

Company Registration No. 03763413 (England and Wales)

ANDREW BROWN LEISURE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2020

ANDREW BROWN LEISURE LIMITED

COMPANY INFORMATION

Directors	S Brown O Brown O Foucre H A Lord A W Brown S Burge
Company number	03763413
Registered office	Crow Wood Leisure Centre Holme Road Burnley Lancashire BB12 0RT
Auditor	Azets Audit Services St Crispin House St Crispin Way Haslingden Rossendale Lancashire BB4 4PW

ANDREW BROWN LEISURE LIMITED

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ANDREW BROWN LEISURE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2020

The directors present the strategic report for the year ended 30 April 2020.

Fair review of the business

Whilst general trading will always remain competitive the diversification of the group's client base and sectors that it operates in helps manage any exposure to a downturn in any one area. Similarly, this diversification has widened the client base with no customer representing a high percentage of turnover. The Board of Directors continually reviews market conditions to assess both risks and opportunities that the company faces.

During this financial year the company successfully opened our new hotel which has received excellent feedback on all social media platforms including TripAdvisor. Occupancy levels were very satisfactory and climbing each month until March when the virus hit bookings across all sectors of our business. The start-up costs associated with any project of this nature are enormous. The hotel was built on time and on budget and well within the Groups borrowing facility. The hotel is built to a four star plus standard containing 78 rooms, a four hundred-seater banqueting suite, destination Mediterranean restaurant all set within 40 acres of landscape green belt grounds. Aside from any continuing effects of COVID-19 the Directors view the Hotel as becoming the most profitable part of the business as the reputation grows and allows higher occupancy and increased margins.

The pandemic outbreak of COVID-19 in 2020 has had a significant impact on the industry, we of course had to close all our operations during the National lockdown. Staff costs are a significant proportion of our fixed cost base therefore the directors have utilised the support measures made available by the UK government to trade through the situation. The job retention scheme will cover the cost of staff furloughed and we will utilise other financial and deferment applying for a CBILS loans and the VAT deferment scheme. At the balance sheet date, the Group had sufficient working capital and, apart from secured bank loans for the building of the hotel, has minimal external debt.

During May 2020 we secured a CBILS loan of £1.38M. At the date of this report we have cash reserves of £1.5M plus £250,000 agreed overdraft limit. All suppliers are paid to date. All HMRC liabilities are paid to date except VAT, having taken advantage of the VAT deferment scheme. Our liability due under the scheme is £207,000 and will be paid in full by March 2021. We have a minimal level of debtors.

Our facilities were closed in their entirety until 4 July when we re-opened the restaurants and the hotel. The rest of the site followed between July and August. Turnover for August was at 80% of our previous trading levels and will hopefully increase steadily to our pre- COVID-19 levels by the end of the calendar year barring no further lockdowns. As at the end of August we have an operating loss of (£407,628). The Directors monitor cash flow daily and are confident there are enough cash reserves to continue to trade through these exceptional times.

The Lockdown came in 2 days before Mother's Day, which for us and the rest of our sector is the normally the biggest day of the year. The loss of food, beverages out of date (as of August 2020), refund of deposits, marketing expenses, card payment charges and all other exceptional items are all provided for in our accounts.

The overall impact of COVID-19 is currently very difficult to predict and given the high level of uncertainty it is not possible to, at present, estimate the overall potential impact on the Group. However, the directors believe that the current cash reserves plus the utilisation of the job retention scheme will be sufficient to trade through the current situation in the short term. The directors will continue to monitor the situation and follow the directives issued by government, as well as access other government support if necessary.

On behalf of the board

A W Brown

Director

19 October 2020

ANDREW BROWN LEISURE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2020

The directors present their annual report and financial statements for the year ended 30 April 2020.

Principal activities

The principal activity of the company and group is that of leisure centre, hotel and restaurant operators.

Directors

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

S Brown
O Brown
O Foucre
H A Lord
A W Brown
S Burge

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend a dividend payment on the group results.

Financial instruments

The business' principal financial instruments comprise bank balances, bank loans and overdrafts, trade debtors, trade creditors, other loans and hire purchase obligations to the business. The main purpose of these instruments is to finance the business' operations and the development of its facilities.

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. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

The group bank borrowings are variable interest loan arrangements.

Trade debtors are managed in respect of credit and cash flow risk in policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debts.

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

Other loans comprise loans from the directors and other individuals.

