Aspers (Northampton) Limited
(Registered Number: 04691682)

Annual Report and Financial Statements

For the year ended 30 June 2022

Aspers (Northampton) Limited

Strategic Report for the year ended 30 June 2022

The directors have pleasure in submitting the Strategic Report, their Directors' Report and the audited financial statements of Aspers (Northampton) Limited (the "Company") for the year to 30 June 2022.

Principal activity and review of the business

The Company is a subsidiary of the Aspers UK Holdings Limited Group of companies (the "Group"), which is domiciled in Great Britain.

The principal activity of the Company is the business of managing a licensed gaming establishment in Northampton. The loss after taxation for the year was £2,718,000 (2021: loss £988,000) and has been transferred to reserves.

Group trading performance in the year returned to 67% of pre-pandemic levels, underpinned by the performance of its core customer Group. The slow return of the leisure player due to an underlying change in customer behaviours and working patterns has restricted financial performance. A Vegas style marketing promotion saw both attendances and revenues peak in October, however momentum was dented by the onset of COVID-19 Omicron, with the return to facemasks and social distancing adversely impacting the anticipated busy Christmas period. Subsequent macro-economic factors including higher energy costs as a result of the war in Ukraine and cost of living crisis have further impacted trading performance, resulting in lower than expected attendance and customer spend levels.

The Company has worked diligently to manage its cost base at a level consistent with post pandemic trading. Key initiatives have centred around rebasing casino labour levels and implementing additional controls on discretionary spend.

The Company continues to adapt as it and the industry adjust to enhanced anti money laundering and know your customer (KYC) processes, together with strengthening its approach to Responsible Gambling. Revenues increased year on year by 405% and EBITDA before exceptional items increased by 157% to £459,000 (2021: loss of £802,000).

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

	2022 £'000	2021 £'000	% Change
Revenue (see Note 2)	4,763	943	405%
EBITDA	459	(802)	157%
Average Daily Casino Attendances	194	148	31%
Casino Spend per Head while open	£67.42	£69.18	-3%

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 COVID-19 pandemic led to significant restrictions on the Company's ability to operate, with measures implemented to mitigate the risk of infection through social distancing. As any future situation evolves, the Directors will continually review the Group's activities, cash position and contingency plans.

(b) Inflation – during the year, significant energy and wage inflation costs will impact cash flows and profitability of the Group. The Directors will mitigate these where possible.

(c) Taxation and regulatory risk – the Group (and the industry) is subject to changes in social attitudes towards gaming and this can lead to changes in government regulation. Changes may arise in the Gambling Act following proposals published in the Government's white paper in April 2023. The Group attempts to mitigate this risk by being 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 can become aware of proposed legislative changes at an early stage and can seek to minimise any adverse effect on the Group by acting on a concerted industry-wide basis.

(d) Loss of licences – the Group's gaming licences are fundamental to the Group and so the loss of a licence would have a material adverse effect on the business. Therefore, the Group has a dedicated compliance department independent of operations, which ensures that the Group complies with gaming regulations and industry best practice.

(e) Employee risk – the ability of the Group 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. The Group manage this risk by providing training schools that generate a good supply of staff to its casinos and engenders goodwill in the localities in which it operates.

(f) Interest rates – the Group uses interest rate swaps, and caps, from time to time, to adjust interest rate exposures to guarantee fixed interest payments or limit interest rate exposure on its bank loans.

(g) Liquidity risk – as with all businesses there is a risk that there will be insufficient cash for the Group to meet its liabilities as they fall due and a risk that the Group may breach its banking covenants. The Group manages these risks through cash flow forecasting, maintenance of adequate cash reserves and regular dialogue with the Group's lenders.

Going concern

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 signing date of these financial statements. The Directors of the Company have assessed going concern for a period of 12 months from the signing date of the financial statements to 2 October 2024. 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').

