTOPIA LEISURE LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

		Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
<b>Cash flows from operating activities</b>	Notes		
Cash generated from operations	1	5,164,398	5,291,125
Interest paid		(340,727)	(107,452)
Tax paid		<u>(772,979)</u>	<u>(750,000)</u>
Net cash from operating activities		<u>4,050,692</u>	<u>4,433,673</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(1,225,383)	(994,510)
Purchase of subsidiary (note 29)		(12,558,435)	-
Sale of tangible fixed assets		-	27,300
Interest received		<u>2,345</u>	<u>6,944</u>
Net cash from investing activities		<u>(13,781,473)</u>	<u>(960,266)</u>
<b>Cash flows from financing activities</b>			
New loans in year		14,289,231	-
Loan repayments in year		(5,265,771)	(1,649,231)
Amount introduced by directors		-	10,015
Amount withdrawn by directors		-	(90,015)
Equity dividends paid		<u>(600,130)</u>	<u>-</u>
Net cash from financing activities		<u>8,423,330</u>	<u>(1,729,231)</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(1,307,451)</u>	<u>1,744,176</u>
<b>Cash and cash equivalents at beginning of period</b>	2	<u>2,370,177</u>	<u>626,001</u>
<b>Cash and cash equivalents at end of period</b>	2	<u><u>1,062,726</u></u>	<u><u>2,370,177</u></u>

The notes form part of these financial statements

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Profit before taxation	2,623,548	3,466,231
Depreciation charges	1,960,092	1,269,670
Loss on disposal of fixed assets	33,461	1,646
Impairment losses on freehold property	-	199,139
Finance costs	439,727	107,763
Finance income	(2,345)	(6,944)
	<u>5,054,483</u>	<u>5,037,505</u>
Increase in stocks	(136,133)	(11,808)
(Increase)/decrease in trade and other debtors	(548,673)	124,324
Increase in trade and other creditors	<u>794,721</u>	<u>141,104</u>
<b>Cash generated from operations</b>	<u><u>5,164,398</u></u>	<u><u>5,291,125</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Period ended 29 September 2019**

	29/9/19 £	1/10/18 £
Cash and cash equivalents	<u><u>1,062,726</u></u>	<u><u>2,370,177</u></u>

**Period ended 30 September 2018**

	30/9/18 £	2/10/17 £
Cash and cash equivalents	<u><u>2,370,177</u></u>	<u><u>626,001</u></u>

The notes form part of these financial statements

## **UTOPIA LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **1. STATUTORY INFORMATION**

Utopia Leisure Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

All amounts in the financial statements have been rounded to the nearest £.

#### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

#### **3. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention.

The Group meets its day-to-day working capital requirements through its generated cashflows and bank facilities. The current economic conditions, in particular the impact of the coronavirus pandemic, continue to create uncertainty over the level of demand for the hospitality sector. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, the receipt of an additional bank loan of £1.5m, a payment holiday on existing commitments and various Government support initiatives, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

The Company has taken advantage of the following exemptions in its individual financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows; and
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures; and
- from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

## **UTOPIA LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **3. ACCOUNTING POLICIES - continued**

##### **Basis of consolidation**

The Group's consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Any subsidiary undertakings acquired during the year are included from the dates of change of significant influence.

Where control of a subsidiary is achieved, the acquisition that gave the Group control is accounted for as a business combination. Any difference between the fair value of the consideration paid and the carrying amount of assets acquired is recognised directly in equity.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

##### **Significant judgements and estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or key areas where assumptions and estimates are significant to the financial statements, are disclosed as follows:

##### **i. Recoverable amount of goodwill (note 11)**

Annually, the Group considers whether goodwill is impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash-generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

The recoverable amount of goodwill is a source of significant estimation uncertainty and determining this involved the use of significant assumptions.

##### **ii. Depreciation charge on tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### **iii. Leases**

Determine whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

## **UTOPIA LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **3. ACCOUNTING POLICIES - continued**

##### **Turnover**

The Group recognises revenue when (a) the significant risks and rewards of the goods and services provided are transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the entity.

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Turnover for the Group comprises the following income streams:

- i) Sale of goods - Turnover from the sale of food and beverages is recognised at the point of sale.
- ii) Rendering of services - Turnover from room sales and other guest services is recognised when rooms are occupied and as services are provided.

