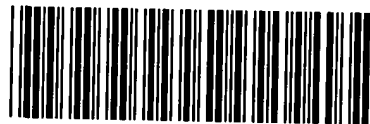


**Aspers (Newcastle) Limited**  
**(Registered Number: 04655461)**

**Annual Report and Financial Statements**

**For the year ended 30 June 2020**

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# Aspers (Newcastle) Limited

## Strategic Report for the year ended 30 June 2020

The directors have pleasure in submitting the Strategic Report, their Directors' Report and the audited financial statements of Aspers (Newcastle) Limited ("the company") for the year to 30 June 2020.

### Principal activity and review of the business

The principal activity of the company is the business of managing licensed gaming establishments. The loss after taxation for the year was £367,000 (2019 - profit of £134,000) and has been transferred to reserves.

On 20 March 2020 the company was directed by the UK Government to suspend operations at its land-based casinos due to the COVID-19 pandemic. This had a material impact on the results of the company for the year under review. The company reopened at the start of November, to be closed and then reopened briefly at the start of December, to then be instructed to close for the national lockdown. The casino reopened on 17 May as part of stage 3 of the government reopening strategy. Trading will continue to be impacted post opening by ongoing distancing and opening hour restrictions in response to the pandemic.

The company has utilised Government support where available and will continue to plan and mitigate lost revenues through revisions to the company's cost base.

The company has had a challenging year as it, and the industry, continues to adjust to enhanced anti money laundering and know your customer (KYC) processes, together with strengthening its approach to Responsible Gambling. Total revenues declined by 32% to £6,519,000 and EBITDA (before exceptional item) (Earnings before Interest, Tax, Depreciation and Amortisation) decreased by 25% to £594,000.

Attendances, when open, declined by 13% (2019: 13%).

The company's key financial performance indicators ("KPI's") during the year were as follows:-

	2020	2019	
	£'000	£'000	% Change
Land Based Revenue (see Note 2)	6,519	10,675	-39%
EBITDA (before exceptional item)	594	785	-24%
Average Daily Casino Attendances	1,230	1,406	-13%
Casino Spend per Head	£14.52	£20.79	-30%

### Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of Aspers UK Holdings Limited and subsidiaries ("the group") and are not managed separately. The principal risks and uncertainties presented below are those group risks that are relevant to the company.

- (a) Public health risk – the recent and ongoing COVID-19 pandemic has led to significant restrictions on the company's ability to operate, with a forced temporary closure of the casinos and, on reopening, measures to mitigate the risk of infection through social distancing. The group is exposed to reduced cash inflows through any period of forced closure and on reopening, as well as operational issues around employees being able to attend work. The Directors are managing the risk of reduced revenues through the triggering of incident management plans and daily cash monitoring and forecasting. To manage the costs incurred by the group during this period, the Directors note that there are variable costs such as gaming duty which will move in line with revenue, and other costs such as wages and salaries which will need to be actively managed. As the situation continues to evolve at the date of the financial statements, the Directors are continually reviewing their position and contingency plans.

# Aspers (Newcastle) Limited

## Strategic Report for the year ended 30 June 2020 (Continued)

### Principal risks and uncertainties (continued)

- (b) Employee risk – the Newcastle casino is one of the larger casinos in the UK and the ability of the business to meet anticipated demand may be restricted unless there is a suitable supply of gaming staff available to an industry that is generally characterised by a shortage of good quality staff. Aspers manage this risk by providing training schools that generate a good supply of staff to its casinos and engenders goodwill in the locality.
- (c) Taxation and regulatory risk – the group (and the industry) is subject to changes in government regulation. The group is an active member of the industry trade association and as such, engages in active dialogue with both the industry Regulator and the sponsoring government department. By so doing, the group becomes aware of proposed legislative changes at an early stage and can seek to minimise any adverse effect on the company by acting on a concerted industry-wide basis.
- (d) Loss of licence – the gaming licence is fundamental to the company and so the loss of the licence would have a material adverse effect on the company. Therefore the group has a dedicated compliance department independent of operations, which ensures that the company complies with gaming regulations and industry best practice.

