

Company Registration No. 02860394 (England and Wales)

ABC LEISURE GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 25 OCTOBER 2020

ABC LEISURE GROUP LIMITED

COMPANY INFORMATION

Directors	Mr S Boddice Mr E J Helps Mr C Onens Mr K Threlfall
Secretary	Mrs S Mitchell
Company number	02860394
Registered office	Scarfield Wharf Scarfield Hill Alvechurch Worcestershire B48 7SQ
Auditor	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY

ABC LEISURE GROUP LIMITED

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ABC LEISURE GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 25 OCTOBER 2020

The directors present the strategic report for the year ended 25 October 2020.

Fair review of the business

The principal activity of the business continues to be the operation of UK inland waterway marinas and associated activities. The 2020 financial year was severely impacted by the global Coronavirus Pandemic.

As the Company approached the start of the main boating season (mid-March) advance holiday hire bookings were at very high levels and all indications were that the Company would have a record year. Activity levels are lower in the winter, but successful promotions of Day Hire, Holiday Lets, Winter Caravan Pitches and Yard Services had resulted in a 9% year on year increase in income at the end of the February.

The national lockdown resulted in the marinas being closed on March 23rd, 2020. The Company took advantage of the UK Governments Furlough scheme and has benefited from the twelve-month business rate reduction as well as Retail, Leisure and Hospitality sector specific grants. A CBILs loan was also taken out to ensure the liquidity of the Company in the short term.

For holidays that were not able to take place during the lockdown period the Company offered a refund or the chance to defer the holiday until 2021. The high proportion of customers who opted to defer, along with strong demand for 2021 holidays, has resulted in record booking levels as we move into 2021.

The marinas were reopened as Covid-19 secure workplaces on a phased basis in June 2020 and boat hire resumed on July 4th, 2020. During the lockdown there was considerable investment in additional PPE and process changes.

Once the season was able to commence demand far outstripped supply for boat hire and although the season was truncated it was the busiest peak season ever. Many of the guests were first time hirers who discovered the canals during lockdown or were looking for a high-quality UK based holiday. The Directors are very proud that despite the challenges the employees faced customer service standards were maintained.

The other activity areas also performed well post lockdown with a 10% year on year increase in income for the last four periods of the financial year.

Pre lockdown the ongoing marina improvement investment programme continued focusing on the works identified in the Colliers property inspection reports carried out in 2019.

ABC Leisure Group acquired the freehold interest in Anderton Marina from the landlord in 2020 and applied, and subsequently received, planning permission for a 20-pitch touring caravan site. Planning was also secured for additional touring caravan pitches at Grove Lock Marina as well as the improvement of the facilities at Aldermaston Wharf. Other development opportunities are also being progressed.

The Directors were happy with the performance of the business in 2020 given the unprecedented year the business faced.

As we approach the 2021 season the impact of the Coronavirus pandemic is still being felt. It is not clear when the lockdown of early 2021 will end, or when the season will be able to commence. It is hoped that the vaccination programme will enable the season to start in the Spring. The Company continues to benefit from Government support in terms of sector specific grants and the Furlough scheme.

ABC Leisure Group acquired Springwood Haven Marina in early 2021 adding a 15th marina to the group. Colliers International have valued all of the Companies properties and arrived at a market value of £18m.

ABC LEISURE GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

Principal risks and uncertainties

The Directors and senior managers are proactive in their approach to potential risks and uncertainties.

The key risk identified is the economic impact of the Coronavirus outbreak and any subsequent economic downturn.

Marinas do represent a multi hazardous environment for both guests and employees. ABC has a well-developed Health and Safety system and retain a third-party specialist to offer Health & Safety advice which includes annual inspection of all sites. Due to the Coronavirus pandemic this was not able to be carried out in 2020 so there will be double inspections in 2021. All incidents are reported and reviewed for trends which allow processes and procedures to be adapted to mitigate future risk. The accident frequency rate remains low and is lower than the previous year due to the lockdown period.

In the event of a complete or partial closure of any one site business continuity would be ensured by existing contingency planning and suitable insurance policies.

The risk of fraud through misappropriation of assets including banking, stock or cash theft is mitigated through the management structure and control through processes and procedures.

