Aspers Finance Limited
(Registered Number: 05261534)

Annual Report and Financial Statements

For the year ended 30 June 2022

Aspers Finance Limited

Strategic Report for the year ended 30 June 2022

The directors have pleasure in submitting their Strategic Report, Directors' Report and the audited financial statements of Aspers Finance Limited (the "Company") for the year ended 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 that of a financing Company, raising finance on behalf of Aspers UK Holdings Limited (the Company's intermediate parent undertaking) and subsidiaries (the "Group").

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. Group results subsequently plateaued during the second half of the year, resulting in a FY22 Group revenue result of £63.7m (2021: £13.4m).

The Group 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. As a consequence of this activity the Group delivered a FY22 EBITDA of £8.2m (2021: loss of £9.0m).

Results

The Company made a loss after taxation of £15,443,000 (2021: profit £822,000), which will be transferred to reserves.

Principal risks and uncertainties

The management of the Group's activities are subject to several risks and uncertainties, the principal risks and how the Group mitigates these risks, are shown below:

(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.

Principle Risks and Uncertainties (continued)

(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. Aspers 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 intermediate 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 signing 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.

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 £11.5m and net current assets of £29.5m, while the Group had net current liabilities of £7.7m and net liabilities of £25.0m.

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.

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.

Going concern (continued)

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.

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.

Going concern (continued)

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 A Noble
Director
2 October 2023

Aspers Finance 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:	05261534

Dividends

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

Future developments

The Company will continue to arrange finance on behalf of the Group.

Financial instruments

The Company has historically sought to minimise the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets, and at the date of signing the accounts is evaluating options to cap interest rates on its new loan facilities.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including 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 Finance Limited

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

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 A Noble
Director
2 October 2023

Independent auditor's report to the members of Aspers Finance Limited

Opinion

We have audited the financial statements of Aspers Finance 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 13, 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 Finance 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 Finance 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 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. We incorporated data analytics into our testing of manual journals, including segregation of duties. 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 Finance Limited

Statement of comprehensive income for the year ended 30 June 2022

	Note	2022 £'000	2021 £'000
Other Income		-	6
Other operating charges		(65)	(41)
Operating loss	5	(65)	(35)
Exceptional items	3	(16,132)	-
Interest receivable and similar income		4,771	3,119
Interest payable and similar charges	4	(3,578)	(2,701)
(Loss) / profit on ordinary activities before taxation		(15,004)	383
Tax on (loss) / profit on ordinary activities	6	(439)	439
(Loss) / profit after tax and total comprehensive (expense) / income for the financial year		(15,443)	822

All results relate to continuing operations.

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

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 July 2020	8,348	(5,217)	3,131
Total comprehensive income for the year	-	822	822
At 30 June 2021	8,348	(4,395)	3,953
Loss and total comprehensive expense for the year	-	(15,443)	(15,443)
At 30 June 2022	8,348	(19,838)	(11,490)

Aspers Finance Limited

Statement of financial position at 30 June 2022

	Note	2022 £'000	2021 £'000
Current assets			
Debtors	7	60,300	77,899
Cash at bank		39	105
		60,339	78,004
Creditors: amounts falling due within one year	8	(30,839)	(74,051)
Net current assets		29,500	3,953
Total assets less current liabilities		29,500	3,953
Creditors: amounts falling due after more than one year	9	(40,990)	-
Net (liabilities) / assets		(11,490)	3,953
Capital and reserves			
Called up share capital	11	8,348	8,348
Profit and loss account		(19,838)	(4,395)
Equity shareholders' (deficit) / funds		(11,490)	3,953

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

R A Noble
Director

The notes on pages 12 to 19 form part of these financial statements.

1. Accounting policies

Statement of compliance

Aspers Finance Limited (the "Company") is a private 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 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.

Going concern

The Company's intermediate 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 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.

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 £11.5m and net current assets of £29.5m, while the Group had net current liabilities of £7.7m and net liabilities of £25.0m.

1. Accounting policies (continued)

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.

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.

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.

1. Accounting policies (continued)

Going concern (continued)

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.

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

a) Impairment of assets

At each reporting date 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 carrying 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.

1. Accounting policies (continued)

b) 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.

c) 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 at call.

d) 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.

e) Interest

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

f) Financial liabilities

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the statement of comprehensive income.

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.

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.

1. Accounting policies (continued)

Loan impairment

Judgement is used whether there has been an impairment since the initial loans to fellow subsidiaries has been made. Judgement is also used to assess the estimated recoverable amount of the loans.