### Going concern

The outbreak of Covid-19 and its continuing impact on the economy, and specifically the gaming sector, has impacted the ability of the Company to trade at historical levels. This has resulted in uncertainty as to the future financial performance and cash flows of the Company.

Given this uncertainty, the Company's immediate parent undertaking, Aspers UK Holdings Limited, has indicated it will provide financial support to the Company to enable it to meet its liabilities as they fall due for 12 months from the date of these financial statements. The Directors of the Company have assessed going concern for a period of 12 months from the date of the financial statements, to 31 July 2022. In doing so, the directors have made enquiries of the management of Aspers UK Holdings Limited as to their review of the latest cash flow forecasts and available financing of the Aspers UK Holdings Limited consolidated group ('Group').

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The financial position of the company, its cash flows and borrowing facilities are described in these financial statements.

At 30 June 2020, the Company had net assets of £8.6m and net current assets of £2.0m, while the group had net current liabilities of £42.4m and net liabilities of £12.8m. In recent years the group has been profitable and cash generative, but the impact of COVID-19 towards the end of the year resulted in the group recording a loss. Significant losses will also be made in the year ending 30 June 2021.

The instructed closure of the casinos by the UK Government in response to the COVID-19 pandemic on 20 March 2020 (with subsequent short periods of reopening and then enforced closure) have provided uncertainty on the group's ability to operate at historical levels. It has been very uncertain how group profitability will evolve during the pandemic and recover in the future. This uncertainty has been mitigated by the UK Vaccination program supporting the UK government reopening plan, and the reopening of the casinos on 17 May 2021.

#### *Cash flow forecasts*

Following the COVID-19 pandemic, the group has continued to prepare cash flow forecasts, reflecting the group's directors' expectations following the reopening of the casinos on 17 May 2021. Uncertainty remains regarding the rules and the effects of social distancing on consumer confidence on trading levels after reopening. The group's directors are estimating volumes at 58% of historical levels initially, increasing gradually to 80% by September 2021. The cash flow forecasts then assume 80% for the remainder of the going concern assessment period, until 31 July 2022. These initial volumes levels reflect experiences from the partial openings of 2020 with curfew restrictions. It is expected that these levels will be exceeded following full restrictions lifting from 19 July 2021. Initial trading at the time of signing these accounts is ahead of these expectations.

# Aspers (Newcastle) Limited

## Strategic Report for the year ended 30 June 2020 (Continued)

### Going concern (continued)

These cash flow forecasts also include the effects of mitigating actions the group's directors have taken to preserve and reduce cash outflows post reopening, including the benefits from retail business rate scheme from the government - the removal of business rates until June 2021 and reduced, and revised business rates until March 2022, accessing the government's Coronavirus Job Retention Scheme until the reopening of the business, payment deferrals, and the benefits from the restructuring of the business and rent concessions agreed during 2020. All confirmed mitigations are in the reviewed cashflow forecasts, with revenue levels and reopening restrictions remaining the most uncertain, and outside of the group's directors' control. Based on cash on hand across the group at 30 June 2021 together with the bank loan extension obtained (described below), there is sufficient cash to pay the group's liabilities as they fall due for the going concern assessment period, 12 months from the date of the financial statements to 31 July 2022.

The previously significant uncertainties over these revenue estimates are now partially reduced due to a greater level of certainty on the ability to trade and remain open due to the vaccine program and government policy approach. The pandemic does continue to provide ongoing uncertainty over trading volumes, but the group's directors are more optimistic regarding future performance than they were during the second half of 2020. Another period of forced closure of any or all the casinos or further restrictions on capacity or opening hours, due to a resurgence of the COVID-19 pandemic in the UK would undoubtedly have further negative effects on cash flow and, depending on its severity, could result in a need for further financing or covenant waivers from lenders.

The group's directors continue to consider downside sensitivities to assess what further mitigating actions could be taken to maintain sufficient cash over at least the next 12 months. These include ongoing renegotiations of deferred payments and further funding from shareholders together with further restructuring options. The group's directors acknowledge that not all of these mitigating actions are within their control.

