

Surf Bristol Limited

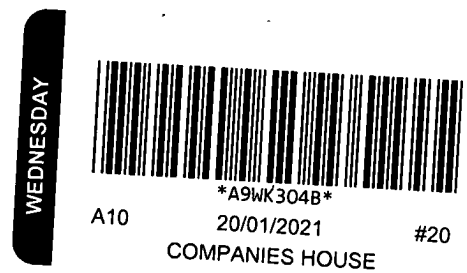
Director's Report and Unaudited

Financial Statements

Period Ended

27 November 2019

Company Number 07684630



Surf Bristol Limited

Company Information

| | |
|--------------------------|---|
| Director | C W Stoddart |
| Company secretary | Quayseco Limited |
| Registered number | 07684630 |
| Registered office | One Glass Wharf Bristol BS2 0ZX |
| Accountants | BDO LLP Bridgewater House Counterslip Bristol BS1 6BX |

Surf Bristol Limited

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Surf Bristol Limited

Director's Report For the Period Ended 27 November 2019

The director presents his report and the financial statements for the period ended 27 November 2019. The company's accounting reference date is 30 November 2019. The director's report and financial statements are for the period from 1 December 2018 to 27 November 2019. The financial statements and notes to the financial statements are on pages 4-22.

Directors

The directors who served during the period were:

N J Hounsfield (resigned 20 May 2020)

C W Stoddart

I S Williams (appointed 26 November 2019, resigned 28 August 2020)

Principal activity

The principal activity of Surf Bristol Limited is the operation of an inland surfing destination where people of all ages backgrounds, and abilities can learn to surf on safe, consistent waves all year round. It brings together surfing, nature, fun and a fresh way of thinking.

The Wave Group and the company has a strong ethos of sustainability whereby financial sustainability and profitability is as important as making a positive social impact and ensuring environmental responsibility.

Results

The loss for the year, after taxation, amounted to £2,279,772 (2018 - £811,123). The vast majority of the operational costs were related to planned pre-opening expenses since the business only started trading on 26th October 2019.

Going concern

The financial statements have been prepared on a going concern basis.

The directors of the company and the group are currently assessing the impact of COVID 19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the company, the group, its customers, employees and suppliers. The directors are continually reviewing their plans and forecasts and believe that the going concern basis is appropriate in the short term, however depending on the severity and length of the crisis there is a risk that the company could require further funding or support.

On this basis there is considered to be a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern, if the pandemic prevents more normal trading conditions for the majority of the peak trading season in 2021. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The fact that the core surfing activity is outside reduces the risk of a reduction in revenue from the impact of virus. Government guidelines have regularly indicated the health benefits of outside sports and leisure as well as the reduced risk from COVID-19 compared to spending time indoors. For this reason, the Directors consider it likely that the surfing will not be locked down when other sectors are not able to open. 2020 has shown that there is considerable demand for surfing even when restrictions or Tiers are in place.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The company and the group have prepared detailed cash flow, profit and loss and balance sheet forecasts for the business looking at all aspects of revenue and costs following a very detailed operational review prior to opening to the general public. These forecasts are based on detailed assumptions that have been tested against normal commercial parameters with the most up to date knowledge. In addition, the company and the group have run a series of scenarios to test the robustness of the business plan and to set out the potential worst case scenarios.

Surf Bristol Limited

Director's Report (continued) For the Period Ended 27 November 2019

The company continues to be reliant on financial support from its parent entity, and the directors are confident that any shortfall in funding will be supported by the ultimate investors in the parent company so that it may meet its obligations as and when they become due.

On this basis, in the opinion of the directors, the going concern basis of accounting is appropriate.

Post balance sheet events

Subsequent to the year end, a pandemic was declared regarding COVID 19. The situation is still evolving and it is not possible at this stage to determine with any certainty the full impact on the company, its customers, and its suppliers. The site was closed from:

- Lockdown #1 - 20th March to 1st August 2020
- Lockdown #2 - 5th November to 3rd December 2020
- Lockdown #3 - 5th January 2021 – the end of this Lockdown is still to be determined

However, despite 3 lockdowns, the business has delivered over 90,000 surf hours since it opened in October 2019, with a further c.50,000 non-surf visitors. The operation has in place robust and stringent COVID-19 safety measures for both staff and customers and there has not been a single case of COVID-19 that has been traced to the site to date.

