

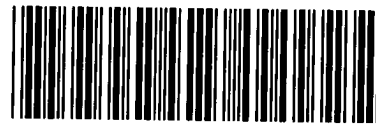
Registered number: 12219697

# **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	N J Thomas MBE J Parry
<b>Company secretary</b>	S J Thomas
<b>Registered number</b>	12219697
<b>Registered office</b>	Elsley Court 20-22 Great Titchfield Street London W1W 8BE
<b>Independent auditor</b>	SRLV Audit Limited Chartered Accountants & Statutory Auditor Elsley Court 20-22 Great Titchfield Street London W1W 8BE
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS

# **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

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# **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

## **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020**

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### **Introduction**

The directors present their strategic report for the year ended 31 March 2020.

### **Business review**

The results of the group are reported on page 10.

The directors were delighted with the results for the year, up to the point all venues had to close their doors to the public mid-March 2020 as a result of the coronavirus pandemic.

The board monitors the progress of the group by reference to the following key performance indicators:

- Revenue fell by just 2.6% to £48.7m (2019 - £50m)
- Gross profit fell by less than 1% to £26.2m (2019 - £26.4m)
- Gross profit percentage increased to 53.9% (2019 - 52.8%)
- Wage to turnover percentage of 26.8% (2019 - 25.5%)
- EBITDA of £1.28m (2019 - £1.72m)
- Profit before tax of £541k (2019 - £976k)

Year on year reductions in the monetary key performance indicators are largely as a result of the lost income and resultant profitability due to the aforementioned, unavoidable closure of the venues in March.

Overall, the directors are extremely satisfied with the performance and the financial position of the group.

### **Strategy and future developments**

The HQ Theatres & Hospitality venues have remained closed for business since March 2020 as a result of the coronavirus pandemic. The pantomime and Christmas events seasons were cancelled several months ago, along with all remaining 2020 shows and events, rescheduling into 2021 where possible. Management eagerly await roll out of the new vaccine and the next round of governmental announcements and are hopeful of remobilising early in the new financial year in readiness to open up the auditoria, restaurants, bars and cafés to the public, even if under capacity and socially distant limitations for a period of time.

The 'HQ Collection' pubs, restaurants and accommodation have traded intermittently and actually performed better than originally anticipated, between lockdowns and under Government guidelines and restrictions since March. These sites also eagerly await the next round of governmental announcements and very much hope to be able to reopen as soon as possible.

The group's senior management and support team have together been responsible for the strong trading history of the venues and their growth. They possess all the skills and expertise to re-focus the operation within a revised operating environment.

In planning for a new trading environment, enhanced efficiencies and savings opportunities will be identified and incorporated into business plans, in the interests of boosting longer-term sustainability following the impact that the coronavirus pandemic will have had on the 2020/21 financial year.

An extensive financial performance database stretching back to the group's foundation lends certainty to robust budgeting, re-forecasting and decision-making. Disciplined protocols and monthly accounts monitoring and approval by Directors are supported by continuous review and bank reporting, so the directors have complete confidence in the group's ability to manage and control the course of recovery.

The group has a well-developed day-to-day risk management strategy in place which it has continued to monitor and improve. Formal risk reporting is incorporated into the annual budgeting and planning cycle, while the management of these risks is an integral part of the daily management process.

## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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The directors are very pleased with the management team's abilities to keep close to the drivers and trends that underlie demand throughout the business and ensure communication throughout the group is efficient and effective in order to respond to those trends.

The group will continue to explore future opportunities within the sector. We aim to improve efficiency in all areas of our operating including through procurement and cost reductions. Customer service and satisfaction remains our top priority.

#### **Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the group and both management and the finance department take on an important oversight role in this regard and ensure that a proper internal control framework exists to manage financial risks and that controls operate effectively.

The group has developed a framework for identifying the risks that it is exposed to and their impact on business. This continuous process is in place to manage working capital requirements and to ensure that we have the financial strength and capital adequacy to support the growth of the business and to meet the requirements of all relevant stakeholders.

The principal risks from our core businesses arise from economic recovery following the 2020 pandemic and resultant consumer spending; the trading environment e.g. adverse weather conditions, competitor activity and the economic climate; consumer preferences and changing demographics; information security and the protection of business and consumer data; employees e.g. reliance on key personnel and the availability of specialist skills; and health and safety throughout.

In addition, the group is exposed to financial risks arising primarily from working capital requirements. These risks are discussed in the next section of this report.