##### **Business combinations and goodwill**

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

## **UTOPIA LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **3. ACCOUNTING POLICIES - continued**

##### **Tangible fixed assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

##### **i. Land & buildings**

Land and buildings include freehold and leasehold retail outlets and offices. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

##### **ii. Plant and machinery and fixtures, fittings, tools and equipment**

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

##### **iii. Depreciation and residual values**

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

a) Freehold buildings	over periods up to 50 years
b) Plant and machinery	6-7 years
c) Fixtures and fittings	4 years
d) Computer equipment	4 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

##### **iv. Derecognition**

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced accordingly. The impairment loss is recognised immediately in profit or loss.



## **UTOPIA LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **3. ACCOUNTING POLICIES - continued**

##### **Financial instruments**

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **i. Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **ii. Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Bank loans, classified as basic financial instruments, are recognised initially at the present value of future payments discounted at market rate of interest. Subsequent to initial recognition, bank loans are stated at amortised cost using the effective interest method less any impairment losses.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

## **UTOPIA LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **3. ACCOUNTING POLICIES - continued**

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### **Pension costs**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the balance sheet date. The assets of the plan are held separately from the Group in independently administered funds.

##### **Borrowing costs**

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

##### **Distributions to equity holders**

Dividends and other distributions to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

#### **4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Sale of goods	11,189,673	8,065,623
Rendering of services	<u>13,784,339</u>	<u>11,486,948</u>
	<u>24,974,012</u>	<u>19,552,571</u>

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****5. EMPLOYEES AND DIRECTORS**

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Wages and salaries	9,015,992	6,576,219
Social security costs	681,817	464,509
Other pension costs	<u>225,729</u>	<u>211,276</u>
	<u>9,923,538</u>	<u>7,252,004</u>

The average number of employees during the period was as follows:

	Period 1/10/18 to 29/9/19	Period 2/10/17 to 30/9/18
Hotel and administration	460	385
Directors	<u>2</u>	<u>2</u>
	<u>462</u>	<u>387</u>

The average number of employees by undertakings that were proportionately consolidated during the period was 462 (2018 - 387).

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Directors' remuneration	61,666	75,539
Directors' pension contributions to money purchase schemes	<u>10,000</u>	<u>10,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****5. EMPLOYEES AND DIRECTORS - continued**

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
<b>Short-term employee benefits:</b>		
- Salaries including bonuses	232,646	262,070
- Social security costs	28,780	32,647
- Benefit in kind	9,670	30,952
	<b>271,096</b>	<b>325,669</b>
<b>Post-employment benefits:</b>		
- Defined benefit pension plans	-	-
- Defined contribution pension plans	87,216	153,595
	<b>87,216</b>	<b>153,595</b>
Termination benefits	-	-
Share-based payments	-	-
<b>Total remuneration</b>	<b>358,312</b>	<b>479,264</b>

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Depreciation - owned assets	1,568,014	1,239,670
Loss on disposal of fixed assets	33,461	1,646
Goodwill amortisation	392,079	30,000
Auditors' remuneration	74,255	18,400
Taxation compliance services	8,541	3,500
Taxation advisory services	19,070	6,997
Other non- audit services	21,380	-

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Bank interest	222	-
Bank loan interest	438,111	107,452
Interest on corporation tax	<u>1,394</u>	<u>311</u>
	<u>439,727</u>	<u>107,763</u>

**8. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the period was as follows:

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Current tax:		
UK corporation tax	554,255	830,532
Prior year over provision	<u>(25,812)</u>	<u>(11)</u>
Total current tax	528,443	830,521
Deferred tax	<u>(180,725)</u>	<u>(2,854)</u>
Tax on profit	<u>347,718</u>	<u>827,667</u>

UK corporation tax has been charged at 19%.

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****8. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Profit before tax	<u>2,623,548</u>	<u>3,466,231</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	498,474	658,584
Effects of:		
Expenses not deductible for tax purposes	266,527	171,937
Capital allowances in excess of depreciation	(193,740)	(2,854)
Utilisation of tax losses	(90,374)	-
Adjustments to tax charge in respect of previous periods	(25,812)	-
Tax losses carry forward	(106,666)	-
Group relief	<u>(691)</u>	<u>-</u>
Total tax charge	<u>347,718</u>	<u>827,667</u>

In the 2020 Budget, the UK Government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%, and therefore the deferred taxes at the balance sheet date continue to be measured at the corporation tax rate of 19%.