The group traded profitably from August to October 2020, generating about £2.5m revenue and approximately £1m of trading profits before interest, depreciation, and exceptional costs for the 3 months, thus supporting the forecast business model for a normal operating year.

Between 1st December 2019 and 30th November 2020, the wider group, headed by The Wave Group, secured funding of £6,615,000 to aid with the continuing operations of the group. This funding provides important cash flow headroom that will enable the company to withstand the third Lockdown in early 2021 and to be in a position to restart trading operations as soon as circumstances allow.

The Wave Group has won several prestigious awards for the design and construction of this world first iconic sporting facility, which was designed with sustainability at its heart.

- Michelmores Property Awards – Leisure & Tourism Project of the Year
- British Construction Industry Awards – Cultural & Leisure Project of the Year
- Business Green Leaders Award - the Green Building Project of the Year
- Institution of Civil Engineers Engineering Awards – People's Choice Award
- Construction Engineering Awards in South West - Civil Project of the Year 2020

Sustainable design led to an overall estimated reduction of 843 tonnes of carbon being used in the construction and the planting of over 16,000 trees and shrubs to offset the embedded carbon and to improve bio-diversity. The site is run using 100% renewable energy currently and the Group is intending to install a 10 acre solar and battery array to power the site off-grid in 2021.

There have been many social impact projects which in principle have supported accessibility for people of all ages, backgrounds and abilities to visit the Wave venue. The highlight was the hosting of the English Adaptive Surf Championship in October 2021, which was an inspiration to many.

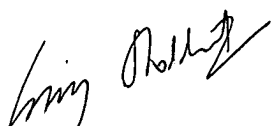
Surf Bristol Limited

Director's Report (continued) For the Period Ended 27 November 2019

Small companies note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
C W Stoddart
Director

Date: 15/01/2021

Surf Bristol Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Surf Bristol Limited For the Period Ended 27 November 2019

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Surf Bristol Limited for the period ended 27 November 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

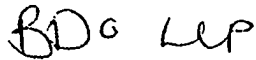
As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

It is your duty to ensure that Surf Bristol Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Surf Bristol Limited. You consider that Surf Bristol Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Surf Bristol Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Surf Bristol Limited, as a body, in accordance with the terms of our engagement letter dated 21 October 2020. Our work has been undertaken solely to prepare for your approval the accounts of Surf Bristol Limited and state those matters that we have agreed to state to the board of directors of Surf Bristol Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Surf Bristol Limited and its board of directors as a body for our work or for this report.



BDO LLP
Chartered Accountants
Bristol
United Kingdom

Date: 18 January 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Surf Bristol Limited

Statement of Comprehensive Income For the Period Ended 27 November 2019

| | | 2019 £ | 2018 £ |
|---|---|--------------------|------------------|
| Turnover | 4 | 478,546 | 163 |
| Cost of sales | | (625,016) | - |
| Gross (loss)/profit | | (146,470) | 163 |
| Administrative expenses | | (1,461,953) | (854,472) |
| Other operating income | 5 | 14,059 | 9,150 |
| Operating loss | 6 | (1,594,364) | (845,159) |
| Interest receivable and similar income | | - | 26 |
| Interest payable and expenses | | (648,531) | (2,867) |
| Fair value (loss)/gain on foreign exchange contract | | (36,877) | 36,877 |
| Loss before tax | | (2,279,772) | (811,123) |
| Tax on loss | 9 | - | - |
| Loss for the financial period/year | | (2,279,772) | (811,123) |

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 9 to 23 form part of these financial statements.

Surf Bristol Limited
Registered number: 07684630

Balance Sheet
As at 27 November 2019

| | Note | 27 November 2019 £ | 30 November 2018 £ |
|---|------|-----------------------------|-----------------------------|
| Fixed assets | | | |
| Intangible assets | 10 | 393,176 | - |
| Tangible assets | 11 | 23,772,061 | 4,822,740 |
| | | <u>24,165,237</u> | <u>4,822,740</u> |
| Current assets | | | |
| Stocks | 12 | 132,232 | - |
| Debtors: amounts falling due within one year | 13 | 8,580,455 | 670,126 |
| Cash and cash equivalents | 14 | 54,799 | 1,007,516 |
| | | <u>8,767,486</u> | <u>1,677,642</u> |
| Creditors: amounts falling due within one year | 15 | (36,397,041) | (7,708,319) |
| Net current liabilities | | <u>(27,629,555)</u> | <u>(6,030,677)</u> |
| Total assets less current liabilities | | <u>(3,464,318)</u> | <u>(1,207,937)</u> |
| Creditors: amounts falling due after more than one year | 16 | (23,391) | - |
| Net liabilities | | <u><u>(3,487,709)</u></u> | <u><u>(1,207,937)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 3 | 3 |
| Share premium account | | 770,000 | 770,000 |
| Profit and loss account | | (4,257,712) | (1,977,940) |
| Total equity | | <u><u>(3,487,709)</u></u> | <u><u>(1,207,937)</u></u> |