Hire purchase obligations are taken out at fixed rates.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ANDREW BROWN LEISURE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On 7 September 2020 Group Audit Services Limited, trading as Baldwins Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

A W Brown

Director

19 October 2020

ANDREW BROWN LEISURE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2020

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 group and company, 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 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 company will continue in business.

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

ANDREW BROWN LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANDREW BROWN LEISURE LIMITED

Opinion

We have audited the financial statements of Andrew Brown Leisure Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 group's and the parent company's affairs as at 30 April 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw your attention to notes 1.3 and 23 in the financial statements.

The events and conditions stated in these notes indicate that a material uncertainty exists that may cast doubt on the group's and the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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.

ANDREW BROWN LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ANDREW BROWN LEISURE LIMITED

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.

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 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 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, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ANDREW BROWN LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ANDREW BROWN LEISURE LIMITED

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.

Mr Nicholas Stockton (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

26 October 2020

St Crispin House
St Crispin Way
Haslingden
Rossendale
Lancashire
BB4 4PW

ANDREW BROWN LEISURE LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2020

	Notes	2020 £	2019 £
Turnover	3	8,311,525	7,464,069
Cost of sales		(5,055,655)	(3,908,491)
Gross profit		3,255,870	3,555,578
Administrative expenses		(3,540,411)	(2,964,374)
Other operating income		538,406	36,400
Operating profit	4	253,865	627,604
Interest payable and similar expenses	7	(545,491)	(287,551)
(Loss)/profit before taxation		(291,626)	340,053
Tax on (loss)/profit	8	20	(28,810)
(Loss)/profit for the financial year		(291,606)	311,243

ANDREW BROWN LEISURE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2020

	2020	2019
	£	£
(Loss)/profit for the year	(291,606)	311,243
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(291,606)</u>	<u>311,243</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

ANDREW BROWN LEISURE LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	9	23,050,809		16,503,710	
Current assets					
Stocks	12	156,115		92,299	
Debtors	13	443,401		754,089	
Cash at bank and in hand		666		205,170	
		<u>600,182</u>		<u>1,051,558</u>	
Creditors: amounts falling due within one year	14	<u>(5,396,244)</u>		<u>(5,449,425)</u>	
Net current liabilities			<u>(4,796,062)</u>		<u>(4,397,867)</u>
Total assets less current liabilities			18,254,747		12,105,843
Creditors: amounts falling due after more than one year	15		(10,693,944)		(4,253,434)
Provisions for liabilities			<u>(802,000)</u>		<u>(802,000)</u>
Net assets			<u>6,758,803</u>		<u>7,050,409</u>
Capital and reserves					
Called up share capital	20	3,743,968		3,743,968	
Share premium account		251,139		251,139	
Capital redemption reserve		17,000		17,000	
Profit and loss reserves		2,746,696		3,038,302	
Total equity			<u>6,758,803</u>		<u>7,050,409</u>

The financial statements were approved by the board of directors and authorised for issue on 19 October 2020 and are signed on its behalf by:

O Brown
Director

ANDREW BROWN LEISURE LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9	20,482,011		14,139,863	
Investments	10		1		1
		20,482,012		14,139,864	
Current assets					
Debtors	13	19,387		449,857	
Cash at bank and in hand		-		158,083	
		19,387		607,940	
Creditors: amounts falling due within one year	14	(3,033,849)		(4,180,297)	
Net current liabilities			(3,014,462)		(3,572,357)
Total assets less current liabilities			17,467,550		10,567,507
Creditors: amounts falling due after more than one year	15		(10,677,579)		(4,244,097)
Provisions for liabilities			(542,000)		(542,000)
Net assets			6,247,971		5,781,410
Capital and reserves					
Called up share capital	20	3,743,968		3,743,968	
Share premium account		251,139		251,139	
Capital redemption reserve		17,000		17,000	
Profit and loss reserves		2,235,864		1,769,303	
Total equity			6,247,971		5,781,410

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £466,561 (2019 - £270,893 profit).

The financial statements were approved by the board of directors and authorised for issue on 19 October 2020 and are signed on its behalf by:

O Brown
Director

Company Registration No. 03763413

ANDREW BROWN LEISURE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2020

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 May 2018	3,743,968	251,139	17,000	2,727,059	6,739,166
Year ended 30 April 2019:					
Profit and total comprehensive income for the year	-	-	-	311,243	311,243
Balance at 30 April 2019	3,743,968	251,139	17,000	3,038,302	7,050,409
Year ended 30 April 2020:					
Loss and total comprehensive income for the year	-	-	-	(291,606)	(291,606)
Balance at 30 April 2020	3,743,968	251,139	17,000	2,746,696	6,758,803