#### **Financial instruments**

The group's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and lease agreements. The main purpose of these instruments is to raise funds and working capital for the group's operations.

Due to the nature of the financial instruments used by the group there is no significant exposure to price risk. The group's approach to managing other risks applicable to the financial instruments is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The group's policy is to make use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered, if any, to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient amounts are available to meet amounts due.

#### **Employees**

Applications for employment by disabled persons are always carefully considered, bearing in mind the respective aptitude and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that their employment in the company continues and the appropriate training is arranged. It is the policy of the company that the training, development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interest and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through briefing and reviews.

#### **Directors' statement of compliance with duty to promote the success of the group**

The board of directors consider, both individually and as a board, that they have acted in a manner they consider, in good faith, would be most likely to promote the success of the group for the benefit of its shareholders as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Companies Act 2006) in the decisions made during the year ended 31 March 2020.

The directors consider the likely consequences that might result from any decisions made or actions taken on the long-term future of the group and its stakeholders. In doing so, the interests and well-being of the group's employees are key considerations.

The directors continue to monitor and develop relationships with its customers, producers, council partners and suppliers as key contributors to the group's ongoing success.

The decisions made and actions undertaken by the directors' aim to represent and maintain the group's reputation for appropriate standards of business conduct.

This report was approved by the board on 19 February 2021 and signed on its behalf.



**J Parry**  
Director

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

The company was incorporated on 21 September 2019 and this group was formed via a reconstruction of the Qdos Entertainment Limited group, whereby no ultimate ownership changes were made. It is permitted to present the results of it and its subsidiaries as if the company had always been a member of the group. It therefore presents its results and those of the subsidiaries for the entire current and comparative year, despite only being incorporated for the period from 21 September 2019. Please refer to 2.2 of the notes to the financial statements for more information.

#### Principal activity

The principal activities of the group continued to be theatre operation and management and hospitality services.

The principal activity of the company is that of a holding company.

#### Results and dividends

The profit for the year, after taxation, amounted to £603,180 (2019 - £1,134,470).

The directors do not recommend payment of an ordinary dividend.

#### Directors

The directors who served during the year were:

N J Thomas MBE (appointed 21 September 2019)

J Parry (appointed 21 September 2019)

#### Greenhouse gas emissions, energy consumption and energy efficiency action

The group's greenhouse gas emissions and energy consumption are as follows:

	2020
Emissions resulting from activities for which the group is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	1,677
Emissions resulting from the purchase of the electricity by the group for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	1,788
Energy consumed from activities for which the group is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the group for its own use, including for the purposes of transport (in kWh)	<b>15,297,893</b>

#### Intensity ratio

CO2 emissions (tonnes / £m turnover) 71.2

#### Methodology

Gas and electricity consumption for each of the theatres and other sites operated by the group represents actual metered usage during the financial year, other than where data regarding gas and/or electricity usage is not available. Gas and/or electricity is recharged by the council in respect of the following theatres: Colosseum Theatre in Watford (gas and electricity), Churchill Theatre in Bromley (gas) and Swan Theatre in High Wycombe (electricity), therefore actual consumption data is not available. Energy consumption for these three theatres has been estimated using data available for similar venues operated by the group.

## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Matters covered in the strategic report**

The likely future developments, the principal risks and uncertainties facing the company and financial instruments used by the company have been considered in the strategic report.

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

#### **Post balance sheet events**

On 17 March 2020, the directors complied with the Government ruling that all theatres and hospitality venues should be closed as a result of the COVID-19 pandemic. On this date all HQ Theatres & Hospitality and HQ Collection sites were forced to close. The theatres have remained closed throughout and the HQ Collection pubs, restaurants and accommodation have traded intermittently between lockdowns but at the time of writing, all sites are again closed, following a third national lockdown that was announced by the Prime Minister on 4 January 2021. All remaining 2020 shows and events across the estate were either rescheduled to 2021 or cancelled, including the pantomime and Christmas events season.

Management eagerly await roll out of the new vaccine and the next round of governmental announcements and are hopeful of reopening their auditoria, restaurants, bars, pubs and cafés to the public in the coming months, even if under capacity and socially distant limitations for a period of time. In order to mitigate the financial impact on the group, the directors have taken advantage of Government support where available.

#### **Auditor**

Under section 487(2) of the Companies Act 2006, SRLV Audit Limited will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 19 February 2021 and signed on its behalf.