#### *Available banking facilities and covenants*

The group has a bank loan facility with a syndicate of banks which, at 30 June 2020 amounted to £50.2m. At the date of approval of these financial statements, the outstanding amount on this loan had reduced to £47.1m following the scheduled repayment of £3.1m in September 2020.

Covenant tests in June and September would have been breached due to the pandemic, and waivers were received from the group's lenders.

The group agreed an extension of the 31 March 2021 maturity by 6 months with its lenders until 30 September 2021, with a possible further extension until 31 March 2022 at the lender's discretion. The covenants have been replaced with a minimum liquidity requirement of £5.0m from April to September 2021. The group's directors believe, based on cash flow forecasts and early trading post reopening, they will meet this minimum liquidity requirement.

At the date of approval of these financial statements, following the receipt of the six months extension described above, and given the historical profitability and cash generation of the group and the positive discussions to date with potential new lenders, the group's directors believe that financing will be agreed to allow the group to continue to operate for the going concern period through to 31 July 2022.

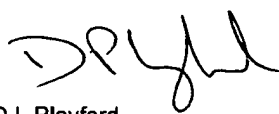
On this basis and considering the letter of support obtained from Aspers UK Holdings Limited, the directors continue to adopt the going concern basis of accounting in preparing these financial statements, recognising that

- (a) the possible need to secure further financing or covenant waivers should the group not achieve forecast operating cash flows over the going concern period, given the uncertainties over the COVID-19 pandemic, government restrictions, social distancing measures, potential further lockdowns and unpredictability of consumer behaviour due to COVID-19; and
- (b) extending or replacing the bank financing, currently due to mature in September 2021, and complying with any covenants attached to any new financing;

are material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not contain the adjustments that would result if the company were unable to continue as a going concern.

By Order of the Board



D L Playford  
Director  
29 July 2021

# **Aspers (Newcastle) Limited**

## **Directors' Report for the year ended 30 June 2020**

### **Directors and company information**

Directors:	J D A Aspinall D L Playford
Registered office:	1 Hans Street, London SW1X 0JD
Company number:	04655461

### **Dividends**

No interim dividend has been paid and no final dividend is proposed (2019: £nil).

### **Future developments**

The outlook for attendances continues to be challenging. The directors aim to focus on efficiency optimisation to try to stabilise earnings in the medium term.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Political contributions**

The company made no political donations during the period (2019: Nil).

# **Aspers (Newcastle) Limited**

## **Directors' Report for the year ended 30 June 2020 (continued)**

### **Employees**

The company discusses and consults with employees through a number of different communication channels. Matters likely to affect employees' interests will be discussed in employee meetings and the results of the annual colleague engagement are disseminated to staff. Important financial and economic information is also circulated through team briefings with the aim of raising the general awareness of important factors affecting the company's performance.

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, age, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled, the company continues employment wherever possible and arranges retraining. The company is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests.

### **Disabled persons**

The company recognises its obligations to disabled persons and endeavours to provide as much employment opportunity as the demands of the company and company's operations and abilities of those persons allow.

Applications for employment from disabled persons are reviewed with care and every effort is made to find them and any existing employees who become disabled, appropriate work and training where needed. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of a person who does not suffer from a disability.

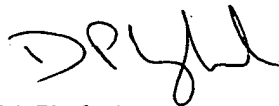
### **Provision of information to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Ernst & Young LLP has indicated its willingness to continue in office as auditor and a resolution concerning its appointment will be proposed at the Annual General Meeting.

By Order of the Board



D L Playford  
Director  
29 July 2021

# **Aspers (Newcastle) Limited**

## **Independent auditor's report to the members of Aspers (Newcastle) Limited**

### **Opinion**

We have audited the financial statements of Aspers (Newcastle) Limited for the year ended 30 June 2020 which comprise Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position and the related notes 1 to 17, 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 FRS 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 company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

### **Material uncertainties related to going concern**

We draw attention to note 1 in the financial statements which describes that the company is reliant on support from its parent, Aspers UK Holdings Limited, to settle its liabilities as they fall due and has received a letter of support from this parent. Note 1 in the financial statements also describes:

- the impact of uncertainties about the future effects of COVID-19 on the group and its ability to trade, resulting in the possible need to secure further financing or covenant waivers should the group not achieve forecast operating cash flows over the going concern period; and
- the group's need to extend or replace the bank financing, currently due to mature in September 2021, and comply with any covenants attached to any new financing.