**9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

**10. DIVIDENDS**

	Period 1/10/18 to 29/9/19 £	Period 2/10/17 to 30/9/18 £
Interim	<u>680,130</u>	<u>1,000,043</u>

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****11. INTANGIBLE FIXED ASSETS****Group**

	Goodwill £
<b>COST</b>	
At 1 October 2018	300,000
Additions	<u>4,029,233</u>
At 29 September 2019	<u>4,329,233</u>
<b>AMORTISATION</b>	
At 1 October 2018	62,500
Amortisation for period	<u>392,079</u>
At 29 September 2019	<u>454,579</u>
<b>NET BOOK VALUE</b>	
At 29 September 2019	<u>3,874,654</u>
At 30 September 2018	<u>237,500</u>

**Company**

	Goodwill £
<b>COST</b>	
At 1 October 2018	300,000
Additions	<u>2,684,740</u>
At 29 September 2019	<u>2,984,740</u>
<b>AMORTISATION</b>	
At 1 October 2018	62,500
Amortisation for period	<u>164,237</u>
At 29 September 2019	<u>226,737</u>
<b>NET BOOK VALUE</b>	
At 29 September 2019	<u>2,758,003</u>
At 30 September 2018	<u>237,500</u>

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****12. TANGIBLE FIXED ASSETS****Group**

	Freehold property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 October 2018	32,622,533	2,353,591	1,464,910
Additions	530,296	319,732	232,552
Disposals	-	(71,331)	(7,998)
Acquisitions	<u>14,784,926</u>	<u>215,074</u>	<u>-</u>
At 29 September 2019	<u>47,937,755</u>	<u>2,817,066</u>	<u>1,689,464</u>
<b>DEPRECIATION</b>			
At 1 October 2018	6,744,244	1,125,050	661,594
Charge for period	869,639	361,434	223,570
Eliminated on disposal	<u>-</u>	<u>(40,886)</u>	<u>(4,982)</u>
At 29 September 2019	<u>7,613,883</u>	<u>1,445,598</u>	<u>880,182</u>
<b>NET BOOK VALUE</b>			
At 29 September 2019	<u>40,323,872</u>	<u>1,371,468</u>	<u>809,282</u>
At 30 September 2018	<u>25,878,289</u>	<u>1,228,541</u>	<u>803,316</u>
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 October 2018	44,601	417,482	36,903,117
Additions	6,390	136,413	1,225,383
Disposals	(4,995)	-	(84,324)
Acquisitions	<u>-</u>	<u>-</u>	<u>15,000,000</u>
At 29 September 2019	<u>45,996</u>	<u>553,895</u>	<u>53,044,176</u>
<b>DEPRECIATION</b>			
At 1 October 2018	25,168	200,758	8,756,814
Charge for period	6,808	106,563	1,568,014
Eliminated on disposal	<u>(4,995)</u>	<u>-</u>	<u>(50,863)</u>
At 29 September 2019	<u>26,981</u>	<u>307,321</u>	<u>10,273,965</u>
<b>NET BOOK VALUE</b>			
At 29 September 2019	<u>19,015</u>	<u>246,574</u>	<u>42,770,211</u>
At 30 September 2018	<u>19,433</u>	<u>216,724</u>	<u>28,146,303</u>

Included in cost of land and buildings is freehold land of £2,556,455 (2018 - £1,329,455) which is not depreciated.



**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****12. TANGIBLE FIXED ASSETS - continued****Group**

Included in land and buildings, Alexander House Hotel and Barnett Hill Hotel have been pledged as security for the Group's bank borrowings (see note 19). The net carrying amount of these two hotels included in land and buildings is £20,165,710 (2018: £20,589,065) and the net carrying amount of these two hotels included in plant machinery, fixtures and fittings is £1,485,009 (2018: £1,799,215).

The Group has a contractual commitment for improvements to the Great Fosters Hotel of £1,808,100, payable in 2020 and 2021. There were no other material contractual commitments to acquire property, plant and equipment at 29 September 2019.