ANDREW BROWN LEISURE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2020

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 May 2018	3,743,968	251,139	17,000	1,498,411	5,510,518
Year ended 30 April 2019:					
Profit and total comprehensive income for the year	-	-	-	270,892	270,892
Balance at 30 April 2019	3,743,968	251,139	17,000	1,769,303	5,781,410
Year ended 30 April 2020:					
Profit and total comprehensive income for the year	-	-	-	466,561	466,561
Balance at 30 April 2020	3,743,968	251,139	17,000	2,235,864	6,247,971

ANDREW BROWN LEISURE LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	25	665,411		2,174,147	
Interest paid		(545,491)		(287,551)	
Income taxes refunded/(paid)		20		(30,810)	
Net cash inflow from operating activities		119,940		1,855,786	
Investing activities					
Purchase of tangible fixed assets		(7,221,507)		(3,309,228)	
Proceeds on disposal of tangible fixed assets		20,879		10,000	
Net cash used in investing activities		(7,200,628)		(3,299,228)	
Financing activities					
Proceeds of new bank loans		7,320,984		4,134,897	
Repayment of bank loans		(455,882)		(2,556,372)	
Payment of finance leases obligations		(15,900)		(6,548)	
Net cash generated from financing activities		6,849,202		1,571,977	
Net (decrease)/increase in cash and cash equivalents		(231,486)		128,535	
Cash and cash equivalents at beginning of year		198,844		70,309	
Cash and cash equivalents at end of year		(32,642)		198,844	
Relating to:					
Cash at bank and in hand		666		205,170	
Bank overdrafts included in creditors payable within one year		(33,308)		(6,326)	

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

Company information

Andrew Brown Leisure Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Crow Wood Leisure Centre, Holme Road, Burnley, Lancashire, BB12 0RT.

The group consists of Andrew Brown Leisure Limited and its subsidiary Crow Wood Leisure Limited.

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. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Andrew Brown Leisure Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

1.3 Going concern

The coronavirus pandemic has impacted on the trading and cash flow of the group. The period of time for which the impact will continue is considered to be unknown. Whilst trading conditions have improved significantly from the initial lockdown in the period March 2020 to date the hospitality sector in which the group operates has been adversely impacted by the pandemic and would presumably be impacted similarly by any resurgence of the coronavirus in the immediate future. The likelihood of coronavirus continuing to spread throughout the population and any subsequent lockdown, and the potential impact on the hospitality sector, remains uncertain.

The directors have prepared financial forecasts that demonstrate the future viability of the business having utilised government incentives and obtained additional financing. The directors recognise the uncertainties and sensitivities in the forecasts given the sector and environment in which the group operates, and how this could impact on income, cash flow and financing.

Whilst the directors consider that these material uncertainties may cast doubt on the group's ability to continue as a going concern, at the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, and therefore in their opinion the financial statements should be prepared on a going concern basis.

1.4 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 and other sales related taxes.

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.

1.5 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.

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% straight line basis
Leasehold improvements	2% straight line basis
Fixtures, fittings and equipment	5 - 33% straight line basis
Motor vehicles	25% straight line basis

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 recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

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

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

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.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

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.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs.

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 group after deducting all of its liabilities.

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, are recognised at transaction price.

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 at transaction price.

1.11 Equity instruments

Equity instruments issued by the group 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 group.

1.12 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

1.14 Retirement benefits

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

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 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.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Business continuity

The directors have considered the impact of COVID-19 on the group which has occurred since the balance sheet date. This has included judgments in respect of availability, extent and timing of sources of cash, and the duration and potential impact of social distancing and other measures. The directors believe that the group will have sufficient cash and resources available to it to trade through temporary reduction of its operations. However, they recognise the uncertainty and sensitivity in the assumptions made and in the industry and sector, in which the group operates, give rise to a material uncertainty in relation to going concern.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
UK	8,311,525	7,464,069
	<u> </u>	<u> </u>
	2020	2019
	£	£
Other significant revenue		
Grants received	538,406	36,400
	<u> </u>	<u> </u>

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(538,406)	(36,400)
Depreciation of owned tangible fixed assets	690,000	711,000
Profit on disposal of tangible fixed assets	(10,683)	(3,828)
	<u></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 group and company	8,500	7,250
Audit of the financial statements of the company's subsidiaries	6,500	6,500
	<u>15,000</u>	<u>13,750</u>
For other services		
All other non-audit services	15,750	14,800
	<u>15,750</u>	<u>14,800</u>