As stated in note 1, these events or conditions indicate that material uncertainties exist that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the annual report set out on pages 1 to 6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Aspers (Newcastle) Limited**

### **Independent auditor's report to the members of Aspers (Newcastle) Limited (continued)**

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

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

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

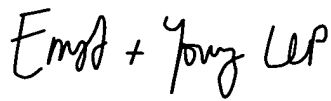


## **Aspers (Newcastle) Limited**

### **Independent auditor's report to the members of Aspers (Newcastle) Limited (continued)**

#### **Use of our report**

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

Handwritten signature in black ink that reads "Ernst + Young LLP".

*Jon Killingley (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
30 July 2021*

## Aspers (Newcastle) Limited

### Statement of comprehensive income for the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
Turnover	2	6,519	10,675
Staff costs	3	(3,216)	(3,594)
Depreciation of tangible fixed assets		(811)	(620)
Amortisation of intangible fixed assets		(11)	(11)
Gaming duties		(985)	(1,621)
Other operating income	4	689	-
Other operating charges		(2,413)	(4,675)
<b>Operating (loss)/profit</b>	5	<b>(228)</b>	<b>154</b>
Exceptional Items		(84)	-
<b>(Loss)/Profit on ordinary activities before taxation</b>		<b>(312)</b>	<b>154</b>
Tax on profit on ordinary activities	7	(55)	(20)
<b>(Loss)/Profit on ordinary activities after taxation</b>		<b>(367)</b>	<b>134</b>
<b>Total comprehensive income /(loss) for the financial year</b>		<b>(367)</b>	<b>134</b>

All results relate to continuing operations.

### Statement of changes in equity for the year ended 30 June 2020

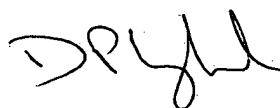
	Share capital £'000	Profit and loss account £'000	Shareholders' Equity £'000
<b>At 1 July 2018</b>	-	8,846	8,846
Profit & total comprehensive income for the year	-	134	134
<b>At 30 June 2019</b>	-	8,980	8,980
(Loss) & total comprehensive income for the year	-	(367)	(367)
<b>At 30 June 2020</b>	-	8,613	8,613

# Aspers (Newcastle) Limited

## Statement of financial position at 30 June 2020

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible fixed assets	8	57	68
Tangible fixed assets	9	6,876	7,616
		<b>6,933</b>	<b>7,684</b>
<b>Current assets</b>			
Stocks	10	54	45
Debtors	11	13,094	13,996
Cash at bank and in hand		2,791	1,713
		<b>15,939</b>	<b>15,754</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(13,918)</b>	<b>(14,172)</b>
<b>Net current assets</b>		<b>2,021</b>	<b>1,582</b>
<b>Total assets less current liabilities</b>		<b>8,954</b>	<b>9,266</b>
Provision for liabilities and charges	13	(341)	(286)
<b>Net assets</b>		<b>8,613</b>	<b>8,980</b>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Profit and loss account		8,613	8,980
<b>Equity shareholders' funds</b>		<b>8,613</b>	<b>8,980</b>

The financial statements on pages 9 to 22 were approved by the Board on 29 July 2021 and signed on its behalf by:



D L Playford - Director

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020

### 1 Accounting policies

#### Statement of compliance

Aspers (Newcastle) Limited (the "company") is a company incorporated and registered in England and Wales. The registered address of the company is 1 Hans Street, London SW1X 0JD.

The company's intermediate parent undertaking, Aspers UK Holdings Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Aspers UK Holdings Limited are prepared in accordance with applicable UK accounting standards, are available to the public and may be obtained from Companies House.

The following are the principal accounting policies adopted by the company:

#### Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in thousands of Sterling (£000's).

