

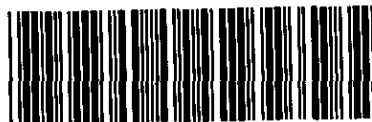
Aspers (Stratford City) Limited

(Registered Number: 07246090)

Annual Report and Financial Statements

For the year ended 30 June 2023

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Aspers (Stratford City) Limited

Strategic Report for the year ended 30 June 2023

The directors have pleasure in submitting the Strategic Report, their Directors' Report and the financial statements of Aspers (Stratford City) Limited ("the Company") for the year to 30 June 2023.

Principal activity and review of the business

The Company is a subsidiary of Aspers UK Holdings Limited, a Company incorporated in Great Britain.

The principal activity of the Company is the business of managing licensed gaming establishments. The profit after taxation for the year was £78,000 (2022: £1,911,000) and has been transferred to reserves.

Group trading revenues in the year reduced by 6% compared to FY22 levels, due to a reduction in customer spend levels resulting from the cost-of-living crisis. High inflation coupled with the energy crisis as a result of the war in the Ukraine led to consumers holding back on discretionary spend activities including gambling and eating out. This led to a 15% reduction in spend levels per head. Challenges with staff recruitment further contributed to the declining revenue position with reduced numbers of gaming and food and beverage (F&B) staff resulting in fewer open tables and a less efficient F&B offering. FY22 Revenue also benefitted from a one-time boost post reopening after COVID-19.

On a positive note, attendance figures grew by 11% against prior year, reflecting the delayed return of the leisure player to the business. Attendance was boosted by enhancing the appeal of the casino estate, including the opening of a licensed betting office at Stratford and the successful rollout of Aspers live and delivering live music from local talent. Successful marketing campaigns delivered in the year included Superdraw and Millionaire Maker, promotions aimed at driving up visitation figures by giving customers the opportunity of winning cash prizes. Millionaire Maker enhanced the customer experience further, by providing one lucky customer with the opportunity of winning a life-changing £1 million on a single game of roulette.

Group costs in FY23 were significantly impacted by macro-economic factors including £1.2m of higher energy costs and £0.5m of inflationary related cost increases. The removal of the COVID-19 relief scheme for business rates resulted in £0.6m of additional costs compared to FY22. As a consequence of each of these factors the Group delivered an FY23 EBITDA (before exceptional items) of £2.2m, compared to £8.2m delivered in 2022, representing a decrease of 73%.

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

	2023 £'000	2022 £'000	% Change
Land-based revenues	39,817	41,568	-4%
EBITDA (before exceptional items)	2,967	4,806	38%
Average Daily Casino Attendances	1,538	1,340	15%
Casino Spend per Head	£70.93	£85.02	-17%

Aspers (Stratford City) Limited

Strategic Report for the year ended 30 June 2023

Section 172 Statement

This section describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2006 in exercising their duty to promote the success of the Company for the benefit of its members. Those matters were addressed as follows:-

a. The likely consequences of any decisions in the long term

The Board remains mindful that its strategic decisions have long term implications for the business and its stakeholders, and these implications are carefully assessed. During the year being reported, in approving the Company's budget the Board balanced the need for investment expenditure with a desire to deleverage the Group. This will support a stronger and more sustainable business for the future.

b. The interests of the Company's employees

The Board takes active steps to ensure that the suggestion, views and interests of staff members are gathered and considered in its decision making.

The Company benefits from having a Board who continue to be actively involved by maintaining regular communication, attendance and meetings with Company staff.

Further examples of how the Board engages with its staff include regular updates through its intranet, linking an element of employee reward to the financial success of the Company, offering the employees the opportunity for career development and regular communication where necessary from the Company's in house human resources department on all major matters of importance.

c. The need to foster the Company's business relationships with suppliers, customers and others

All executive directors work within the business on a daily basis ensuring regular dialogue takes place with customers on the casino floor, key suppliers by way of involvement with visits to their premises and landlords and regulatory authorities through electronic and other means of communication.