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 2022, the Company had net liabilities of £0.5m and net current liabilities of £1.3m, while the Group had net current liabilities of £7.7m and net liabilities of £25.0m

Aspers UK Holdings Limited consolidated Group ('Group') disclosed the following:

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

At 30 June 2022, the Group had net current liabilities of £7.7m and net liabilities of £25.0m. The Group was profitable and cash generative, recording a profit before tax of £2.6m and cash inflows from operations of £4.7m in FY22. However, the culmination of Covid related repayment plans, inflated energy costs and an increase in interest rates resulted in the Group posting a loss before tax in FY23. Whilst revenues have dropped, attendance levels encouragingly show an upward trend indicating the leisure player is returning to the business.

Available banking facilities and covenants

In December 2021 the Group refinanced its debt and agreed a six year £40m term loan and £7m revolving credit facility. On 30 June 2022 the total borrowings under these facilities amounted to £41.4m. At the date of approval of these financial statements, the outstanding amount on the long-term loan was £40m and the £7m revolving credit facility was fully drawn. In September 2023, the Group obtained a further £5m facility from its shareholders to provide additional liquidity. This was fully drawn at the date of approval of these financial statements. These facilities are committed through the going concern period to 2 October 2024, subject to the change of control clauses described below.

A key requirement of the banking facilities is for the Group to comply with pre-agreed covenant tests covering liquidity, leverage and cashflow. These covenants were first breached in September 2022, resulting in an initial reset and subsequent deferral during the second half of FY23. Revised covenants have now been agreed to 30 September 2024, including minimum liquidity and minimum EBITDA covenants, which the Company is forecast to meet.

Cash flow forecasts

Following the COVID-19 pandemic, the Group has continued to prepare cash flow forecasts, reflecting the directors' expectations for the going concern period through to 2 October 2024. Revenue is forecast to grow by 18.8% from FY23 to FY24, driven by a series of specific revenue-generating initiatives overlaying FY23 trading levels. These initiatives include; recruitment of additional table and poker staff to satisfy proven levels of demand, moving Stratford's opening hours to 24/7, renewing Electronic Roulette machines, rolling out shuffleboard and employing additional food and beverage staff. These cash flows show that the Group can meet its obligations as they fall due with the additional liquidity. The Group is required to meet a minimum liquidity covenant during the going concern period, set at a level not expected to impact cash flow. However, it is recognised that the economic and trading environments remain particularly volatile, and it is possible that the revenue-generating initiatives that underpin the cash flow forecast may not be achieved.

Going concern (continued)

Consequently, the directors have also prepared a severe but plausible downside scenario that assumes that revenue does not achieve planned growth levels. In this scenario, the Group would consider additional mitigating actions in order to preserve liquidity headroom, including seeking additional financing from the Group's shareholders and approaching HMRC to agree a deferral of its gaming tax payments under the established 'Time to Pay' programme.

If this severe but plausible downside scenario were to materialise and the Group had not agreed additional financing or a deferral of gaming tax payments, the Group would breach its liquidity requirements and covenants in 2024. Further, if the economic and trading downside risks resulted in cash flows worse than the severe downside scenario modelled, the financing need would come earlier in the going concern period.

The directors are confident of the Group's ability to secure such financing or deferral within the timeframe necessary to ensure continued liquidity throughout the going concern period. However, this facility and an agreement to defer gaming tax payments are not in place as at the date of approval of these financial statements and as such, the ability to achieve forecast cash flows and maintain liquidity represents a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Change of control

As a Group partly owned by private equity, the Directors remain mindful that there is the potential for a future exit, in part or in full, of the existing shareholders during the going concern period. At the current stage no commitment, plans or requirement for the shareholders to sell exists. If a sale was to take place, this would represent a change of control as defined in the loan agreement with the lenders, automatically triggering the right for the lenders to request the early payment of the existing facilities. However, the Directors' expectation is that, should a change of control occur, any prospective new shareholder would provide alternative financing to settle the Group's existing debt, as the Directors consider the Group to be a successful and viable business.