Surf Bristol Limited
Registered number: 07684630

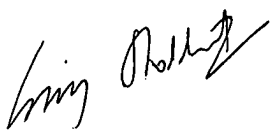
Balance Sheet (continued)
As at 27 November 2019

The company is entitled to exemption from audit under section 477 of the Companies Act 2006 and the members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C W Stoddart
Director

Date: 15/01/2021

The notes on pages 9 to 23 form part of these financial statements.

Surf Bristol Limited

Statement of Changes in Equity For the Period Ended 27 November 2019

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 December 2018 | 3 | 770,000 | (1,977,940) | (1,207,937) |
| Comprehensive income for the period | | | | |
| Loss for the period | - | - | (2,279,772) | (2,279,772) |
| Total comprehensive loss for the period | - | - | (2,279,772) | (2,279,772) |
| Total transactions with owners | - | - | - | - |
| At 27 November 2019 | 3 | 770,000 | (4,257,712) | (3,487,709) |

Statement of Changes in Equity For the Year Ended 30 November 2018

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|--------------------|
| | £ | £ | £ | £ |
| At 1 December 2017 | 3 | 770,000 | (1,166,817) | (396,814) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (811,123) | (811,123) |
| Total comprehensive loss for the year | - | - | (811,123) | (811,123) |
| At 30 November 2018 | 3 | 770,000 | (1,977,940) | (1,207,937) |

The notes on pages 9 to 23 form part of these financial statements.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

1. General information

Surf Bristol Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is One Glass Wharf, Bristol, BS2 0ZX, and the nature of the company's operations and its principal activities can be found in the director's report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b), 12.29A and 12.30.
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Wave Group Limited as at 27 November 2019 and these financial statements may be obtained from Crown Way, Cardiff, CF14 3UZ.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis.

The director of the company is currently assessing the impact of COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the company, its customers, employees and suppliers. The director is continually reviewing their plans and forecasts and believe that the going concern basis is appropriate in the short term, however depending on the severity and length of the crisis there is a risk that the company could require further funding or support. On this basis there is considered to be a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The company has prepared detailed cash flow, profit and loss and balance sheet forecasts for the business looking at all aspects of revenue and costs following a very detailed operational review prior to opening to the general public. These forecasts are based on detailed assumptions that have been tested against normal commercial parameters with the most up to date knowledge. In addition, the company has run a series of scenarios to test the robustness of the business plan and to set out the potential worst-case scenarios.

The company continues to be reliant on financial support from its parent entity, and the director is confident that any shortfall in funding will be supported by the ultimate investors in the parent company so that it may meet its obligations as and when they become due.

On this basis, in the opinion of the director, the going concern basis of accounting is appropriate.

2.4 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised in the period in which goods are delivered or the service provided.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.6 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.7 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.9 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

2.11 Pensions

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

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as shown below.

Depreciation is provided on the following basis:

| | |
|---------------------------|---------------------------|
| Freehold land & buildings | - 50 years |
| Assets under construction | - Not depreciated |
| Motor vehicles | - 3 years |
| Fixtures and fittings | - Between 5 and 10 years |
| Plant & machinery | - Between 10 and 20 years |
| Computer equipment | - 3 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

2. Accounting policies (continued)

2.13 Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Intellectual property - 5 years

2.14 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of comprehensive income.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

2. Accounting policies (continued)

2.18 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to/from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether there are indicators of impairment of amounts owed by group undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the group undertaking.

Other key sources of estimation uncertainty:

- Tangible and intangible fixed assets (see notes 10 & 11)

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

4. Turnover

The whole of the turnover is attributable to the principal activity of the company and all arose in the United Kingdom.