The Company regularly measures the quality of its service performance through customer satisfaction, Net Promoter Scores surveys across the four casinos and by critically analysing the results against industry comparatives. In addition, a regular review is undertaken of online reviews, which are fully analysed and acted upon as required.

The Company is continuously working with its gaming equipment suppliers to offer tools to help customers stay in control of their gambling activity. Assessment tools have also been developed to identify possible markers of harm in customer activity, to ensure that prompt and meaningful safer gambling interactions are conducted. The Company are focused on providing customers a safe and enjoyable gambling experience.

During the year, the Group continue to repay payment plans agreed with HMRC and landlords during the COVID-19 pandemic.

d. The impact of the Company's operations on the community and the environment

The Board is committed to supporting the communities throughout the cities and towns where its casinos are based and being environmentally responsible.

Aspers (Stratford City) Limited

Strategic Report for the year ended 30 June 2023 (continued)

Section 172 Statement (continued)

In addition to monetary contributions to charitable bodies it also provides gifts in kind for charitable events and encourages branch staff to become involved in local fundraising and awareness events in their local community and where appropriate will support staff actively taking part in these events.

The Company is committed to minimising its environmental impact by reducing both the carbon intensity of its activities and the natural resources it uses through the development and operation of good business practices to manage resources more efficiently through their lifecycle.

The Company continues to liaise with suppliers to eliminate avoidable plastics in product packaging, disposable coffee cups, straws etc.

The Company will continue to keep under review what process changes can be made to its operation to reduce the impact on the environment.

e. The desirability of the Company maintaining a reputation for high standards of business conduct

The Board prides itself on its long history of honesty and integrity in its business dealings. It recognises the importance of operating a robust corporate governance framework and notwithstanding its private Company status strives to adopt as many best practices as possible.

f. To promote the success of the Company for the benefit of its members as a whole

The Company has shareholders with representatives on the Board in the year under review. This close involvement assists greatly in ensuring that their interests are not only aligned but also addressed in an effective manner.

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 review to be concluded in 2023, 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.

Aspers (Stratford City) Limited

Strategic Report for the year ended 30 June 2023 (continued)

Principal 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. 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 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 31 January 2025. In doing so, the directors have made enquiries of the management of Aspers UK Holdings Limited as to their review of the latest cash flow forecasts and available financing of the Aspers UK Holdings Limited consolidated Group ('Group').

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

At 30 June 2023, the Company had net assets of £1.8m and net current liabilities of £8.7m, while the Group had net current liabilities of £53.0m and net liabilities of £33.5m.

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 2023, the Group had net current liabilities of £53.0m and net liabilities of £33.5m. The Group was loss making, recording a loss before tax of £8.4m and cash outflows from operations of £0.6m in FY23. Whilst revenues have dropped, attendance levels encouragingly show an upward trend indicating the leisure player is returning to the business.

Aspers (Stratford City) Limited

Strategic Report for the year ended 30 June 2023 (continued)

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 2023 the total borrowings under these facilities amounted to £45.7m. 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 31 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. At the balance date 30 June 2023, the Group was in breach of some of these covenants, which is further described in note 15. 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 31 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.

Aspers (Stratford City) Limited

Strategic Report for the year ended 30 June 2023 (continued)

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

A handwritten signature in black ink, appearing to be 'R Noble', followed by a long horizontal line extending to the right.

R Noble
Director
31 January 2024

Aspers (Stratford City) Limited

Directors' Report for the year ended 30 June 2023

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 T Boyd – appointed 29 November 2023
Registered office:	c/o WB Company Services Limited, 4 th Floor, 1 Devonshire Street, London W1W 5DR
Company number:	07246090

Dividends

No interim dividend has been paid and no final dividend is proposed (2022: £Nil).