On this basis, the directors continue to adopt the going concern basis of accounting in preparing these financial statements, whilst recognising the possible need to secure further financing or agree a deferral of gaming tax payments should the Group not achieve its forecast operating cash flows over the going concern period, given the uncertain macroeconomic environment.

This represents a material uncertainty that casts significant doubt upon the Group's and Company's ability to continue as a going concern. These financial statements do not contain any adjustments that would result if the Company and Group were unable to continue as a going concern.

By Order of the Board

R Noble
Director
2 October 2023

Aspers (Northampton) Limited

Directors' Report for the year ended 30 June 2022

Directors and Company information

Directors:	R Noble – appointed 25 November 2022 N Paramore – appointed 25 November 2022 / resigned 2 June 2023 D L Playford – resigned 31 December 2022 J D A Aspinall – resigned 14 July 2023
Registered office:	c/o WB Company Services Limited, 4th Floor, 1 Devonshire Street, London W1W 5DR
Company number:	04691682

Dividends

No interim dividend has been paid and no final dividend is proposed (2021: £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.

Aspers (Northampton) Limited

Directors' Report for the year ended 30 June 2022 (continued)

Political and charitable contributions
The Company made no political or charitable donations during the period (2021: £nil).

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

R Noble
Director
2 October 2023

Independent auditor's report to the members of Aspers (Northampton) Limited

Opinion

We have audited the financial statements of Aspers (Northampton) Limited for the year ended 30 June 2022 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position and the related notes 1 to 18, 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 2022 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. 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 the uncertainties about the wider Aspers group's future trading arising from the current macroeconomic conditions, resulting in the possible need to secure further financing and defer gaming tax payments should the group not achieve forecast cash flows over the going concern period.

As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

Independent auditor's report to the members of Aspers (Northampton) Limited

(continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 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.

Independent auditor's report to the members of Aspers (Northampton) Limited
(continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations. In addition, the Company has to comply with laws and regulations relating to its operations, including UK gambling laws and regulations, health and safety, employees, data protection and anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities, including the Gambling Commission.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to source documentation, ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included testing journals identified by specific risk criteria.

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.

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.

DocuSigned by:

Ernst + Young LLP

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Jon Killingley (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 October 2023

Aspers (Northampton) Limited

Statement of comprehensive income for the year ended 30 June 2022

	Note	2022 £'000	2021 £'000
Turnover	2	4,763	943
Staff costs	3	(1,853)	(1,510)
Depreciation of tangible fixed assets	11	(267)	(278)
Amortisation of intangible fixed assets	10	(40)	(40)
Gaming duties		(722)	(148)
Other operating income	4	4	754
Other operating charges		(1,733)	(841)
Operating profit / (loss)	5	152	(1,120)
Exceptional items	7	(2,287)	-
Interest payable and similar charges	8	(108)	(69)
Loss on ordinary activities before taxation		(2,243)	(1,189)
Tax on loss on ordinary activities	9	(475)	201
Loss on ordinary activities after taxation		(2,718)	(988)
Loss after tax and total comprehensive expense for the year		(2,718)	(988)

All results relate to continuing operations.

Statement of changes in equity for the year ended 30 June 2022

	Share capital £'000	Share Premium £'000	Capital Contribution £'000	Profit and loss account £'000	Total shareholders' equity £'000
At 1 July 2020	2,000	2,000	1,336	(2,142)	3,194
Loss and total comprehensive expense for the year	-	-	-	(988)	(988)
At 30 June 2021	2,000	2,000	1,336	(3,130)	2,206
Loss and total comprehensive expense for the year	-	-	-	(2,718)	(2,718)
At 30 June 2022	2,000	2,000	1,336	(5,848)	(512)