5. Other operating income

| | 2019 £ | 2018 £ |
|-----------------|-----------|-----------|
| Rent receivable | 14,059 | 9,150 |

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

6. Operating loss

The operating loss is stated after charging/(crediting):

| | 2019 £ | 2018 £ |
|-------------------------|----------------|----------------|
| Amortisation | 41,610 | - |
| Depreciation | 165,699 | 1,106 |
| Exchange differences | 38,657 | (625) |
| Operating lease rentals | 257,758 | 453,539 |
| | <u>257,758</u> | <u>453,539</u> |

7. Employees

Staff costs were as follows:

| | 2019 £ | 2018 £ |
|-----------------------|----------------|-----------|
| Wages and salaries | 401,812 | - |
| Social security costs | 27,844 | - |
| Other pension costs | 2,834 | - |
| | <u>432,490</u> | <u>-</u> |

The average monthly number of employees, including directors, during the period/year was 24 (2018 - 2).

8. Director's remuneration

During the current period and prior year, the directors were remunerated through the parent company, The Wave Group Limited.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

9. Taxation

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Current tax on losses for the period/year | - | - |
| Total current tax | - | - |

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|--|-------------|-----------|
| Loss on ordinary activities before tax | (2,279,772) | (811,123) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | (433,157) | (154,113) |
| Effects of: | | |
| Fixed asset differences | 30,467 | - |
| Expenses not deductible for tax purpose | 5,332 | 18,568 |
| Adjust closing deferred tax to average rate of 19.00% | 78,411 | 37,561 |
| Adjust opening deferred tax to average rate of 19.00% | (36,584) | (23,293) |
| Deferred tax not recognised | 355,531 | 121,277 |
| Total tax charge for the period/year | - | - |

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). These include a reduction to the main rate to reduce the rate to 17% from 1 April 2020.

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will change the company's future tax charge accordingly.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

10. Intangible assets

| | Intellectual property £ | Computer software £ | Total £ |
|--------------------------------------|-------------------------------|---------------------------|------------|
| Cost | | | |
| At 1 December 2018 | - | - | - |
| Additions | 6,057 | 347,688 | 353,745 |
| Transfers from tangible fixed assets | - | 81,041 | 81,041 |
| At 27 November 2019 | 6,057 | 428,729 | 434,786 |
| Amortisation | | | |
| Charge for the period | - | 41,610 | 41,610 |
| At 27 November 2019 | - | 41,610 | 41,610 |
| Net book value | | | |
| At 27 November 2019 | 6,057 | 387,119 | 393,176 |
| At 30 November 2018 | - | - | - |

The 'Intellectual property' relates to a surf facility currently under construction and amortisation will commence once the surf facility is operational.

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

11. Tangible fixed assets

| | Freehold land and buildings £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Assets under construction £ | Total £ |
|-------------------------------|--|-----------------------------|------------------------|-------------------------------|----------------------------|--------------------------------------|------------|
| Cost | | | | | | | |
| At 1 December 2018 | - | - | - | 2,685 | 4,349 | 4,817,282 | 4,824,316 |
| Additions | 3,733,106 | 14,536,675 | 33,000 | 853,326 | 40,476 | - | 19,196,583 |
| Transfer to intangible assets | - | - | - | - | - | (81,041) | (81,041) |
| Transfers between classes | - | 4,736,241 | - | - | - | (4,736,241) | - |
| At 27 November 2019 | 3,733,106 | 19,272,916 | 33,000 | 856,011 | 44,825 | - | 23,939,858 |
| Depreciation | | | | | | | |
| At 1 December 2018 | - | - | - | 160 | 1,416 | - | 1,576 |
| Charge for the period | 6,221 | 143,819 | 2,806 | 10,311 | 3,064 | - | 166,221 |
| At 27 November 2019 | 6,221 | 143,819 | 2,806 | 10,471 | 4,480 | - | 167,797 |
| Net book value | | | | | | | |
| At 27 November 2019 | 3,726,885 | 19,129,097 | 30,194 | 845,540 | 40,345 | - | 23,772,061 |
| At 30 November 2018 | - | - | - | 2,525 | 2,933 | 4,817,282 | 4,822,740 |

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

12. Stocks

| | 27 November 2019 £ | 30 November 2018 £ |
|-------------------------------------|-----------------------------|-----------------------------|
| Finished goods and goods for resale | 132,232 | - |
| | <u>132,232</u> | <u>-</u> |

13. Debtors

| | 27 November 2019 £ | 30 November 2018 £ |
|------------------------------------|-----------------------------|-----------------------------|
| Trade debtors | 43,716 | - |
| Amounts owed by group undertakings | 7,949,975 | 99,387 |
| Other debtors | 452,523 | 555,401 |
| Prepayments and accrued income | 134,241 | 15,338 |
| | <u>8,580,455</u> | <u>670,126</u> |

Amounts owed by group undertakings are interest free and repayable on demand.