In line with most UK leisure related businesses ABC is exposed to several market risk factors such as the economy and weather, but the spread of business activities and locations minimises the impact of this.

ABC operates on various navigation authorities' waterways. Any risk associated with operating on third party waterways is mitigated by representation as an industry through British Marine.

On behalf of the board

Mr C Onens

Director

1 April 2021

ABC LEISURE GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 25 OCTOBER 2020

The directors present their annual report and financial statements for the year ended 25 October 2020.

Principal activities

The principal activity of the company continued to be that of the operation of inland waterway marinas.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Boddice
Mr E J Helps
Mr C Onens
Mr K Threlfall

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £20,000 (2019: £328,500). The directors do not recommend payment of a final dividend.

Financial instruments

The Company uses various financial instruments. These include cash and various items such as trade debtors and trade creditors that arise from its operations. Their existence exposes the Company to a number of financial risks which are described in more detail below.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The Company is exposed to fair value interest rate risk on its fixed rate borrowings and cashflow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of floating and variable rate debt so as to reduce its exposure to changes in interest rates.

Future developments

The company will continue to trade as an inland waterway marinas operator in the future.

Auditor

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment in accordance with Section 487(2) of the Companies Act 2006.

ABC LEISURE GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr C Onens

Director

1 April 2021

ABC LEISURE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABC LEISURE GROUP LIMITED

Opinion

We have audited the financial statements of ABC Leisure Group Limited (the 'company') for the year ended 25 October 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 October 2020 and of its 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ABC LEISURE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ABC LEISURE GROUP LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Colm McGrory FCA (Senior Statutory Auditor)
for and on behalf of Ormerod Rutter Limited

7 April 2021

Chartered Accountants
Statutory Auditor

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

ABC LEISURE GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 25 OCTOBER 2020

	Notes	2020 £	2019 £
Turnover	3	8,885,054	11,021,830
Cost of sales		(5,113,083)	(6,053,929)
Gross profit		3,771,971	4,967,901
Administrative expenses		(4,093,041)	(3,610,001)
Other operating income		601,432	-
Operating profit	4	280,362	1,357,900
Interest payable and similar expenses	8	(167,298)	(193,304)
Profit before taxation		113,064	1,164,596
Tax on profit	9	(69,304)	(186,713)
Profit for the financial year		43,760	977,883

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ABC LEISURE GROUP LIMITED

BALANCE SHEET

AS AT 25 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12	10,868,725		6,375,342	
Investments	13	398		4,173,735	
		<u>10,869,123</u>		<u>10,549,077</u>	
Current assets					
Stocks	14	539,208		552,062	
Debtors	16	1,157,133		1,532,441	
Cash at bank and in hand		2,117,125		1,176,507	
		<u>3,813,466</u>		<u>3,261,010</u>	
Creditors: amounts falling due within one year	17	<u>(5,654,086)</u>		<u>(6,899,611)</u>	
Net current liabilities			<u>(1,840,620)</u>		<u>(3,638,601)</u>
Total assets less current liabilities			9,028,503		6,910,476
Creditors: amounts falling due after more than one year	18		(5,501,287)		(3,420,460)
Provisions for liabilities	21		(206,125)		(192,685)
Net assets			<u>3,321,091</u>		<u>3,297,331</u>
Capital and reserves					
Called up share capital	24	200,001		200,001	
Other reserves		703,776		715,254	
Profit and loss reserves		2,417,314		2,382,076	
Total equity			<u>3,321,091</u>		<u>3,297,331</u>

The financial statements were approved by the board of directors and authorised for issue on 1 April 2021 and are signed on its behalf by:

Mr C Onens
Director

Company Registration No. 02860394

ABC LEISURE GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 25 OCTOBER 2020

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 29 October 2018		200,001	726,732	1,721,215	2,647,948
Year ended 27 October 2019:					
Profit and total comprehensive income for the year		-	-	977,883	977,883
Dividends	10	-	-	(328,500)	(328,500)
Transfers		-	-	11,478	11,478
Other movements		-	(11,478)	-	(11,478)
Balance at 27 October 2019		200,001	715,254	2,382,076	3,297,331
Year ended 25 October 2020:					
Profit and total comprehensive income for the year		-	-	43,760	43,760
Dividends	10	-	-	(20,000)	(20,000)
Transfers		-	-	11,478	11,478
Other movements		-	(11,478)	-	(11,478)
Balance at 25 October 2020		200,001	703,776	2,417,314	3,321,091