**Company**

	Freehold property £	Plant and machinery £	Fixtures and fittings £
<b>COST</b>			
At 1 October 2018	32,622,533	2,353,591	1,464,910
Additions	530,295	313,794	232,552
Disposals	-	(71,331)	(7,998)
Acquisitions	<u>14,778,988</u>	<u>221,012</u>	<u>-</u>
At 29 September 2019	<u>47,931,816</u>	<u>2,817,066</u>	<u>1,689,464</u>
<b>DEPRECIATION</b>			
At 1 October 2018	6,744,244	1,125,050	661,594
Charge for period	760,988	349,019	223,570
Eliminated on disposal	<u>-</u>	<u>(40,886)</u>	<u>(4,982)</u>
At 29 September 2019	<u>7,505,232</u>	<u>1,433,183</u>	<u>880,182</u>
<b>NET BOOK VALUE</b>			
At 29 September 2019	<u>40,426,584</u>	<u>1,383,883</u>	<u>809,282</u>
At 30 September 2018	<u>25,878,289</u>	<u>1,228,541</u>	<u>803,316</u>

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****12. TANGIBLE FIXED ASSETS - continued****Company**

	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 October 2018	44,601	417,482	36,903,117
Additions	6,390	136,413	1,219,444
Disposals	(4,995)	-	(84,324)
Acquisitions	-	-	15,000,000
At 29 September 2019	45,996	553,895	53,038,237
<b>DEPRECIATION</b>			
At 1 October 2018	25,168	200,758	8,756,814
Charge for period	6,808	106,563	1,446,948
Eliminated on disposal	(4,995)	-	(50,863)
At 29 September 2019	26,981	307,321	10,152,899
<b>NET BOOK VALUE</b>			
At 29 September 2019	19,015	246,574	42,885,338
At 30 September 2018	19,433	216,724	28,146,303

Included in cost of land and buildings is freehold land of £2,556,455 (2018 - £1,329,455) which is not depreciated.

**13. FIXED ASSET INVESTMENTS****Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 October 2018	2
Additions	12,580,164
Impairment	(1,332,933)
At 29 September 2019	11,247,233
<b>NET BOOK VALUE</b>	
At 29 September 2019	11,247,233
At 30 September 2018	2

## **UTOPIA LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **13. FIXED ASSET INVESTMENTS - continued**

The company acquired Great Fosters (1931) Limited on 7 November 2018. The investment has been written down to its net carrying amount and an impairment of £1,332,933 has been recognised in the Statement of Comprehensive income.

This list of subsidiaries is as follows:

<u>Company Name</u>	<u>Interest</u>	<u>Nature of business</u>
Great Fosters (1931) Limited	100% ordinary shares	Hospitality - hotel
Alexander Hotels Limited	100% ordinary shares	Dormant
Alexander House Hotel Limited	100% ordinary shares	Dormant

All the above subsidiaries are included in the consolidation and all investments are direct ownership.

All companies in the Group are incorporated in England and Wales and all companies have the same registered office address as No.1 St. Paul Square, Liverpool, Merseyside L3 9SJ, UK.

Great Fosters (1931) Limited was acquired on 7 November 2018 and became a 100% owned subsidiary at that date.

#### **14. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Stocks	<u>235,790</u>	<u>178,422</u>	<u>235,790</u>	<u>178,422</u>

The amount of stock recognised as an expense in the profit and loss during the year was £3,221,797 (2018: £2,289,965).

#### **15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	421,640	323,608	421,640	323,608
Other debtors	491,642	360,268	491,642	360,268
Directors' current accounts	-	80,000	-	80,000
Prepayments	<u>830,761</u>	<u>629,192</u>	<u>830,761</u>	<u>629,192</u>
	<u>1,744,043</u>	<u>1,393,068</u>	<u>1,744,043</u>	<u>1,393,068</u>

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 18)	947,368	1,236,923	947,368	1,236,923
Trade creditors	1,954,481	1,084,988	1,954,481	1,084,987
Amounts owed to group undertakings	-	-	11,247,231	-
Tax	178,863	422,005	178,863	422,005
Social security and other taxes	160,920	113,979	160,920	113,979
VAT	699,382	509,067	699,382	509,067
Other creditors	432,452	33,304	432,454	33,306
Deferred income	2,060,761	1,696,657	2,060,761	1,696,657
Accrued expenses	536,652	226,362	536,652	226,362
	<u>6,970,879</u>	<u>5,323,285</u>	<u>18,218,112</u>	<u>5,323,286</u>