The following disclosure exemptions available under FRS 102 have been applied to these financial statements:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to present a statement of cash flows and related notes. The company's intermediate parent company, Aspers UK Holdings Limited, has included the required consolidated cash flow statement within its consolidated financial statements.
- The requirement of Section 33 Related Party Disclosures paragraph 33.5 in respect of transactions with wholly owned subsidiaries within the Aspers UK Holdings Limited group.
- The requirement of Section 33 Key Management Personnel paragraph 33.7 in respect of transactions with wholly owned subsidiaries within the Aspers UK Holdings Limited group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to the period covered by these financial statements.

#### Going concern

The outbreak of Covid-19 and its continuing impact on the economy, and specifically the gaming sector, has impacted the ability of the Company to trade at historical levels. This has resulted in uncertainty as to the future financial performance and cash flows of the Company.

Given this uncertainty, the Company's immediate parent undertaking, Aspers UK Holdings Limited, has indicated it will provide financial support to the Company to enable it to meet its liabilities as they fall due for 12 months from the date of these financial statements. The Directors of the Company have assessed going concern for a period of 12 months from the date of the financial statements, to 31 July 2022. In doing so, the directors have made enquiries of the management of Aspers UK Holdings Limited as to their review of the latest cash flow forecasts and available financing of the Aspers UK Holdings Limited consolidated group ('Group').

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020

### 1 Accounting policies (continued)

#### Going concern (continued)

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The financial position of the company, its cash flows and borrowing facilities are described in these financial statements.

At 30 June 2020, the Company had net assets of £8.6m and net current assets of £2.0m, while the group had net current liabilities of £42.4m and net liabilities of £12.8m. In recent years the group has been profitable and cash generative, but the impact of COVID-19 towards the end of the year resulted in the group recording a loss. Significant losses will also be made in the year ending 30 June 2021.

The instructed closure of the casinos by the UK Government in response to the COVID-19 pandemic on 20 March 2020 (with subsequent short periods of reopening and then enforced closure) have provided uncertainty on the group's ability to operate at historical levels. It has been very uncertain how group profitability will evolve during the pandemic and recover in the future. This uncertainty has been mitigated by the UK Vaccination program supporting the UK government reopening plan, and the reopening of the casinos on 17 May 2021.

#### Cash flow forecasts

Following the COVID-19 pandemic, the group has continued to prepare cash flow forecasts, reflecting the group's directors' expectations following the reopening of the casinos on 17 May 2021. Uncertainty remains regarding the rules and the effects of social distancing on consumer confidence on trading levels after reopening. The group's directors are estimating volumes at 58% of historical levels initially, increasing gradually to 80% by September 2021. The cash flow forecasts then assume 80% for the remainder of the going concern assessment period, until 31 July 2022. These initial volumes levels reflect experiences from the partial openings of 2020 with curfew restrictions. It is expected that these levels will be exceeded following full restrictions lifting from 19 July 2021. Initial trading at the time of signing these accounts is ahead of these expectations.

These cash flow forecasts also include the effects of mitigating actions the group's directors have taken to preserve and reduce cash outflows post reopening, including the benefits from retail business rate scheme from the government - the removal of business rates until June 2021 and reduced, and revised business rates until March 2022, accessing the government's Coronavirus Job Retention Scheme until the reopening of the business, payment deferrals, and the benefits from the restructuring of the business and rent concessions agreed during 2020. All confirmed mitigations are in the reviewed cashflow forecasts, with revenue levels and reopening restrictions remaining the most uncertain, and outside of the group's directors' control. Based on cash on hand across the group at 30 June 2021 together with the bank loan extension obtained (described below), there is sufficient cash to pay the group's liabilities as they fall due for the going concern assessment period, 12 months from the date of the financial statements to 31 July 2022.

The previously significant uncertainties over these revenue estimates are now partially reduced due to a greater level of certainty on the ability to trade and remain open due to the vaccine program and government policy approach. The pandemic does continue to provide ongoing uncertainty over trading volumes, but the group's directors are more optimistic regarding future performance than they were during the second half of 2020. Another period of forced closure of any or all the casinos or further restrictions on capacity or opening hours, due to a resurgence of the COVID-19 pandemic in the UK would undoubtedly have further negative effects on cash flow and, depending on its severity, could result in a need for further financing or covenant waivers from lenders.