2. Directors' emoluments

Other than the directors, the Company had no employees. 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 £1,482,635 (2021: £1,110,820) in respect of their services to the Group, all of which was paid by other Companies within 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.

3. Exceptional items

	2022 £'000	2021 £'000
Provision for impairment on amounts due from group undertakings	16,132	-
	16,132	-

A provision for impairment of debtors due from Group undertakings has been recorded in the current period. See note 7.

4. Interest payable and similar charges

	2022 £'000	2021 £'000
Bank interest	3,098	1,948
Loan issue cost amortisation	480	753
	3,578	2,701

5. Operating loss

	2022 £'000	2021 £'000
The operating loss is stated after charging:		
Auditor's remuneration	8	13

6. Tax on profit on ordinary activities

	2022 £'000	2021 £'000
Current taxation:		
UK corporation tax at 19% (2021 – 19%)		
- current year	-	-
Total current taxation	-	-
Deferred taxation (see note 7):		
- current year	439	(439)
Total deferred taxation charge / (credit)	439	(439)
Total tax charge / (credit)	439	(439)

The tax assessed on the profit 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:

	2022 £'000	2021 £'000
Tax reconciliation		
(Loss) / profit before taxation	(15,004)	383
Profit before taxation multiplied by standard rate of Corporation Tax at 19% (2021: 19%)	(2,851)	73
Effect of the change in tax rate	-	(74)
Expenses not allowed for taxation	3,065	132
Adjustment in respect of prior periods	-	(365)
Losses utilised	439	-
Group relief	(214)	(205)
Total taxation	439	(439)

7. Debtors

Amounts falling due within one year:	2022 £'000	2021 £'000
Amounts due from group undertakings	76,432	77,460
Provision for impairment on amounts due from group undertakings	(16,132)	-
Deferred tax asset	-	439
	60,300	77,899

The amounts due from Group undertakings are unsecured and are repayable on demand.

Interest has been charged on loans to Group undertakings at a rate of 4.25% plus LIBOR.

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 £16,132,000 (2021: £nil) has been recorded. The impairment has been charged to exceptional items (see note 3).

The Company has an unrecognised deferred tax asset of £1,655,000 (2021: £1,330,000) 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.

8. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank loan (see note 10)	-	47,245
Amounts due to group undertakings	30,816	26,711
Accruals	23	95
	30,839	74,051

Amounts due to other Group undertakings includes loans of £15,597,799 (2021: £15,597,799) that attract interest at rates between 3.5% - 5% above LIBOR and are repayable on demand.

9. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Bank loans (see note 10)	40,990	-

Aspers Finance Limited

Notes to the Financial Statements for the year ended 30 June 2022 (continued)

10. Loans

Loans repayable, included within creditors, are analysed as follows:

	2022 £'000	2021 £'000
Loan repayable	43,100	47,362
Less: unamortised issue costs	(2,110)	(118)
	40,990	47,245

The bank loan is secured by a fixed and floating charge over the assets of the Group. The loan attracts interest with margin added to SONIA, based upon a sliding scale dependent on leverage ratios. The loan is repayable by quarterly instalments of 1% beginning on 30 September 2025 with the remainder of the loan maturing in December 2027. The facilities are subject to debt covenant requirements and a key requirement of the banking facilities is for the Group to comply with pre-agreed covenant tests. These covenants were first breached in September 2022. This is described in more detail in the going concern section of note 1.

11. Share capital

	2022 £'000	2021 £'000
Authorised equity share capital: 10,000,000 £1 ordinary shares	10,000	10,000
Allotted, called up and fully paid equity share capital:		
8,348,170 ordinary £1 shares issued	8,348	8,348

12. Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is Aspers Group 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.

13. Post balance sheet events

On 5 September 2023 the Group entered into a loan agreement of £5m with Crown Entertainment Group Holding ty Ltd and Investec Bank PLC. This was drawn down on 7 September 2023. The loan bears capitalised interest at 20% per annum, and is due for repayment on 9 June 2028.

On 5 September 2023 the Group agreed an amendment to the Senior Facilities Agreement dated 9 December 2021 with its lenders PGIM Inc and Barclays Bank plc. This agreement waived existing covenants until 30 September 2025, but introduced a minimum liquidity covenant commencing September 2023 and a minimum EBITDA covenant commencing quarter expiring 30 September 2024. This is described in more detail in the going concern section of note 1.