**J Parry**  
Director



## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**

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The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

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#### **Opinion**

We have audited the financial statements of HQ Theatres & Hospitality Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

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We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

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#### Use of our report

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

*SRLV Audit Limited*

Marc Voulters (Senior Statutory Auditor)

for and on behalf of  
**SRLV Audit Limited**

Chartered Accountants  
Statutory Auditor

Elsley Court  
20-22 Great Titchfield Street  
London  
W1W 8BE

23/02/2021

# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	48,678,287	49,986,080
Cost of sales		(22,451,229)	(23,594,500)
<b>Gross profit</b>		<b>26,227,058</b>	26,391,580
Administrative expenses		(25,962,069)	(25,754,428)
Other operating income	5	276,413	340,159
<b>Operating profit</b>	6	<b>541,402</b>	977,311
Interest payable and similar charges	9	-	(948)
<b>Profit before taxation</b>		<b>541,402</b>	976,363
Tax on profit	10	61,778	158,107
<b>Profit for the financial year</b>		<b>603,180</b>	1,134,470
<b>Profit for the year attributable to:</b>			
Owners of the parent company		<b>603,180</b>	1,134,470

There was no other comprehensive income for 2020 (2019 - £NIL).

The notes on pages 17 to 32 form part of these financial statements.

**HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**  
**REGISTERED NUMBER:12219697**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	£	2020 £	£	2019 £
<b>Fixed assets</b>					
Intangible assets	12		<b>1,109,595</b>		1,249,508
Tangible assets	13		<b>6,150,796</b>		5,786,635
			<b>7,260,391</b>		7,036,143
<b>Current assets</b>					
Stocks	15	<b>314,712</b>		314,501	
Debtors: amounts falling due within one year	16	<b>23,752,662</b>		24,236,654	
Cash at bank and in hand	17	<b>2,256,974</b>		1,922,380	
		<b>26,324,348</b>		26,473,535	
Creditors: amounts falling due within one year	18	<b>(28,820,389)</b>		(29,831,690)	
<b>Net current liabilities</b>			<b>(2,496,041)</b>		(3,358,155)
<b>Total assets less current liabilities</b>			<b>4,764,350</b>		3,677,988
Creditors: amounts falling due after more than one year	19		<b>(497,102)</b>		(17,471)
<b>Net assets</b>			<b>4,267,248</b>		3,660,517
<b>Capital and reserves</b>					
Called up share capital	22		<b>7,103</b>		-
Merger reserve	23		<b>1,666,452</b>		1,670,004
Profit and loss account			<b>2,593,693</b>		1,990,513
<b>Equity attributable to owners of the parent company</b>			<b>4,267,248</b>		3,660,517

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 February 2021



**J Parry**  
Director

The notes on pages 17 to 32 form part of these financial statements.

**HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**  
**REGISTERED NUMBER:12219697**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	£	2020 £
<b>Fixed assets</b>			
Investments	14		3,552
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	3,551	
<b>Net current assets</b>			3,551
<b>Total assets less current liabilities</b>			7,103
<b>Net assets</b>			7,103
<b>Capital and reserves</b>			
Called up share capital	22		7,103
			7,103

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 February 2021



**J Parry**  
Director

The notes on pages 17 to 32 form part of these financial statements.

# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Merger reserve £	Profit and loss account £	Total equity £
<b>At 1 April 2018</b>	-	1,670,004	856,043	2,526,047
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,134,470	1,134,470
<b>Total comprehensive income for the year</b>	-	-	1,134,470	1,134,470
<b>At 1 April 2019</b>	-	1,670,004	1,990,513	3,660,517
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	603,180	603,180
<b>Total comprehensive income for the year</b>	-	-	603,180	603,180
Shares issued during the year	7,103	-	-	7,103
Movement in merger reserve	-	(3,552)	-	(3,552)
<b>Total transactions with owners</b>	7,103	(3,552)	-	3,551
<b>At 31 March 2020</b>	7,103	1,666,452	2,593,693	4,267,248



# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

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	Called up share capital £	Total equity £
<b>Contributions by and distributions to owners</b>		
Shares issued during the year	<b>7,103</b>	<b>7,103</b>
<b>Total transactions with owners</b>	<b>7,103</b>	<b>7,103</b>
<b>At 31 March 2020</b>	<b>7,103</b>	<b>7,103</b>