ABC LEISURE GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 25 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations		1,398,395		1,462,224	
Interest paid		(167,298)		(193,304)	
Income taxes paid		(211,858)		(146,745)	
Net cash inflow from operating activities		1,019,239		1,122,175	
Investing activities					
Purchase of intangible assets		(84,147)		-	
Purchase of tangible fixed assets		(4,760,056)		(211,010)	
Proceeds on disposal of tangible fixed assets		7,136		89,916	
Proceeds on disposal of investment		4,173,337		-	
Net cash used in investing activities		(663,730)		(121,094)	
Financing activities					
Repayment of borrowings		-		(105,688)	
Repayment of bank loans		2,289,161		(180,187)	
Dividends paid		(20,000)		(328,500)	
Net cash generated from/(used in) financing activities		2,269,161		(614,375)	
Net increase in cash and cash equivalents		2,624,670		386,706	
Cash and cash equivalents at beginning of year		(507,545)		(894,251)	
Cash and cash equivalents at end of year		2,117,125		(507,545)	
Relating to:					
Cash at bank and in hand		2,117,125		1,176,507	
Bank overdrafts included in creditors payable within one year		-		(1,684,052)	

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 25 OCTOBER 2020

1 Accounting policies

Company information

ABC Leisure Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Scarfield Wharf, Scarfield Hill, Alvechurch, Worcestershire, B48 7SQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements have been drawn up on the going concern basis. If the going concern basis were not appropriate, adjustments would have been made to reduce assets to recoverable amounts, to provide for any further liabilities that might arise, and to re-classify fixed assets as current assets and long term liabilities as current liabilities.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

Management have determined that goodwill shall be amortized fully in the year that is recognised.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% on cost
Narrow Boats	10% on cost
Plant and Machinery	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Leasehold property is written off over the period of the lease.

No depreciation is provided on freehold land.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

1 Accounting policies

(Continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When costs incurred in securing a contract are recognised as an expense in the period in which they are incurred, they are not included in contract costs if the contract is obtained in a subsequent period.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Other reserves

Other reserves are made up of balances transferred from the revaluation reserve on transition to FRS 102, where previous revaluation of freehold properties is assumed to be deemed cost on transition.

The other reserves remain on the balance sheet until properties to which they relate are disposed of.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Hire	2,680,351	3,962,310
Yard	835,679	1,125,163
Moorings and brokerage	1,675,994	1,669,271
Boat building	1,572,933	1,889,300
Private work and chandlery	805,313	1,157,858
Other income	1,314,784	1,217,928
	<u>8,885,054</u>	<u>11,021,830</u>

	2020 £	2019 £
Other significant revenue		
Grants received and Coronavirus Job Retention Scheme	601,432	-
	<u>601,432</u>	<u>-</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Research and development costs	81,967	106,605
Grants received and Coronavirus Job Retention Scheme	(601,432)	-
Depreciation of owned tangible fixed assets	260,912	200,267
Profit on disposal of tangible fixed assets	(1,375)	-
Amortisation of intangible assets	84,147	-
	<u>84,147</u>	<u>-</u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	15,500	15,000
	<u>15,500</u>	<u>15,000</u>
For other services		
Taxation compliance services	207	200
All other non-audit services	13,546	1,193
	<u>13,753</u>	<u>1,393</u>

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2020 Number	2019 Number
190	208

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,338,859	3,392,757
Social security costs	241,253	248,954
Pension costs	95,507	80,100
	<u>3,675,619</u>	<u>3,721,811</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	130,323	94,341
Company pension contributions to defined contribution schemes	3,494	2,751
	<u>133,817</u>	<u>97,092</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>167,298</u>	<u>193,304</u>