Future developments

The Directors continue to seek solutions where they can exceed guest expectations through delivery of modern digital or customer service based experiences, allowing guests to enjoy the UK's largest Casino in an exciting and safe gambling environment.

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.

Aspers (Stratford City) Limited

Directors' Report for the year ended 30 June 2023 (continued)

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Political contributions

The Company made no political donations during the period (2022: Nil).

Greenhouse Gas Emissions Statement

Global Greenhouse Gas (GHG) Emissions Summary:

Emissions Type	2023		2022		2021	
	tCO ₂ e	kWh	tCO ₂ e	kWh	tCO ₂ e	kWh
Scope 1	0	0	0	0	0	0
Scope 2	501	3,056,966	513	3,518,866	466	3,087,753
Scope 3	0	0	0	0	0	0
Total 1, 2 & 3	501	3,056,966	513	3,518,866	466	3,087,753

Intensity Ratios	2023	2022	2021
Revenue	£39.8m	£41.6m	£8.7m
Customer Numbers	561,362	488,928	98,887
Carbon Intensity 1	12.39 tCO ₂ e/£m revenue	12.33 tCO ₂ e/£m revenue	53.56 tCO ₂ e/£m revenue
Carbon Intensity 2	89.2 kgCO ₂ e/100 Customers	104.9 kgCO ₂ e/100 Customers	471.2 kgCO ₂ e/100 Customers

This carbon summary indicates the fourth year reporting for Aspers (Stratford City) Limited to meet the reporting requirements under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 to implement the UK government's policy on Streamlined Energy and Carbon Reporting (SECR). During the year, there were no significant energy efficiency improvements.

Methodology & Scope:

The adopted methodology used is based on the Greenhouse Gas Protocol Corporate Reporting Standard reporting on equivalent CO₂ emissions from the organisational boundary. Information has been gathered in the same format as for compliance with the ESOS Regulations, collated into kWh for the Stratford City Casino only (i.e. the organisational boundary). These have been converted to equivalent tonnes of carbon dioxide (tCO₂e) using the published UK Government GHG Conversion Factors for Company Reporting for 2022, using Gross Calorific Values (GCV).

Aspers (Stratford City) Limited

Directors' Report for the year ended 30 June 2023 (continued)

Employees

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

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

Disabled persons

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

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

By Order of the Board

A handwritten signature in black ink, appearing to read 'R Noble', followed by a long horizontal line extending to the right.

R Noble
Director
31 January 2024

Aspers (Stratford City) Limited

Statement of comprehensive income for the year ended 30 June 2023

	<i>Note</i>	2023 £'000	2022 £'000
Turnover	2	39,817	41,568
Staff costs	3	(10,725)	(12,084)
Depreciation of tangible fixed assets	11	(858)	(989)
Amortisation of intangible fixed assets	10	(338)	(371)
Gaming duties		(10,179)	(11,145)
Other operating income	4	-	23
Other operating charges		(15,945)	(13,556)
Operating profit	5	1,772	3,446
Exceptional items	7	(107)	(275)
Interest payable and similar charges	8	(1,620)	(1,128)
Profit on ordinary activities before taxation		45	2,043
Tax on profit on ordinary activities	9	33	(132)
Profit after tax and total comprehensive income for the financial year		78	1,911

All results relate to continuing operations.

Statement of changes in equity for the year ended 30 June 2023

	Share capital £'000	Profit and loss account £'000	Shareholders' Equity £'000
At 1 July 2021	-	(183)	(183)
Profit and total comprehensive income for the year	-	1,911	1,911
At 30 June 2022	-	1,728	1,728
Profit and total comprehensive income for the year	-	78	78
At 30 June 2023	-	1,806	1,806