Aspers (Northampton) Limited

Statement of financial position at 30 June 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible fixed assets	*10*	71	310
Tangible fixed assets	*11*	671	2,746
		742	3,056
Current assets			
Stocks	*12*	36	32
Debtors	*13*	902	782
Cash at bank and in hand		472	1,313
		1,410	2,127
Creditors: amounts falling due within one year	*14*	(2,664)	(2,977)
Net current liabilities		(1,254)	(850)
Total assets less current liabilities		(512)	2,206
Net (liabilities) / assets		(512)	2,206
Capital and reserves			
Called up share capital	*16*	2,000	2,000
Share premium		2,000	2,000
Capital contribution		1,336	1,336
Profit and loss account		(5,848)	(3,130)
Equity shareholders' (deficit) / funds		(512)	2,206

Approved by the Board on 2 October 2023 and signed on its behalf by:

R Noble
Director

The notes on pages 12 to 22 form part of these financial statements.

Aspers (Northampton) Limited

Notes to the Financial Statements for the year ended 30 June 2022

1 Accounting policies

Statement of compliance

Aspers (Northampton) Limited (the "Company") is a Company incorporated and domiciled in the UK. The registered address of the Company is c/o WB Company Services Limited, 4th Floor, 1 Devonshire Street, London W1W 5DR.

The Company's immediate 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 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 signing date of these financial statements. The Directors of the Company have assessed going concern for a period of 12 months from the signing date of the financial statements to 2 October 2024. 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.

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At 30 June 2022, the Company had net liabilities of £0.5m and net current liabilities of £1.3m, while the Group had net current liabilities of £7.7m and net liabilities of £25.0m.

1 Accounting policies

Going concern (continued)

Aspers UK Holdings Limited consolidated Group disclosed the following:

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

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Available banking facilities and covenants

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A key requirement of the banking facilities is for the Group to comply with pre-agreed covenant tests covering liquidity, leverage and cashflow. These covenants were first breached in September 2022, resulting in an initial reset and subsequent deferral during the second half of FY23. Revised covenants have now been agreed to 30 September 2024, including minimum liquidity and minimum EBITDA covenants, which the Company is forecast to meet.

Cash flow forecasts

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Consequently, the directors have also prepared a severe but plausible downside scenario that assumes that revenue does not achieve planned growth levels. In this scenario, the Group would consider additional mitigating actions in order to preserve liquidity headroom, including seeking additional financing from the Group's shareholders and approaching HMRC to agree a deferral of its gaming tax payments under the established 'Time to Pay' programme.

If this severe but plausible downside scenario were to materialise and the Group had not agreed additional financing or a deferral of gaming tax payments, the Group would breach its liquidity requirements and covenants in 2024. Further, if the economic and trading downside risks resulted in cash flows worse than the severe downside scenario modelled, the financing need would come earlier in the going concern period.

1 Accounting policies (continued)

Going concern (continued)

The directors are confident of the Group's ability to secure such financing or deferral within the timeframe necessary to ensure continued liquidity throughout the going concern period. However, this facility and an agreement to defer gaming tax payments are not in place as at the date of approval of these financial statements and as such, the ability to achieve forecast cash flows and maintain liquidity represents a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Change of control

As a Group partly owned by private equity, the Directors remain mindful that there is the potential for a future exit, in part or in full, of the existing shareholders during the going concern period. At the current stage no commitment, plans or requirement for the shareholders to sell exists. If a sale was to take place, this would represent a change of control as defined in the loan agreement with the lenders, automatically triggering the right for the lenders to request the early payment of the existing facilities. However, the Directors' expectation is that, should a change of control occur, any prospective new shareholder would provide alternative financing to settle the Group's existing debt, as the Directors consider the Group to be a successful and viable business.

On this basis, the directors continue to adopt the going concern basis of accounting in preparing these financial statements, whilst recognising the possible need to secure further financing or agree a deferral of gaming tax payments should the Group not achieve its forecast operating cash flows over the going concern period, given the uncertain macroeconomic environment.