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	42,289	198,283
Adjustments in respect of prior periods	13,575	(255)
Total current tax	55,864	198,028
Deferred tax		
Origination and reversal of timing differences	13,440	(11,315)
Total tax charge	69,304	186,713

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	113,064	1,164,596
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	21,482	221,273
Tax effect of expenses that are not deductible in determining taxable profit	1,025	400
Tax effect of income not taxable in determining taxable profit	(1,197)	-
Research and development tax credit	-	(34,734)
Under/(over) provided in prior years	13,575	(255)
Deferred tax adjustments in respect of prior years	13,440	-
Depreciation in excess of capital allowances	20,979	29
Taxation charge for the year	69,304	186,713

10 Dividends

	2020 £	2019 £
Interim paid	20,000	328,500

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

11 Intangible fixed assets

	Goodwill £
Cost	
At 28 October 2019	-
Additions	84,147
	<hr/>
At 25 October 2020	84,147
	<hr/>
Amortisation and impairment	
At 28 October 2019	-
Amortisation charged for the year	84,147
	<hr/>
At 25 October 2020	84,147
	<hr/>
Carrying amount	
At 25 October 2020	-
	<hr/> <hr/>
At 27 October 2019	-
	<hr/> <hr/>

12 Tangible fixed assets

	Land and buildings £	Narrow Boats £	Assets under construction £	Plant and Machinery £	Total £
Cost or valuation					
At 28 October 2019	6,662,774	85,819	452,176	1,248,128	8,448,897
Additions	4,491,673	-	-	268,383	4,760,056
Disposals	-	(582)	-	(5,179)	(5,761)
Transfers	452,176	-	(452,176)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 25 October 2020	11,606,623	85,237	-	1,511,332	13,203,192
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment					
At 28 October 2019	1,063,423	42,332	-	967,800	2,073,555
Depreciation charged in the year	109,113	2,302	-	149,497	260,912
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 25 October 2020	1,172,536	44,634	-	1,117,297	2,334,467
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount					
At 25 October 2020	10,434,087	40,603	-	394,035	10,868,725
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 27 October 2019	5,599,351	43,487	452,176	280,328	6,375,342
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

12 Tangible fixed assets

(Continued)

The carrying value of land and buildings comprises:

	2020 £	2019 £
Freehold	8,306,913	4,587,464
Long leasehold	1,116,727	759,611
Short leasehold	1,010,447	259,765
	<u>10,434,087</u>	<u>5,606,840</u>

Upon transition to FRS 102 the company elected to make use of a transitional arrangement with regards to assets held under the revaluation model. On transition the company reclassified previously revalued asset amounts as deemed cost and from henceforth these assets were held under the cost model.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020 £	2019 £
Cost	6,789,379	6,088,882
Accumulated depreciation	(1,365,596)	(1,241,806)
Carrying value	<u>5,423,783</u>	<u>4,847,076</u>

The directors have obtained a professional valuation of all the land and buildings held within the group at the year end but have opted not to reflect this revaluation within the financial statements and have maintained the accounting treatment disclosed above.

The valuation was carried out by Colliers International Property Advisers UK LLP in January 2020 and reported that the market value of the combined freehold and leasehold properties was £18m

13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries		208	4,173,545
Unlisted investments		190	190
		<u>398</u>	<u>4,173,735</u>

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

13 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 28 October 2019	4,173,545	190	4,173,735
Disposals	(4,173,337)	-	(4,173,337)
	<u>208</u>	<u>190</u>	<u>398</u>
At 25 October 2020	208	190	398
Carrying amount			
At 25 October 2020	208	190	398
	<u>208</u>	<u>190</u>	<u>398</u>
At 27 October 2019	4,173,545	190	4,173,735
	<u>4,173,545</u>	<u>190</u>	<u>4,173,735</u>

On 28 July 2020 the assets and liabilities of Pridewater Estates Limited and Pridewater Investments limited were transferred into ABC Leisure Group Limited.