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Bank loans (see note 18)	16,578,948	2,473,846	16,578,948	2,473,846
Deferred income	133,738	103,474	133,738	103,474
	<u>16,712,686</u>	<u>2,577,320</u>	<u>16,712,686</u>	<u>2,577,320</u>

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****18. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>947,368</u>	<u>1,236,923</u>	<u>947,368</u>	<u>1,236,923</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>1,894,736</u>	<u>1,236,923</u>	<u>1,894,736</u>	<u>1,236,923</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>5,684,208</u>	<u>1,236,923</u>	<u>5,684,208</u>	<u>1,236,923</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>9,000,004</u>	<u>-</u>	<u>9,000,004</u>	<u>-</u>

**Bank loans**

The Group's financing facility with Barclays bank includes a bank loan of £17,526,316, this loan accrues interest on a quarterly basis at LIBOR plus 1.81% and is due for repayment in full in 2029.

**19. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	<u>17,526,316</u>	<u>3,710,769</u>	<u>17,526,316</u>	<u>3,710,769</u>

The above bank loans are secured by legal mortgage charges over Alexander House Hotel and Barnett Hill Hotel, and a fixed and floating charge over all assets of the Group.

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****20. FINANCIAL INSTRUMENTS****Group**

The Group has the following financial instruments:

	2019 £	2018 £
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost		
- Cash at bank and in hand	1,062,726	2,370,177
- Trade debtors	421,640	323,608
- Other debtors	491,642	360,268
- Directors' current accounts	-	80,000
Total financial assets:	<u>1,976,008</u>	<u>3,134,053</u>

	2019 £	2018 £
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost		
- Bank loans	17,526,316	3,710,769
- Trade creditors	1,954,481	1,084,988
- Other creditors	432,452	33,304
- Deferred income	2,194,499	1,800,131
- Accruals	536,652	226,362
Total financial liabilities:	<u>22,644,400</u>	<u>6,855,554</u>

**Company**

The Company has the following financial instruments:

	2019 £	2018 £
Financial assets at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost		
- Cash at bank and in hand	1,062,726	2,370,177
- Trade debtors	421,640	323,608
- Other debtors	491,642	360,268
- Directors' current accounts	-	80,000
Total financial assets:	<u>1,976,008</u>	<u>3,134,053</u>

	2019 £	2018 £
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost		
- Bank loans	17,526,316	3,710,769
- Trade creditors	1,954,481	1,084,987
- Amounts owed to group undertakings	11,247,231	-
- Other creditors	432,454	33,306
- Deferred income	2,194,499	1,800,131
- Accruals	536,652	226,362
Total financial liabilities:	<u>33,891,633</u>	<u>6,855,555</u>

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****21. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	2019	2018	2019	2018
	£	£	£	£
Deferred tax	<u>86,993</u>	<u>103,699</u>	<u>86,993</u>	<u>103,699</u>
<b>Group</b>				
				Deferred tax
				£
Balance at 1 October 2018				103,699
Provided during period				92,262
Unused tax losses				(106,666)
Timing difference				<u>(2,302)</u>
Balance at 29 September 2019				<u>86,993</u>
<b>Company</b>				
				Deferred tax
				£
Balance at 1 October 2018				103,699
Provided during period				92,262
Unused tax losses				(106,666)
Timing difference				<u>(2,302)</u>
Balance at 29 September 2019				<u>86,993</u>

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	195,961	103,699
Tax losses carried forward	(106,666)	-
Other timing differences	<u>(2,302)</u>	<u>-</u>
Deferred tax (debtor)/ creditor	<u>86,993</u>	<u>103,699</u>

The unused tax losses are associated with the trading losses carrying forward from Great Fosters (1931) Limited and it has been measured at 19%.

All deferred tax assets (including tax losses and other tax credits) have been recognised in the statement of financial position.

**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2019 £	2018 £
Number:	Class:			
5,725,002	Ordinary	£1	<u>5,725,002</u>	<u>5,725,002</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

**23. RESERVES****Group**

	Retained earnings £
At 1 October 2018	18,596,164
Profit for the period	2,275,830
Dividends	<u>(680,130)</u>
At 29 September 2019	<u>20,191,864</u>

**Company**

	Retained earnings £
At 1 October 2018	18,596,165
Profit for the period	1,274,305
Dividends	<u>(680,130)</u>
At 29 September 2019	<u>19,190,340</u>

**24. PENSION COMMITMENTS**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £225,729 (2018: £211,276). Included in other creditors, contributions totalling £32,588 (2018: £25,433) were payable to the fund at the balance sheet date.