This represents a material uncertainty that casts significant doubt upon the Group's and Company's ability to continue as a going concern. These financial statements do not contain any adjustments that would result if the Company and Group were unable to continue as a going concern.

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
Freehold land is not depreciated	

1 Accounting policies (continued)

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.

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 statement of comprehensive income in the period in which they fall due for payment.

Aspers (Northampton) Limited

Notes to the Financial Statements for the year ended 30 June 2022 (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 profit or loss as it accrues, using the effective interest method.

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.

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.

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.

1 Accounting policies (continued)

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 & 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

	2022 £'000	2021 £'000
Land-based revenues	4,763	943

All turnover is generated in the United Kingdom.

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:

	2022 Number of employees	2021 Number of employees
Total staff numbers	61	61

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	1,705	1,404
Social security costs	113	80
Payments to defined contribution pension plans	35	26
	1,853	1,510

4 Other operating income

	2022 £'000	2021 £'000
Coronavirus Job Retention Scheme	4	754

5 Operating profit

	2022 £'000	2021 £'000
The operating profit / (loss) is stated after charging:		
Amortisation of intangible fixed assets	40	40
Depreciation of tangible fixed assets – owned assets	267	279
Auditor's remuneration		
- audit of the company's financial statements	35	41
- corporation tax	14	14
Operating lease rentals		
- land and buildings	101	161
- other	270	159

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 £1,470,258 (2021: £1,110,820) in respect of their services to the Group. The highest paid director received total remuneration of £1,227,413 (2021: £911,189). Pension contributions in respect of the highest paid director were £nil (2021: £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.

7 Exceptional Items

	2022 £'000	2021 £'000
Historical VAT claim credit	(443)	-
Impairment of assets	2,056	-
Provision for impairment on amounts due from group undertakings	674	-
Charge to exceptional items	2,287	-

Historic VAT claims reflects the net amount received following conclusion on an industry wide issue that led to historical VAT claim.

An impairment loss was recognised during the current period against the intangible and tangible fixed assets within the Northampton casino cash generating unit. See note 10 for further information.

A provision for impairment of debtors due from Group undertakings has been recorded in the current period. See note 13.

8 Interest payable and similar charges

	2022 £'000	2021 £'000
Intercompany interest	106	69
Other interest	2	-
	108	69

9 Tax on loss on ordinary activities

	2022 £'000	2021 £'000
Current taxation:		
UK corporation tax at 19% (2021: 19%)		
- current year	-	-
- prior year	-	-
Total current taxation	-	-
Deferred taxation (note 13):		
- current year	475	(201)
Total deferred taxation charge / (credit)	475	(201)
Total tax charge / (credit)	475	(201)

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are reconciled below:

Tax reconciliation	2022 £'000	2021 £'000
Loss before taxation	(2,243)	(1,189)
Loss before taxation multiplied by standard rate of Corporation Tax at 19% (2021: 19%)	(426)	(226)
Non deductible expenses	130	-
Non qualifying depreciation	22	-
Fixed asset impairment	391	-
Other	(23)	(11)
Bought forward losses utilised	(77)	-
Write off deferred tax asset	458	-
Rate change	-	36
Total taxation charge / (credit)	475	(201)

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, effective from 1 April 2023. These changes were enacted through Finance Act 2021 on 10 June 2021 and by the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end.

10 Intangible fixed assets

	Licence costs £'000
Cost	
At 1 July 2021 & 30 June 2022	863
Amortisation and impairment	
At 1 July 2021	553
Charge for the year	40
Impairment	199
At 30 June 2022	**792**
Net book value	
At 30 June 2022	**71**
At 30 June 2021	310

The directors have performed an annual impairment test to assess the recoverability of assets within the identified Northampton casino cash generating unit (CGU). Revenue at Northampton has been in decline since the outbreak of COVID-19 and the directors' expectations are that it is likely that revenue will not return to pre COVID-19 levels. As a result, the directors have assessed that the estimated recoverable amount within the Northampton casino CGU no longer supports the carrying amount of assets within that CGU and subsequently the Group has recorded an impairment charge against intangible fixed assets for an amount of £199,000 (2021: £nil). The impairment is charged to exceptional items (note 7).