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Management	4	4	-	-
Leisure centre, spa and restaurant staff	248	190	-	-
Total	<u>252</u>	<u>194</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	3,715,929	2,780,996	-	-
Social security costs	258,301	181,179	-	-
Pension costs	52,152	107,262	-	-
	<u>4,026,382</u>	<u>3,069,437</u>	<u>-</u>	<u>-</u>

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	427,803	117,699
Other interest on financial liabilities	116,321	169,217
	<u>544,124</u>	<u>286,916</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	1,367	635
Total finance costs	<u>545,491</u>	<u>287,551</u>

8 Taxation

	2020 £	2019 £
Current tax		
Adjustments in respect of prior periods	(20)	3,810
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	-	25,000
	<u></u>	<u></u>
Total tax (credit)/charge	<u>(20)</u>	<u>28,810</u>

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

	2020 £	2019 £
(Loss)/profit before taxation	<u>(291,626)</u>	<u>340,053</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(55,409)	64,610
Tax effect of expenses that are not deductible in determining taxable profit	-	(4)
Tax effect of income not taxable in determining taxable profit	-	(6,916)
Unutilised tax losses carried forward	55,409	83
Deferred tax origination and reversal of timing differences	-	25,000
Adjustments in respect of prior years	(20)	3,810
Permanent capital allowances in excess of depreciation	-	(57,773)
Taxation (credit)/charge	<u>(20)</u>	<u>28,810</u>

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

9 Tangible fixed assets

Group	Land and buildings	Leasehold improvements	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2019	14,167,320	676,466	6,367,805	101,911	21,313,502
Additions	6,672,148	-	448,982	126,165	7,247,295
Disposals	-	-	(5,690)	(40,320)	(46,010)
At 30 April 2020	20,839,468	676,466	6,811,097	187,756	28,514,787
Depreciation and impairment					
At 1 May 2019	2,319,858	80,588	2,356,994	52,352	4,809,792
Depreciation charged in the year	167,099	13,532	470,792	38,577	690,000
Eliminated in respect of disposals	-	-	(5,690)	(30,124)	(35,814)
At 30 April 2020	2,486,957	94,120	2,822,096	60,805	5,463,978
Carrying amount					
At 30 April 2020	18,352,511	582,346	3,989,001	126,951	23,050,809
At 30 April 2019	11,847,462	595,878	4,010,811	49,559	16,503,710

Company	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 May 2019	14,167,320	3,071,659	38,901	17,277,880
Additions	6,672,148	-	-	6,672,148
At 30 April 2020	20,839,468	3,071,659	38,901	23,950,028
Depreciation and impairment				
At 1 May 2019	2,319,858	789,819	28,340	3,138,017
Depreciation charged in the year	167,099	154,401	8,500	330,000
At 30 April 2020	2,486,957	944,220	36,840	3,468,017
Carrying amount				
At 30 April 2020	18,352,511	2,127,439	2,061	20,482,011
At 30 April 2019	11,847,462	2,281,840	10,561	14,139,863

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

10 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	11	-	-	1	1
		==	==	==	==
Movements in fixed asset investments					
Company					Shares in group undertakings
					£
Cost or valuation					
At 1 May 2019 and 30 April 2020					1
					—
Carrying amount					
At 30 April 2020					1
					==
At 30 April 2019					1
					==

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

11 Subsidiaries

Details of the company's subsidiaries at 30 April 2020 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Crow Wood Leisure Limited	England	Leisure,spa, hotel and restaurant operators	Ordinary	100.00	0

12 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	156,115	92,299	-	-

13 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	5,580	5,534	-	-
Other debtors	19,387	335,630	19,387	335,630
Prepayments and accrued income	418,434	412,925	-	114,227
	443,401	754,089	19,387	449,857

14 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	16	428,528	6,326	427,784	-
Obligations under finance leases	17	8,929	6,069	-	-
Trade creditors		502,450	1,144,056	663	682,042
Amounts owed to group undertakings		-	-	577,950	721,018
Other taxation and social security		599,624	375,812	-	-
Government grants	18	36,400	36,400	36,400	36,400
Other creditors		1,956,837	2,594,721	1,862,062	2,587,355
Accruals and deferred income		1,863,476	1,286,041	128,990	153,482
		5,396,244	5,449,425	3,033,849	4,180,297

The directors' current accounts and other loans included within other creditors above are unsecured and interest is charged at an agreed rate.

