Registered number: 00310156

BALLY UK SALES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

BALLY UK SALES LIMITED

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BALLY UK SALES LIMITED

COMPANY INFORMATION

Directors	S Bertinotti N D Girotto
Company secretary	D & A Secretarial Services Limited
Registered number	00310156
Registered office	Salisbury House London Wall London EC2M 5PS
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

S Bertinotti
N D Girotto

Disclosure of information to auditor

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

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

Small companies note

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

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

N D Girotto
Director

Date: 30 September 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the directors' 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 applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Bally UK Sales Limited (the 'company') for the year ended 31 December 2021, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the retail sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators including the Health and Safety Executive,

and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and

regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations

to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if

any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they

may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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.

Mahmood Ramji (senior statutory auditor)

for and on behalf of
Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 30 September 2022

BALLY UK SALES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020 (Restated)
	£000	£000
Turnover	2,729	2,185
Cost of sales	(1,035)	(1,049)
Gross profit	1,694	1,136
Administrative expenses	(3,249)	(1,965)
Other operating income	68	131
Operating profit	(1,487)	(698)
Interest receivable and similar income	763	1,051
Interest payable and similar expenses	(729)	(980)
Loss on ordinary activities before taxation	(1,453)	(627)
Taxation on loss on ordinary activities	-	-
Loss for the year	(1,453)	(627)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000	2020 (Restated) £000
Loss for the financial year	**(1,453)**	(627)
Other comprehensive income		
Actuarial gain/(loss) on defined benefit schemes	**491**	(1,194)
Other comprehensive income for the year	**491**	(1,194)
Total comprehensive income for the year	**(962)**	(1,821)

BALLY UK SALES LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £000		2020 (Restated) £000
Fixed assets					
Tangible assets	6		**1,845**		132
			1,845		132
Current assets					
Stocks		**1,762**		1,081	
Debtors	7	**203**		383	
Cash at bank and in hand		**159**		288	
		2,124		1,752	
Creditors: amounts falling due within one year	8	**(35,117)**		(31,893)	
Net current liabilities			**(32,993)**		(30,141)
Total assets less current liabilities			**(31,148)**		(30,009)
Creditors: amounts falling due after more than one year	9		**(353)**		-
Provisions for liabilities					
Other provisions		**(30)**		-	
			(30)		-
Pension asset			**3,236**		2,676
Net liabilities			**(28,295)**		(27,333)

BALLY UK SALES LIMITED

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Capital and reserves			
Called up share capital		**100**	100
Capital redemption reserve		**31,578**	31,578
Profit and loss account		**(59,973)**	(59,011)
		(28,295)	(27,333)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

N D Girotto
Director

Date: 30 September 2022

The notes on pages 12 to 26 form part of these financial statements.

1. General information

Bally UK Sales Limited's principal activities are that of selling footwear, clothing and accessories.

The company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Salisbury House, London Wall, London, EC2M 5PS.

The financial statements are presented in pound sterling (£), rounded to the nearest thousand.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

The company has net liabilities of £28,295,000 (2020: £27,333,000) including an amount owed to group undertakings of £33,489,000 (2020: £30,469,000). The financial statements have been prepared on a going concern basis which the directors believe to be appropriate.

The directors have received confirmation that the Bally International AG group will continue to make available such funds as are needed by the company to enable it to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that the support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Returns

It is the company's policy to sell goods to customers with a right of return. Accumulated experience is used to estimate and provide for returns at the time of sale.

2.4 Other operating income

Other operating income is recognised on an accruals basis in accordance with the substance of the relevant agreements, and recognised when all contractual conditions are met.

Rental income is recognised on an accruals basis in accordance with the terms of the lease agreement.

2.5 Tangible fixed assets

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

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	-	over the length of the lease
Computer and office equipment	-	4 - 10 years straight line
Fixtures and fittings	-	3 - 10 years straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are not depreciated until they are brought into use.

Artwork is not depreciated and is valued at historical cost.

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

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the term of the lease.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value.

2.8 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, and intercompany working capital balances 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

Impairment of financial assets

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

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

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

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.

2. Accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

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

2.9 Share capital

Ordinary shares are classified as equity.