Aspers (Stratford City) Limited

Statement of financial position as at 30 June 2023

	<i>Note</i>	2023 £'000	2022 £'000
Fixed assets			
Intangible fixed assets	10	3,157	3,496
Tangible fixed assets	11	7,546	8,169
		10,703	11,665
Current assets			
Stocks	12	188	238
Debtors	13	26,993	26,378
Cash at bank and in hand		2,073	3,440
		29,254	30,056
Creditors: amounts falling due within one year	14	(37,973)	(39,782)
Net current liabilities		(8,719)	(9,726)
Total assets less current liabilities		1,984	1,939
Provision for liabilities and charges	15	(178)	(211)
Net assets		1,806	1,728
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		1,806	1,728
Equity shareholders' funds		1,806	1,728

Audit exemption statement

For the year ended 30 June 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 31 January 2024 and signed on its behalf by:



R Noble
Director

The notes on pages 13 to 25 form part of these financial statements.

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023

1 Accounting policies

Statement of compliance

Aspers (Stratford City) Limited (the "Company") is a private Company incorporated and registered in England and Wales. The registered address of the Company is 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 31 January 2025. 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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Aspers UK Holdings Limited consolidated Group disclosed the following:

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Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

1 Accounting policies (continued)

Going concern (continued)

At 30 June 2023, the Group had net current liabilities of £53.0m and net liabilities of £33.5m. The Group was loss making, recording a loss before tax of £8.4m and cash outflows from operations of £0.6m 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 2023 the total borrowings under these facilities amounted to £45.7m. 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 31 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. At the balance date 30 June 2023, the Group was in breach of some of these covenants, which is further described in note 15. 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 31 October 202. 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.

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

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

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

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 (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (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 income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

n) Government grants

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

o) Judgements and key sources of estimation uncertainty

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

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

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

1 Accounting policies (continued)

Lease categorisation

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

Impairment of fixed assets

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

Deferred tax assets

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

Taxation & 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 advice interpretation of the relevant legislation.

2 Turnover

	2023 £'000	2022 £'000
Land-based revenues	39,817	41,568

All turnover is generated in the United Kingdom.

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Staff numbers and costs

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

	2023 Number of employees	2022 Number of employees
Total staff numbers	272	297

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	9,758	11,060
Social security costs	747	790
Payments to defined contribution pension plans	220	234
	10,725	12,084

4 Other operating income

	2023 £'000	2022 £'000
Coronavirus Job Retention Scheme	-	23

5 Operating profit

	2023 £'000	2022 £'000
The operating profit is stated after charging:		
Amortisation of intangible fixed assets	338	371
Depreciation of tangible fixed assets – owned assets	858	989
Auditor's remuneration		
- audit of the company's financial statements	181	35
- corporation tax	2	14
Operating lease rentals		
- land and buildings	2,382	1,918
- other	1,499	1,622

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

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 £1,505,000 (2022: £1,846,000) 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 £878,000 (2022: £1,227,000). Pension contributions in respect of the highest paid director were £nil (2022: £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

	2023 £'000	2022 £'000
Historic VAT/duty claims	-	(639)
COVID-19 rental relief	-	(254)
Provision for impairment on amounts due from group undertakings	-	1,168
Change in corporate control	2	-
Restructuring costs	105	-
Net charge from exceptional items	107	275

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

COVID-19 rental relief represents the agreement with landlords and local authorities for reduced rental costs and associated charges during the COVID-19 pandemic.

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

Change in corporate control costs reflect the legal and professional fees incurred post the acquisition of Crown by Blackstone.

Restructuring costs reflect non-recurring, exceptional costs as the business continued to evolve and restructure in the challenging post COVID-19 trading environment.