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# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	603,180	1,134,470
<b>Adjustments for:</b>		
Amortisation of intangible assets	139,913	139,913
Depreciation of tangible assets	598,614	601,626
Interest paid	-	948
Taxation charge	(61,778)	17,373
Increase in stocks	(211)	(57,586)
Decrease/(increase) in debtors	18,100	(3,200,660)
(Decrease)/increase in creditors	(587,258)	3,899,806
Corporation tax received/(paid)	91,339	(158,107)
<b>Net cash generated from operating activities</b>	<b>801,899</b>	<b>2,377,783</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(962,775)	(845,115)
<b>Net cash from investing activities</b>	<b>(962,775)</b>	<b>(845,115)</b>
<b>Cash flows from financing activities</b>		
Other loans received	487,399	-
Repayment of hire purchase arrangements	-	(8,400)
Interest paid	-	(948)
<b>Net cash used in financing activities</b>	<b>487,399</b>	<b>(9,348)</b>
<b>Net increase in cash and cash equivalents</b>	<b>326,523</b>	<b>1,523,320</b>
Cash and cash equivalents at beginning of year	1,922,290	398,970
<b>Cash and cash equivalents at the end of year</b>	<b>2,248,813</b>	<b>1,922,290</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,256,974	1,922,380
Bank overdrafts	(8,161)	(90)
	<b>2,248,813</b>	<b>1,922,290</b>

# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 MARCH 2020

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	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	1,922,380	334,594	2,256,974
Bank overdrafts	(90)	(8,071)	(8,161)
Debt due after 1 year	-	(487,399)	(487,399)
	<u>1,922,290</u>	<u>(160,876)</u>	<u>1,761,414</u>

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## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **1. General information**

The principal activities of the group continued to be theatre operation and management and hospitality services.

The company is a private company limited by shares and is registered in England and Wales. The address of its principal place of business is Qdos House, Queen Margaret's Road, Scarborough, North Yorkshire, YO11 2YH.

#### **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 group management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

On 9 March 2020, a group reconstruction was undertaken whereby HQ Theatres & Hospitality Holdings Limited became the parent of HQ Theatres & Hospitality Limited. This business combination was undertaken on a share for share basis whereby the ultimate shareholders remained the same, the respective rights of each shareholder, relative to others, remained unchanged and no other interest in the net assets of the group was altered by the transfer of ownership.

The consolidated financial statements have been prepared using the principles of FRS 102, whereby merger accounting has been applied. Consequently, comparative information represents the results of the group as if the business combination had always been in place, despite the combination actually taking place in March 2020.

##### **2.3 Going concern**

HQ Theatres & Hospitality venues have remained closed for business since March 2020 as a result of the coronavirus pandemic. Pantomime and Christmas events seasons were cancelled, along with all remaining 2020 shows and events across the estate, rescheduling into 2021 where possible. Management eagerly await roll out of the new vaccine and the next round of governmental announcements and are hopeful of remobilising early in the new financial year in readiness to open up the auditoria, restaurants, bars and caf  s to the public, even if under capacity and socially distant limitations for a period of time.

The 'HQ Collection' pubs, restaurants and accommodation have traded intermittently and actually performed better than originally anticipated, between lockdowns and under Government guidelines and restrictions since March. These sites also eagerly await the next round of governmental announcements and very much hope to be able to reopen as soon as possible.

The group's senior management and support team have together been responsible for the strong trading history of the venues and their growth. They possess all the skills and expertise to re-focus the operation within a revised operating environment.

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.3 Going concern (continued)

In planning for a new trading environment, enhanced efficiencies and savings opportunities will be identified and incorporated into business plans, in the interests of boosting longer-term sustainability following the impact that the coronavirus pandemic will have had on the 2020/21 financial year.

The directors have complete confidence in the group's ability to manage and control the course of recovery and on this basis, are satisfied that the group will be able to fulfil its financial obligations for at least 12 months from the date of the signature of the financial statements, which have been prepared on a going concern basis.

##### 2.4 Turnover

Turnover in respect of theatre management represents the amounts due from theatre related services and all directly attributable services. Turnover in respect of the provision of hospitality services comprises revenue recognised in respect of food and drink sales, accommodation, room hire and events.

Turnover is recognised on the date that the services are provided and is recognised exclusive of Value Added Tax.

##### 2.5 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life of between 13 and 20 years.

##### 2.6 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line or reducing balance basis.

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the length of the lease agreement
Plant and machinery	- 15% per annum on a reducing balance basis
Fixtures and fittings	- 15% per annum on a reducing balance basis

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.

##### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.8 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 weighted average 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 the consolidated statement of comprehensive income.

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

##### 2.10 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

##### 2.11 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and loans from third 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.

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 2. Accounting policies (continued)

##### 2.11 Financial instruments (continued)

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 consolidated 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 group would receive for the asset if it were to be sold at the balance sheet date.

##### 2.12 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.

##### 2.13 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure.

##### 2.14 Operating leases

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

##### 2.15 Borrowing costs

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

##### 2.16 Pensions

###### Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated 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 group in independently administered funds.

## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **2. Accounting policies (continued)**

##### **2.17 Interest income**

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

##### **2.18 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated 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.

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.



## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### i) Critical judgements in applying the group's accounting policies

The group depreciates tangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value, management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

Determining the amortisation period of 20 years from the date of acquisition for goodwill is based on management's expectations and reasonable assessments of the net assets acquired to support such an amortisation period.

##### ii) Key accounting estimates and assumptions

Other than mentioned above, the group does not make significant estimates and assumptions concerning the future.

#### 4. Turnover

All turnover is derived from the group's principal activity and arose within the United Kingdom.

Included in group turnover is £873,075 (2019 - £911,688) from charitable activities.

#### 5. Other operating income

	2020 £	2019 £
Recharged costs	<b>276,413</b>	340,159

#### 6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	<b>598,614</b>	601,626
Amortisation of goodwill	<b>139,913</b>	139,913
Operating lease rentals	<b>528,445</b>	496,539
Defined contribution pension cost	<b>306,867</b>	246,452

# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 7. Auditor's remuneration

Auditor's remuneration was borne by the former ultimate parent of the company.

### 8. Employees

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Wages and salaries	<b>12,145,417</b>	11,866,461	-	-
Social security costs	<b>911,837</b>	876,838	-	-
Cost of defined contribution scheme	<b>306,867</b>	246,452	-	-
	<b>13,364,121</b>	12,989,751	-	-

The average monthly number of employees, including the directors, during the year was as follows:

	<b>Group 2020 No.</b>	<b>Group 2019 No.</b>	<b>Company 2020 No.</b>	<b>Company 2019 No.</b>
Management	<b>5</b>	5	2	-
Administration	<b>1,149</b>	1,125	-	-
	<b>1,154</b>	1,130	2	0

### 9. Interest payable and similar charges

	<b>2020 £</b>	<b>2019 £</b>
Hire purchase contracts	-	948

# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 10. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	(14,578)	-
Adjustments in respect of previous periods	13	(111,407)
<b>Total current tax</b>	<b>(14,565)</b>	<b>(111,407)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(43,570)	(94,434)
Changes to tax rates	(3,643)	47,734
<b>Total deferred tax</b>	<b>(47,213)</b>	<b>(46,700)</b>
<b>Taxation on loss on ordinary activities</b>	<b>(61,778)</b>	<b>(158,107)</b>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	541,402	976,363
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	102,866	185,509
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	23,163	23,163
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	899	2,586
Fixed asset differences	42,248	48,531
Adjustments to tax charge in respect of prior periods	13	(111,407)
Adjust closing deferred tax rate	15,890	7,383
Non-taxable income	(67,310)	-
Enhanced theatres tax relief	(75,395)	(76,228)
Group relief	(142,888)	(255,999)
Other permanent differences	45,090	18,355
Deferred tax not recognised	(6,354)	-
<b>Total tax charge for the year</b>	<b>(61,778)</b>	<b>(158,107)</b>

### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 11. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the period from incorporation to 31 March 2020 was £NIL.

#### 12. Intangible assets

##### Group

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 April 2019	<b>2,777,506</b>
At 31 March 2020	<b>2,777,506</b>
<b>Amortisation</b>	
At 1 April 2019	<b>1,527,998</b>
Charge for the year	<b>139,913</b>
At 31 March 2020	<b>1,667,911</b>
<b>Net book value</b>	
At 31 March 2020	<b>1,109,595</b>
At 31 March 2019	<b>1,249,508</b>

**HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**13. Tangible fixed assets**

**Group**

	<b>Short-term leasehold property £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2019	<b>5,876,797</b>	<b>1,594,549</b>	<b>2,237,328</b>	<b>9,708,674</b>
Additions	<b>684,088</b>	<b>60,391</b>	<b>218,296</b>	<b>962,775</b>
At 31 March 2020	<b>6,560,885</b>	<b>1,654,940</b>	<b>2,455,624</b>	<b>10,671,449</b>
<b>Depreciation</b>				
At 1 April 2019	<b>1,667,658</b>	<b>955,148</b>	<b>1,299,233</b>	<b>3,922,039</b>
Charge for the year	<b>348,497</b>	<b>100,348</b>	<b>149,769</b>	<b>598,614</b>
At 31 March 2020	<b>2,016,155</b>	<b>1,055,496</b>	<b>1,449,002</b>	<b>4,520,653</b>
<b>Net book value</b>				
At 31 March 2020	<b>4,544,730</b>	<b>599,444</b>	<b>1,006,622</b>	<b>6,150,796</b>
At 31 March 2019	<b>4,209,139</b>	<b>639,401</b>	<b>938,095</b>	<b>5,786,635</b>

**14. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
Additions	<b>3,552</b>
At 31 March 2020	<b>3,552</b>
<b>Net book value</b>	
At 31 March 2020	<b>3,552</b>
At 31 March 2019	<b>-</b>

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 14. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
HQ Theatres & Hospitality Limited	Holding company	Ordinary	100%
HQ Hospitality Limited*	Catering services	Ordinary	100%
HQ Theatres Limited*	Theatre management	Ordinary	100%
Southend Theatres Limited*	Theatre operation management	Ordinary	100%
Beck Theatre Limited*	Theatre operation management	Ordinary	100%
Wycombe Arts Management Limited*	Theatre operation management	Ordinary	100%
Wyvern Theatre Limited*	Theatre operation management	Ordinary	100%
White Rock Theatre Hastings Limited*	Theatre operation management	Ordinary	100%
Orchard Theatre Dartford Limited*	Theatre operation management	Ordinary	100%
Colosseum Theatre Watford Limited*	Theatre operation management	Ordinary	100%
HQ Theatres Guildford Limited*	Theatre operation management	Ordinary	100%
Lyceum Theatre Crewe Limited*	Theatre operation management	Ordinary	100%
HQ Theatres Bromley Limited*	Theatre operation management	Ordinary	100%
Hetherington Seelig Theatres Limited*	Dormant	Ordinary	100%
HQ Theatres Trust**	Charitable company	N/A	100%
The Tanglewood Restaurant Limited*	Dormant	Ordinary	100%
Grillhouse Restaurants Limited*	Dormant	Ordinary	100%
Company No. 05649030 Limited*	Dormant	Ordinary	100%
New Theatre Cardiff Limited*	Dormant	Ordinary	100%

All of the subsidiaries have been included in the consolidated accounts for the year ended 31 March 2020. The subsidiaries are registered in England and Wales and their registered office is Elsley Court, 20-22 Great Titchfield Street, London, W1W 8BE.

\*Held indirectly.

\*\*HQ Theatres Trust is a registered charity, with charity number 1145989.

#### 15. Stocks

	Group 2020 £	Group 2019 £
Finished goods and goods for resale	<b>314,712</b>	314,501

# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	754,992	606,351	-	-
Amounts owed by group undertakings	21,453,907	21,300,244	-	-
Other debtors	546,684	1,041,081	3,551	-
Prepayments and accrued income	779,879	1,163,965	-	-
Tax recoverable	17,337	94,041	-	-
Deferred taxation	78,185	30,972	-	-
Grants receivable	121,678	-	-	-
	<b>23,752,662</b>	<b>24,236,654</b>	<b>3,551</b>	<b>-</b>

### 17. Cash and cash equivalents

	Group 2020 £	Group 2019 £
Cash at bank and in hand	2,256,974	1,922,380
Less: bank overdrafts	(8,161)	(90)
	<b>2,248,813</b>	<b>1,922,290</b>

### 18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £
Bank overdrafts	8,161	90
Trade creditors	4,474,160	4,059,420
Amounts owed to group undertakings	7,640,490	7,901,049
Corporation tax	77	7
Other taxation and social security	495,495	751,555
Other creditors	303,814	261,848
Accruals and deferred income	15,898,192	16,857,721
	<b>28,820,389</b>	<b>29,831,690</b>

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 19. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £
Other loans	487,399	-
Government grants received	9,703	17,471
	<u>497,102</u>	<u>17,471</u>

#### 20. Loans

Analysis of the maturity of loans is given below:

	Group 2020 £	Group 2019 £
<b>Amounts falling due 1-2 years</b>		
Other loans	60,925	-
<b>Amounts falling due 2-5 years</b>		
Other loans	182,774	-
<b>Amounts falling due after more than 5 years</b>		
Other loans	243,700	-
	<u>487,399</u>	<u>-</u>

The loan carries interest at a rate of 3% per annum and is repayable in equal monthly instalments from 1 April 2021 to 1 March 2030.



# HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 21. Deferred taxation

#### Group

	2020 £	2019 £
At beginning of year	30,972	(15,728)
Profit and loss account movement	47,213	46,700
<b>At end of year</b>	<b>78,185</b>	<b>30,972</b>

	Group 2020 £	Group 2019 £
Fixed asset timing differences	(361,121)	(196,137)
Tax losses carried forward	420,581	213,936
Pension surplus	-	891
Short term timing differences	18,725	12,282
	<b>78,185</b>	<b>30,972</b>

### 22. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
710,300 (2019 - NIL) ordinary shares of £0.01 each	7,103	-

On incorporation, 355,150 ordinary shares of £0.01 each were issued and fully paid at par.

On 9 March 2020, an additional 355,150 ordinary shares of £0.01 each were issued and fully paid at par as part of a share for share exchange, which resulted in the company acquiring 100% of the share capital of HQ Theatres & Hospitality Limited.

There is a single class of ordinary share. There are no restrictions on the distribution of the dividends and the repayment of capital.

### 23. Reserves

#### Merger reserve

A reserve credited in place of a share premium account when merger relief is applied.

## HQ THEATRES & HOSPITALITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 24. Contingent liabilities

The group has given its bankers an unlimited cross guarantee over its banking facility, which exists across all connected companies.

Liability arising from the unlimited cross guarantee is secured by mortgage debentures executed by all connected companies, a direct charge over a keyman term life policy on the life of N J Thomas MBE, limited to £3,000,000 and a personal guarantee of £375,000.

The group's net contingent liability at 31 March 2020 was £2,000,000 (2019 - £2,000,000).

#### 25. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £306,867 (2019 - £246,452). Contributions totalling £103,813 (2019 - £80,152) were payable to the fund at the balance sheet date and are included in creditors.

#### 26. Commitments under operating leases

At 31 March 2020 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
<b>Land and buildings</b>		
Not later than 1 year	<b>77,500</b>	77,500
Later than 1 year and not later than 5 years	<b>112,747</b>	190,247
	<b>190,247</b>	267,747
	<b>Group 2020 £</b>	<b>Group 2019 £</b>
<b>Other</b>		
Not later than 1 year	<b>17,419</b>	19,448
Later than 1 year and not later than 5 years	<b>7,243</b>	24,663
	<b>24,662</b>	44,111

## **HQ THEATRES & HOSPITALITY HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **27. Related party transactions**

The company's related party transactions with wholly owned subsidiaries have not been disclosed in accordance with Section 33 paragraph 33.1A of FRS 102. Related party transactions with other entities were as follows:

During the year, a company under common control provided printing services to the group totalling £641,230 (2019 - £778,733) and had net expenses paid on its behalf and received working capital assistance totalling £902,900 (2019 - £823,484). At the balance sheet date, the company under common control was owed £767,388 (2019 - £1,003,060).

At the balance sheet date, other companies under common control owed the group £14,702,800 (2019 - £14,524,625).

#### **28. Post balance sheet events**

On 17 March 2020, the directors complied with the Government ruling that all theatres and hospitality venues should be closed as a result of the COVID-19 pandemic. On this date all HQ Theatres & Hospitality and HQ Collection sites were forced to close. The theatres have remained closed throughout and the HQ Collection pubs, restaurants and accommodation have traded intermittently between lockdowns but at the time of writing, all sites are again closed, following a third national lockdown that was announced by the Prime Minister on 4 January 2021. All remaining 2020 shows and events across the estate were either rescheduled to 2021 or cancelled, including the pantomime and Christmas events season.

Management eagerly await roll out of the new vaccine and the next round of governmental announcements and are hopeful of reopening their auditoria, restaurants, bars, pubs and cafés to the public in the coming months, even if under capacity and socially distant limitations for a period of time. In order to mitigate the financial impact on the group, the directors have taken advantage of Government support where available.

#### **29. Controlling party**

The ultimate controlling party is N J Thomas MBE.