14. Cash and cash equivalents

| | 27 November 2019 £ | 30 November 2018 £ |
|--------------------------|-----------------------------|-----------------------------|
| Cash at bank and in hand | 54,799 | 1,007,516 |

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

15. Creditors: amounts falling due within one year

| | 27 November 2019 £ | 30 November 2018 £ |
|---|-----------------------------|-----------------------------|
| Trade creditors | 2,735,790 | 764,668 |
| Amounts owed to group undertakings | 15,466,894 | 6,737,744 |
| Other loans due to group undertakings | 15,648,531 | - |
| Other taxation and social security | 37,235 | - |
| Net obligations under finance lease and hire purchase contracts | 7,941 | - |
| Other creditors | 83,561 | 83,335 |
| Accruals and deferred income | 2,417,089 | 122,572 |
| | 36,397,041 | 7,708,319 |

The other loans due to group undertakings consist of Fixed Rate Secured Loan Notes with an interest rate of 8% per annum. The Loan Notes are repayable on demand. Other owed to group undertakings are interest free and repayable on demand.

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

| | 27 November 2019 £ | 30 November 2018 £ |
|--|-----------------------------|-----------------------------|
| Net obligations under finance leases and hire purchase contracts | 23,391 | - |
| | 23,391 | - |

17. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 27 November 2019 £ | 30 November 2018 £ |
|-------------------|-----------------------------|-----------------------------|
| Between 1-5 years | 23,391 | - |
| | 23,391 | - |

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

18. Share capital

| | 27 November 2019 £ | 30 November 2018 £ |
|--|-----------------------------|-----------------------------|
| Allotted, called up and fully paid | | |
| 2,684 (2018 - 2,684) Ordinary shares of £0.0010 each | 3 | 3 |
| | <u>3</u> | <u>3</u> |

19. Reserves

The company's reserves are as follows:

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Capital commitments

At 27 November 2019 the company had capital commitments relating to contracted-for site construction and landscaping expenditure as follows:

| | 27 November 2019 £ | 30 November 2018 £ |
|---|-----------------------------|-----------------------------|
| Contracted for but not provided in these financial statements | 866,959 | 4,068,865 |
| | <u>866,959</u> | <u>4,068,865</u> |

Surf Bristol Limited

Notes to the Financial Statements For the Period Ended 27 November 2019

21. Commitments under operating leases

At 27 November 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

| | 27 November 2019 £ | 30 November 2018 £ |
|--|-----------------------------|-----------------------------|
| Not later than 1 year | 191,874 | 165,289 |
| Later than 1 year and not later than 5 years | 661,156 | 449,156 |
| Later than 5 years | 18,803,077 | 18,914,321 |
| | <u>19,656,107</u> | <u>19,528,766</u> |

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,023 (2018 - £Nil). Contributions totalling £2,023 (2018 - £Nil) were included within creditors (note 15) at the reporting date.

23. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A for FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertakings of the group.

Included in other creditors are loans from C Stoddart, director, of £16,088 (2018 - £15,860) and N Hounsfield, former director, of £53,148 (2018 - £53,148). The amounts advanced are interest free and repayable on demand.

24. Controlling party

The ultimate parent entity is Jar Wave Ltd, a company registered in England and Wales. The registered office of Jar Wave Ltd is 50 Jermyn Street, London, SW1Y 6LX. The immediate parent entity is The Wave Group (Midco) Limited, a company registered in England and Wales. The registered office of The Wave Group (Midco) Limited is One Glass Wharf, Bristol, BS2 0ZX. The Wave Group Limited is the smallest Group in which results of the company are consolidated. Copies of the Group financial statements of The Wave Group Limited are available from Crown Way, Cardiff, CF14 3UZ.

25. Post balance sheet events

Subsequent to the period end, a pandemic was declared regarding COVID-19. The situation is still evolving and it is not possible at this stage to determine with any certainty the full impact on the company, its customers, and its suppliers.

Between 1st December 2019 and 30th November 2020, the wider group, headed by The Wave Group, secured funding of £6,615,000 to aid with the continuing operations of the group.