8 Interest payable and similar charges

	2023 £'000	2022 £'000
Interest charges paid	74	22
Intercompany interest	1,546	1,106
Total Interest Charge	1,620	1,128

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

9 Tax on profit on ordinary activities

	2023 £'000	2022 £'000
Current taxation:		
UK corporation tax at 20.5% (2022: 19%)		
- current year	-	-
- prior year	-	-
Total current taxation	-	-
Deferred taxation:		
- current year	(33)	132
- prior year	-	-
Total deferred taxation (credit) / charge	(33)	132
Total tax (credit) / charge	(33)	132

The tax assessed on the (loss) / profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK 20.5% (2022: 19%). The differences are reconciled below:

	2023 £'000	2022 £'000
Tax reconciliation		
Profit before taxation	45	2,043
profit before taxation multiplied by standard rate of Corporation Tax at 20.5% (2022: 19%)	9	388
Non qualifying depreciation	72	93
Expenses not allowed for taxation	35	243
Group Relief	(327)	(403)
Losses utilised/ carried forward	184	(214)
Deferred taxation	(33)	-
Other	27	25
Total taxation	(33)	132

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%, which is due to be 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.

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

10 Intangible fixed assets

	Licence costs £'000
Cost	
At 1 July 2022 and 30 June 2023	7,435
Amortisation	
At 1 July 2022	3,940
Charge for the year	338
At 30 June 2023	4,278
Net book value	
At 30 June 2023	3,157
At 30 June 2022	3,495

11 Tangible fixed assets

	Leasehold Improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost			
At 1 July 2022	11,947	10,792	22,739
Additions	85	152	237
Disposals	-	(494)	(494)
At 30 June 2023	12,032	10,450	22,482
Depreciation			
At 1 July 2022	4,891	9,678	14,569
Charge for the year	465	393	858
Disposals	-	(491)	(491)
At 30 June 2023	5,356	9,580	14,936
Net book value			
At 30 June 2023	6,676	870	7,546
At 30 June 2022	7,054	1,115	8,169

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

12 Stocks

	2023 £'000	2022 £'000
Consumables	188	238

13 Debtors

	2023 £'000	2022 £'000
Trade debtors	8	16
Other debtors	1	2
Amounts due from group undertakings	26,568	27,286
Provision for impairment on amounts due from group undertakings	(1,168)	(1,168)
Prepayments and accrued income	1,584	242
	26,993	26,378

The directors have assessed the recoverability of debtors due from Group undertakings during the period. There was no further impairment in the current period. In the prior 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 £1,168,000 (2022: £1,168,000) was recorded.

The impairment has been charged to exceptional items (see note 7).

14 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	2,291	722
Other creditors	2,277	3,310
Corporation tax	2	2
Other taxation and social security	182	208
Amounts due to other group undertakings	29,905	30,394
Gaming duties	2,227	4,369
Accruals and deferred income	1,089	777
	37,973	39,782

Amounts due to other Group undertakings includes loans of £14,557,946 (2022- £14,557,946) that attract interest at rates between 3.5%- 5% above LIBOR and are repayable on demand.

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

15 Provisions for liabilities and charges

	2023 £'000	2022 £'000
Deferred taxation		
At 1 July	211	79
Statement of comprehensive income / (expense)	(33)	132
At 30 June	178	211

16 Obligations under operating leases

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

	Land & buildings 2023 £'000	Land & buildings 2022 £'000	Other 2023 £'000	Other 2022 £'000
Within one year	1,760	1,760	1,393	1,410
In two to five years	7,462	7,771	2,803	4,052
In over five years	17,739	20,478	144	288
	26,961	30,009	4,340	5,750

The land and buildings are leased under a 25 year lease ending September 2036. In addition to rents the Company pays a base revenue share as a percentage of gaming revenues.

17 Share capital

	2023 £	2022 £
Authorised equity share capital: 1,000 £1 ordinary shares	1,000	1,000
Allotted, called up and fully paid equity share capital: 1 £1 ordinary share	1	1

18 Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company was 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.

Aspers (Stratford City) Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

19 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 goods on commercial terms for £11,000 (2022: £35,000) from Port Lympne, part of the Aspinall Foundation. JDA Aspinall is a trustee and chairman of the Aspinall Foundation. As at 30 June 2023, the Group owed Port Lympne £1,600 (2022: £nil).