14 Stocks

	2020 £	2019 £
Finished goods and goods for resale	539,208	552,062
	<u>539,208</u>	<u>552,062</u>

15 Construction contracts

	2020 £	2019 £
Contracts in progress at the reporting date		
Gross amounts owed by contract customers included in debtors	53,925	46,132
	<u>53,925</u>	<u>46,132</u>
Contract revenues recognised		
Contract costs incurred plus recognised profits less recognised losses to date	348,774	146,177
Less: progress billing	(294,849)	(100,045)
	<u>53,925</u>	<u>46,132</u>

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

16 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	235,457	712,166
Gross amounts owed by contract customers	53,925	46,132
Amounts owed by group undertakings	385	10,911
Other debtors	465,318	306,329
Prepayments and accrued income	402,048	456,903
	<u>1,157,133</u>	<u>1,532,441</u>

17 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	19	561,563	2,037,281
Trade creditors		458,911	1,170,810
Amounts due to group undertakings		55,574	2,643
Corporation tax		42,289	198,283
Other taxation and social security		273,924	439,644
Other creditors		971,698	1,184,671
Accruals and deferred income		3,290,127	1,866,279
		<u>5,654,086</u>	<u>6,899,611</u>

18 Creditors: amounts falling due after more than one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	19	5,501,287	3,420,460
		<u>5,501,287</u>	<u>3,420,460</u>

19 Loans and overdrafts

	2020	2019
	£	£
Bank loans	6,062,850	3,773,689
Bank overdrafts	-	1,684,052
	<u>6,062,850</u>	<u>5,457,741</u>
Payable within one year	561,563	2,037,281
Payable after one year	5,501,287	3,420,460
	<u>6,062,850</u>	<u>5,457,741</u>

Bank overdrafts are secured by fixed and floating charges over all assets of the company, as well as specific fixed charges on certain assets held within land and buildings.

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

20 Secured debts

The following secured debts are included within creditors:

	2020 £	2019 £
Bank overdrafts	-	1,684,052
Bank loans	6,062,850	3,773,689
	<u>6,062,850</u>	<u>5,457,741</u>

Bank loans are secured by way of a fixed and floating charge over all assets of the company.

21 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	22	206,125	192,685
		<u>206,125</u>	<u>192,685</u>

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	71,578	58,008
Tax losses	134,547	-
Other timing differences	-	134,677
	<u>206,125</u>	<u>192,685</u>
Movements in the year:		2020 £
Liability at 28 October 2019		192,685
Charge to profit or loss		13,440
		<u>206,125</u>
Liability at 25 October 2020		<u>206,125</u>

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

23 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	95,507	80,100

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Amounts outstanding at the end of the accounting period in respect of pension contributions amounted to £13,804 (2019: £13,698).

24 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
66,667 Ordinary A of £1 each	66,667	66,667
66,667 Ordinary B of £1 each	66,667	66,667
66,667 Ordinary C of £1 each	66,667	66,667
	200,001	200,001

The company has three separate class of ordinary shares. Each class carries voting rights and rank pari passu.

25 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	127,804	197,184
Between two and five years	511,216	622,429
In over five years	3,074,565	3,980,720
	3,713,585	4,800,333

During the year two new operating lease commitments were acquired for leasehold property which formed part of the transfer of assets and liabilities from Pridewater Estates Limited and Pridewater Investments Limited into ABC Leisure Group Limited.

ABC LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 25 OCTOBER 2020

26 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Entities over which the entity has control, joint control or significant influence	1,377	423,271	8,845	161,015
Other related parties	855,599	1,303,529	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due to related parties		
Entities over which the entity has control, joint control or significant influence	14,773	2,342
Other related parties	-	7,695
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due from related parties		
Entities over which the entity has control, joint control or significant influence	361	10,911
Other related parties	385	376
	<u> </u>	<u> </u>

27 Analysis of changes in net debt

	28 October 2019 £	Cash flows £	25 October 2020 £
Cash at bank and in hand	1,176,507	940,618	2,117,125
Bank overdrafts	(1,684,052)	1,684,052	-
	<u> </u>	<u> </u>	<u> </u>
	(507,545)	2,624,670	2,117,125
Borrowings excluding overdrafts	(3,773,689)	(2,289,161)	(6,062,850)
	<u> </u>	<u> </u>	<u> </u>
	(4,281,234)	335,509	(3,945,725)
	<u> </u>	<u> </u>	<u> </u>

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