The group's directors continue to consider downside sensitivities to assess what further mitigating actions could be taken to maintain sufficient cash over at least the next 12 months. These include ongoing renegotiations of deferred payments and further funding from shareholders together with further restructuring options. The group's directors acknowledge that not all of these mitigating actions are within their control.

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020

### 1 Accounting policies (continued)

#### Going concern (continued)

##### *Available banking facilities and covenants*

The group has a bank loan facility with a syndicate of banks which, at 30 June 2020 amounted to £50.2m. At the date of approval of these financial statements, the outstanding amount on this loan had reduced to £47.1m following the scheduled repayment of £3.1m in September 2020.

Covenant tests in June and September would have been breached due to the pandemic, and waivers were received from the group's lenders.

The group agreed an extension of the 31 March 2021 maturity by 6 months with its lenders until 30 September 2021, with a possible further extension until 31 March 2022 at the lender's discretion. The covenants have been replaced with a minimum liquidity requirement of £5.0m from April to September 2021. The group's directors believe, based on cash flow forecasts and early trading post reopening, they will meet this minimum liquidity requirement.

At the date of approval of these financial statements, following the receipt of the six months extension described above, and given the historical profitability and cash generation of the group and the positive discussions to date with potential new lenders, the group's directors believe that financing will be agreed to allow the group to continue to operate for the going concern period through to 31 July 2022.

On this basis and considering the letter of support obtained from Aspers UK Holdings Limited, the directors continue to adopt the going concern basis of accounting in preparing these financial statements, recognising that

- (a) the possible need to secure further financing or covenant waivers should the group not achieve forecast operating cash flows over the going concern period, given the uncertainties over the COVID-19 pandemic, government restrictions, social distancing measures, potential further lockdowns and unpredictability of consumer behaviour due to COVID-19; and
- (b) extending or replacing the bank financing, currently due to mature in September 2021, and complying with any covenants attached to any new financing;

are material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements do not contain the adjustments that would result if the company were unable to continue as a going concern.

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020 (Continued)

### 1 Accounting policies (continued)

#### Significant accounting policies

##### a) Revenue recognition

Turnover represents gaming winnings (net of losses), catering receipts and related income, net of value added tax

Gaming win - Turnover includes the gaming win before deduction of gaming-related duties, but after deduction of the fair value of free bets and prizes, and is recognised when the outcome of the bet is determined.

Catering and other income is recognised at the point of sale as this is the point that the economic benefit is realised.

The accruals basis is applied where timing differences arise between the point of sale and the recognition of turnover.

##### b) Exceptional items

Exceptional items are those items the company considers to be nonrecurring or material in nature that may distort an understanding of financial performance or impair comparability.

##### c) Tangible fixed assets

Tangible fixed assets are included at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful economic life. The rates applied are as follows:

Leasehold improvements:	25 years
Fixtures, fittings and equipment:	4 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment in accordance with FRS 102, when events or changes in circumstances indicate the carrying value may not be recoverable.

# **Aspers (Newcastle) Limited**

## **Notes to the Financial Statements for the year ended 30 June 2020 (Continued)**

### **1 Accounting policies (continued)**

#### **d) Intangible fixed assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Licence costs : 20 years

The useful economic lives were determined based on the time period the company expects to receive the benefit of the asset.

The carrying values of intangible fixed assets are reviewed for impairment in accordance with FRS 102, when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **e) Impairment of assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

#### **f) Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating charges.

#### **g) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprises cash at bank and in hand and short term deposits held on call.

#### **h) Stocks**

Stocks, which are comprised of consumables, are valued at the lower of cost and estimated net realisable value.

#### **i) Pension contributions**

Pension contributions payable by the company under its defined contribution schemes are charged to the profit and loss account in the period in which they fall due for payment.



# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020 (Continued)

### 1 Accounting policies (continued)

#### j) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### k) Leased assets

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated within fixed assets at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. All other leases are classified as operating leases.

Operating lease payments: Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Finance lease payments: Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### l) Provisions and contingent liabilities

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. A contingent liability is not recognised as a liability but is disclosed in the notes to the financial statements unless the possibility of an outflow of resources is remote.