11 Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost			
At 1 July 2021	5,481	2,341	7,822
Additions	-	50	50
At 30 June 2022	**5,481**	**2,391**	**7,872**
Depreciation and impairment			
At 1 July 2021	2,841	2,235	5,076
Charge for the year	221	46	267
Impairment	1,777	81	1,858
At 30 June 2022	**4,839**	**2,362**	**7,201**
Net book value			
At 30 June 2022	**642**	**29**	**671**
At 30 June 2021	2,640	106	2,746

Included in the above fixed assets is capitalised interest of £41,000 (2021: £45,000).

An impairment loss was recognised for tangible fixed assets of Aspers (Northampton) Limited for £1,858,000 (2021: £nil). The basis for the impairment is explained in note 10.

12 Stocks

	2022 £'000	2021 £'000
Consumables	36	32

13 Debtors

	2022 £'000	2021 £'000
Trade debtors	-	1
Sundry debtors	-	250
Deferred tax asset	-	475
Amounts due from group undertakings	1,440	23
Provision for impairment on amounts due from group undertakings	(674)	-
Prepayments and accrued income	136	33
	902	782

The Company has an unrecognised deferred tax asset of £458,000 (2021: £43,000) in respect of losses, which will be recognised when there is sufficient certainty it can be relieved against future taxable profits. Deferred tax assets are recognised where there are deferred tax liabilities within the Group to offset them.

The directors have assessed the recoverability of debtors due from Group undertakings during the period. As a result of this assessment, a number of debtors due from these undertakings were considered to be impaired, and as such, a provision for impairment of £674,000 (2021: £nil) has been recorded. The impairment has been charged to exceptional items (see note 7).

14 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	81	135
Other creditors	204	254
Other taxation and social security	46	104
Amounts due to group undertakings	1,597	1,831
Gaming duties	565	487
Accruals and deferred income	171	166
	2,664	2,977

Amounts due to other Group undertakings includes loans of £1,395,536 (2021: £1,395,536) that attract interest at rates between 3.5% - 5% above LIBOR and are repayable on demand.

15 Obligations under operating leases

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

	Land & buildings 2022 £'000	Land & buildings 2021 £'000	Other 2022 £'000	Other 2021 £'000
Within one year	**150**	-	**100**	132
In two to five years	**600**	567	**505**	738
In over five years	**861**	942	**121**	-
	1,611	1,509	**726**	870

The land and buildings lease expires March 2033.

16 Share capital

	2022 £'000	2021 £'000
Authorised equity share capital:		
1,000,001 'A' ordinary shares of £1	**1,000**	1,000
1,000,000 'B' ordinary shares of £1	**1,000**	1,000
	2,000	2,000
Allotted, called up and fully paid equity share capital:		
1,000,001 'A' ordinary shares of £1	**1,000**	1,000
999,999 'B' ordinary shares of £1	**1,000**	1,000
	2,000	2,000

17 Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company was Aspers UK Holdings Limited, a Company registered in England and Wales.

The Company's ultimate parent undertaking is Aspers Holdings (Gibraltar) Limited ("AHGL"), a Company registered in Gibraltar. The shareholding of AHGL is such that there is no controlling party of AHGL.

18 Related party transactions

The Company has taken advantage of the provisions in Section 33, FRS 102, which exempt subsidiary undertakings, 100% of whose voting rights are controlled within the Group, from disclosing transactions with other entities within the Group.

During the year the Company made purchases of services on commercial terms for £2,235 (2021: £nil) from Howletts & Port Lympne. Port Lympne is part of the Aspinall Foundation, a registered charity, and JDA Aspinall is a trustee and Chairman of the Aspinall Foundation. JDA Aspinall is also a trustee of The Howletts Wild Animal Trust.