**UTOPIA LEISURE LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019****25. CAPITAL COMMITMENTS****Group**

At the balance sheet date, the Group had the following capital commitments:

	2019 £	2018 £
Contracts for future capital expenditure not provided in the financial statements - Property, plant and equipment	<u>1,808,100</u>	<u>44,731</u>

**Company**

At the balance sheet date, the Company had the following capital commitments:

	2019 £	2018 £
Contracts for future capital expenditure not provided in the financial statements - Property, plant and equipment	<u>1,808,100</u>	<u>44,731</u>

**26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

During the year amount totalled of £80,000 was repaid by directors and the amounts advanced to directors are interest free. At the balance sheet date the Group was owed £nil (2018: £80,000) by directors.

**27. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Transactions between Group entities which have been eliminated on consolidation are not disclosed within the financial statements.

During the period, total dividends of £680,130 were paid to the directors.

**Group**

See note 5 for disclosure of the directors' remuneration and key management compensation.

**Company**

Other than the transactions disclosed in note 5, the company's other related party transactions were with wholly owned subsidiaries.

**28. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Peter Stuart Hinchcliffe by virtue of his majority share-holding.

## **UTOPIA LEISURE LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued** **FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

#### **29. BUSINESS COMBINATIONS**

##### **Group**

On 7 November 2018, the Group acquired Great Fosters (1931) Limited via the purchase of 100% of its share capital for total consideration of £12,303,727. Great Fosters (1931) Limited owned and operated a hotel in Egham.

Prior to the acquisition, the Group had one hotel in the area southwest of London. As a result of the acquisition, the Group expects to increase its customer base in the west of London and to attract tourists from nearby Heathrow Airport. Goodwill of £4,029,233 arising from the acquisition is attributed to the acquired customer base, its good reputation and the unique historic heritage of the Grade II listed building and economies of scale expected from combining the operations into the Group.

Management have estimated the useful life of the goodwill to be 10 years.

The following table summarises the consideration paid by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

##### **Consideration at 7 November 2018**

	£
Cash consideration	12,303,727
Directly attributable costs	<u>257,938</u>
<b>Total consideration</b>	<b><u>12,561,665</u></b>

For cash flow disclosure purposes the amounts are disclosed as follows:

Cash consideration	12,303,727
Directly attributable costs	257,938
Less:	
Cash and cash equivalents acquired	<u>(3,230)</u>
<b>Net cash outflow</b>	<b><u>12,558,435</u></b>

##### **Recognised amounts of identifiable assets acquired and liabilities assumed**

	Note	Book values £	Adjustments £	Fair value £
Property, plant and equipment	(1)	8,086,977	6,913,023	15,000,000
Cash and cash equivalents		3,230	-	3,230
Stocks		90,577	-	90,577
Trade and other debtors	(2)	190,672	(18,500)	172,172
Trade and other creditors		(1,773,729)	-	(1,773,729)
Borrowings		(4,795,799)	-	(4,795,799)
Deferred tax assets/ (liabilities)		<u>(164,019)</u>	<u>-</u>	<u>(164,019)</u>
<b>Total identifiable net assets</b>		<b><u>1,637,909</u></b>	<b><u>6,894,523</u></b>	<b><u>8,532,432</u></b>
<b>Goodwill</b>				<b><u>4,029,233</u></b>
<b>Total</b>				<b><u>12,561,665</u></b>

The adjustments arising on acquisition were in respect of the following:

- (1) The uplift in property, plant and equipment to a third-party valuation on acquisition.
- (2) An impairment charge in respect of unrecoverable amounts of £18,500 of the acquired other debtors.

**UTOPIA LEISURE LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 OCTOBER 2018 TO 29 SEPTEMBER 2019**

**Great Fosters (1931) Limited contribution to the Group results**

The acquisition of Great Fosters (1931) Limited contributed turnover totalling £2,296,870 and a loss of £159,061 to the consolidated income statement for the period 7 November 2018 to 31 March 2019. No further contribution was made from Great Fosters (1931) Limited after this date as the company ceased trading on 31 March 2019 when its trade and assets were transferred intra-group to its parent undertaking.