#### m) Interest

Interest payable is recognised in statement of comprehensive income as it accrues, using the effective interest method.

#### n) Government grants

A grant that becomes receivable for the purpose of giving immediate financial support with no future related costs is accounted for under the accrual model and is recognised in other operating income, in the same period in which the Group recognises the costs that they relate to.

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities and the amounts reported for revenues and expenses. Actual results may differ from those estimates.

The estimates and assumptions which have had the most significant effect on the amounts recognised in the financial statements are outlined below.

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020 (Continued)

### 1 Accounting policies (continued)

#### Lease categorisation

In order to categorise leases as finance or operating leases, judgements have been made as to whether the significant risks and rewards of ownership have been transferred to the company.

#### Impairment of fixed assets

Judgements are made as to the carrying value of fixed assets. Where there are indicators of impairment, the company performs an impairment assessment by considering key factors such as performance, the condition of the assets, discount rates and long-term growth rates.

#### Deferred tax assets

In order to determine whether to recognise a deferred tax asset, management estimation is required as to the timing and level of future taxable profits.

#### Taxation and gaming duties

Taxation (including gaming duties) is a complex area in the betting and gaming industry. The company establishes provisions based on reasonable estimates. The amount of such provisions is based on management estimation and professional advisers' interpretation of the relevant legislation.

### 2 Turnover

	2020 £'000	2019 £'000
Land-based revenues	6,519	10,675
	<hr/>	<hr/>
	6,519	10,675

All turnover is generated in the United Kingdom.

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020 (Continued)

### 3 Staff numbers and costs

The average number of full time equivalent persons employed by the company (including directors) during the period, analysed by category, was as follows:

	2020 Number of employees	2019 Number of employees
Total staff numbers	167	194

The aggregate payroll costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages and salaries	2,946	3,291
Social security costs	194	236
Payments to defined contribution pension plans	76	67
	3,216	3,594

### 4 Other operating income

	2020 £'000	2019 £'000
Coronavirus Job Retention scheme	689	-

The company has also benefited from cost savings during the year in relation to a business rates holiday on the main trading premises.

### 5 Operating loss

	2020 £'000	2019 £'000
The operating (loss) / profit is stated after charging:		
Amortisation of intangible fixed assets	11	11
Depreciation of tangible fixed assets – owned assets	811	620
Auditor's remuneration		
- audit of the company's financial statements	30	32
- corporation tax advice	13	7
Operating lease rentals		
- land and buildings	295	419
- other	300	358

### 6 Directors' emoluments

The directors of the company are also directors of Aspers UK Holdings Limited and other group companies. The directors received total remuneration for the year of £1,157,518 (2019 - £1,234,530) in respect of their services to the Aspers UK Holdings Limited group. The highest paid director received total remuneration of £958,189 (2019 - £1,017,189). Pension contributions in respect of the highest paid director were £nil (2019 - £nil). The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of Aspers UK Holdings Limited and other group companies.

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020 (Continued)

### 7 Tax on profit on ordinary activities

	2020 £'000	2019 £'000
Current taxation:		
UK corporation tax at 19% (2019 – 19%)		
- current year	-	36
- prior year	-	(52)
<b>Total current taxation</b>	<b>-</b>	<b>(16)</b>
Deferred taxation (note 12):		
- current	55	49
		(13)
<b>Total deferred taxation charge</b>	<b>55</b>	<b>36</b>
<b>Total tax charge</b>	<b>55</b>	<b>20</b>

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK 19% (2019 – 19%). The differences are reconciled below:

	2020 £'000	2019 £'000
<b>Tax reconciliation</b>		
(Loss) / Profit before taxation	(312)	154
(Loss) / Profit before taxation multiplied by standard rate of Corporation Tax at 19% (2019: 19%)	(59)	29
Non qualifying depreciation	60	49
Expenses not allowed for taxation	5	6
Rate Change	35	-
Group Relief	(4)	-
Other	18	-
Prior year adjustment	-	(64)
<b>Total taxation</b>	<b>55</b>	<b>20</b>

The Finance Act 2016, which was substantively enacted in 6 September 2016, reduced the main rate of tax from 19% to 17% from 1 April 2020, but this was cancelled in March 2020. The Company has recognised its deferred tax balances at the current 19% (2019: 17%) rate. Since the year end the 2021 Finance Bill will set the main rate of tax to 25% for Financial Year 2023 onwards.