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

15 Creditors: amounts falling due after more than one year

		Group 2020	2019	Company 2020	2019
	Notes	£	£	£	£
Bank loans and overdrafts	16	10,604,779	4,134,897	10,604,779	4,134,897
Obligations under finance leases	17	16,365	9,337	-	-
Government grants	18	72,800	109,200	72,800	109,200
		<u>10,693,944</u>	<u>4,253,434</u>	<u>10,677,579</u>	<u>4,244,097</u>

16 Loans and overdrafts

		Group 2020	2019	Company 2020	2019
		£	£	£	£
Bank loans		10,999,999	4,134,897	10,999,999	4,134,897
Bank overdrafts		33,308	6,326	32,564	-
		<u>11,033,307</u>	<u>4,141,223</u>	<u>11,032,563</u>	<u>4,134,897</u>
Payable within one year		428,528	6,326	427,784	-
Payable after one year		<u>10,604,779</u>	<u>4,134,897</u>	<u>10,604,779</u>	<u>4,134,897</u>

The bank loans and overdrafts are secured by way of debentures over all group companies, a legal charge over the company's property and a personal guarantee by A W Brown. Additionally the bank have taken a charge over life policies executed by the company over the lives of certain directors.

The bank loan is subject to interest at 3.75% and 2.75% over the bank base rate and is repayable over 5 years.

17 Finance lease obligations

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Future minimum lease payments due under finance leases:				
Within one year	8,929	6,069	-	-
In two to five years	16,365	9,337	-	-
	<u>25,294</u>	<u>15,406</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets.

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

18 Deferred grants

	Group 2020 £	2019 £	Company 2020 £	2019 £
Arising from government grants	109,200	145,600	109,200	145,600

Deferred income is included in the financial statements as follows:

Current liabilities	36,400	36,400	36,400	36,400
Non-current liabilities	72,800	109,200	72,800	109,200
	109,200	145,600	109,200	145,600

19 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	52,152	107,262

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share capital

	Group and company	
	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
3,743,812 Ordinary shares of £1 each	3,743,812	3,743,812
155,994 E Ordinary shares of 0.1p each	156	156
	3,743,968	3,743,968

21 Financial commitments, guarantees and contingent liabilities

The group's bankers hold a composite guarantee securing the bank borrowings of the company and other group companies. At 30 April 2020, the total bank borrowings of the group amounted to £11,033,307 (2019 - £4,141,223).

The company is part of a group registration for VAT purposes. At the year end the outstanding VAT liability was £206,474 (2019 - £337,427).

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Acquisition of tangible fixed assets	-	3,173,251	-	-

23 Events after the reporting date

Since the year end, the spread of COVID-19 has severely impacted many local economies around the globe and in common with many other UK businesses, the group was forced to cease operations and close its facilities for a period of time. The group operates within a sector where measures taken, based upon Government advice to contain the spread of the virus, mean that operations may be affected beyond the initial period of lockdown. The group has reduced costs and taken advantage of available incentives to manage the financial impact of the pandemic.

The directors have determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 30 April 2020 have not been adjusted to reflect their impact.

24 Directors' transactions

During the year interest of £116,321 (2019 - £119,271) was charged to the company in respect of directors' loans. At the year end £37,972 (2019 - £71,650) of accrued interest is included within accruals and deferred income.

At the balance sheet date the amounts due to the directors was £1,062,062 (2019 - £1,693,602) and is included within other creditors.

ANDREW BROWN LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2020

25 Cash generated from group operations

	2020 £	2019 £
(Loss)/profit for the year after tax	(291,606)	311,243
Adjustments for:		
Taxation (credited)/charged	(20)	28,810
Finance costs	545,491	287,551
Gain on disposal of tangible fixed assets	(10,683)	(3,828)
Depreciation and impairment of tangible fixed assets	690,000	711,000
Movements in working capital:		
(Increase)/decrease in stocks	(63,816)	10,333
Decrease/(increase) in debtors	310,688	(424,039)
(Decrease)/increase in creditors	(478,243)	1,289,477
Decrease in deferred income	(36,400)	(36,400)
Cash generated from operations	665,411	2,174,147

26 Analysis of changes in net debt - group

	1 May 2019 £	Cash flows £	New finance leases £	30 April 2020 £
Cash at bank and in hand	205,170	(204,504)	-	666
Bank overdrafts	(6,326)	(26,982)	-	(33,308)
	198,844	(231,486)	-	(32,642)
Borrowings excluding overdrafts	(4,134,897)	(6,865,102)	-	(10,999,999)
Obligations under finance leases	(15,406)	15,900	(25,788)	(25,294)
	(3,951,459)	(7,080,688)	(25,788)	(11,057,935)

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