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020 (Continued)

### 8 Intangible fixed assets

	costs £'000
<b>Cost</b>	
At 1 July 2019	220
Additions	-
<b>At 30 June 2020</b>	<b>220</b>
<b>Amortisation</b>	
At 1 July 2019	152
Charge for the year	11
<b>At 30 June 2020</b>	<b>163</b>
<b>Net book value</b>	
<b>At 30 June 2020</b>	<b>57</b>
At 30 June 2019	68

### 9 Tangible fixed assets

	Short leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
<b>Cost</b>			
At 1 July 2019	14,532	4,861	19,393
Additions	-	71	71
<b>At 30 June 2020</b>	<b>14,532</b>	<b>4,932</b>	<b>19,464</b>
<b>Depreciation</b>			
At 1 July 2019	7,500	4,277	11,777
Charge for the year	583	228	811
<b>At 30 June 2020</b>	<b>8,083</b>	<b>4,505</b>	<b>12,588</b>
<b>Net book value</b>			
<b>At 30 June 2020</b>	<b>6,449</b>	<b>427</b>	<b>6,876</b>
At 30 June 2019	7,032	584	7,616

Included in the above fixed assets is capitalised interest of £69,000 (2019 - £69,000).

# Aspers (Newcastle) Limited

## Notes to the Financial Statements for the year ended 30 June 2020 (Continued)

### 10 Stocks

	2020 £'000	2019 £'000
Consumables	54	45

### 11 Debtors

	2020 £'000	2019 £'000
Trade Debtors	13	0
Sundry debtors	6	30
Amounts due from group undertakings	13,033	13,554
Prepayments and accrued income	42	412
	<b>13,094</b>	<b>13,996</b>

### 12 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	238	66
Other creditors	634	330
Other taxation and social security	197	162
Amounts due to other group undertakings	12,116	12,088
Gaming duties	585	353
Corporation tax	-	470
Accruals and deferred income	148	703
	<b>13,918</b>	<b>14,172</b>

### 13 Provisions for liabilities and charges

	2020 £'000	2019 £'000
<b>Deferred taxation</b>		
At 1 July	286	250
Statement of comprehensive income	55	36
At 30 June	<b>341</b>	<b>286</b>

## Aspers (Newcastle) Limited

### Notes to the Financial Statements for the year ended 30 June 2020 (Continued)

#### 14 Obligations under operating leases

The minimum lease payment in relation to operating lease liabilities are payable as follows:

	Land & buildings 2020 £'000	Land & buildings 2019 £'000	Other 2020 £'000	Other 2019 £'000
Within one year	300	150	281	304
In two to five years	1,247	1,200	470	540
In over five years	2,731	2,775	-	-
	<b>4,278</b>	<b>4,125</b>	<b>751</b>	<b>844</b>

#### 15 Share capital

	2020 £'000	2019 £'000
Authorised equity share capital: 1,000 £1 ordinary shares	1	1
Allotted, called up and fully paid equity share capital: 1 £1 ordinary share	-	-

#### 16 Related party transaction

During the year the company made sales of goods and services with Aspers (Northampton) Limited, a 50% owned subsidiary within the Aspers UK Holdings Limited group of £7,131 (2019 - £17,457) and had purchases of goods and services of £3,444 (2019 - £48,740). At 30 June 2020 the company owed the group £nil (2019 - £588).

#### 17 Immediate and ultimate parent undertaking

The immediate parent undertaking of the company was Aspers H Limited, a company registered in England and Wales.

At 30 June 2020, the company's ultimate parent undertaking was Aspers Holdings (Jersey) Limited ("AHJL"), a company registered in Jersey. On the 24 February 2021, Aspers Holdings (Jersey) Limited was redomiciled to Gibraltar and renamed Aspers Holdings (Gibraltar) Limited (AHGL). The shareholding of AHGL remains such that there is no controlling party of AHGL.