2.10 Foreign currency translation

Functional and presentational currency

The company's functional and presentational currency is Sterling (£).

Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

2.11 Cash and cash equivalents

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

2. Accounting policies (continued)

2.12 Government grants

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

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure and are included in other operating income.

2.13 Finance costs

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

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The surplus recognised in the balance sheet in respect of the defined benefit plan is the fair value of plan assets at the balance sheet date out of which the obligations are to be settled less the present value of the defined benefit obligation at the end of the balance sheet date.

The defined benefit obligation is calculated using the projected unit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.17 Prior year restatement

Subsequent to the approval of the financial statements for the year ended 31 December 2020, management has noted that there was an underaccrual with relation to professional fees so that the relevent expense was not included in the year ended 31 December 2020.

The effect of this error is that expenses were understated by £33,000 with a resultant decrease in loss after tax and increase in net assets of £33,000. The comparative figures have been restated to reflect this adjustment.

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

Key judgements made by management in applying the entity's accounting policies

Impairment of tangible fixed assets

In preparing these financial statements, the directors have exercised judgement in determining whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Key sources of estimation uncertainty

Retirement benefits

Accounting for a defined benefit pension scheme and the value of liabilities is dependent on significant assumptions, including an assessment of the discount rate, price inflation and key demographic figures including life expectancy and mortality rates. Details of these assumptions are given in note 11.

As at 31 December 2021, the scheme's assets exceed the liabilities and as such the scheme was in surplus. The directors have considered the requirements of section 28.22 of FRS 102, and believe that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Accordingly the scheme surplus has been recognised.

These accounting estimates are inherently complex and require a high level of management judgement and specialist input by an actuary in the calculation of the value of the liabilities.

4. Employees

The average monthly number of employees, including directors, during the year was 17 (2020 - 16).

5. Taxation

The company has unutilised tax losses of approximately £39,349,910 (2020: £37,559,000) carried forward. No deferred tax asset has been recognised in these financial statements because of the uncertainty of suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase for companies with profits greater than £50k to 25% (rather at 19%, as previously enacted). This new law has been substantively enacted at the approval date of these accounts, its effects are included in these financial statements.

6. Tangible fixed assets

	Leasehold property and improvements	Fixtures and fittings	Computer equipment	Total
	£000	£000	£000	£000
Cost				
At 1 January 2021	-	871	4	875
Additions	250	1,589	85	1,924
At 31 December 2021	250	2,460	89	2,799
Depreciation				
At 1 January 2021	-	739	3	742
Charge for the year	8	187	17	212
At 31 December 2021	8	926	20	954
Net book value				
At 31 December 2021	242	1,534	69	1,845
At 31 December 2020	-	132	-	132

7. Debtors

	2021	2020
	£000	£000
Due after more than one year		
Other debtors	58	-
	58	-
Due within one year		
Trade debtors	71	59
Other debtors	1	62
Prepayments and accrued income	73	262
	203	383

8. Creditors: Amounts falling due within one year

	2021 £000	2020 (Restated) £000
Trade creditors	**577**	391
Amounts owed to group undertakings	**33,489**	30,469
Other taxation and social security	**228**	729
Other creditors	**146**	145
Accruals and deferred income	**677**	159
	35,117	31,893

9. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Accruals and deferred income	**353**	-

10. Capital commitments

At 31 December 2021 the company had capital commitments as follows:

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	**-**	60

11. Pension commitments

The company participates in a defined benefit scheme operated by Bally Group (UK) Limited, under which contributions were paid by members and the company into a fund. This fund is separate from the company's finances and is administered by Trustees. This scheme was closed with effect from 1 February 2002.

The company operates a defined benefit pension scheme.

A full actuarial valuation was carried out on 1 June 2019 by a qualified independent actuary and was updated to 31 December 2021.

The actual amount paid into the scheme in the period was £431,000 (December 2020: £556,000).

Reconciliation of present value of plan liabilities:

	2021	2020
	£000	£000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**57,054**	51,492
Interest cost	**729**	981
Actuarial gains/losses	**(2,228)**	7,106
Benefits paid	**(1,974)**	(2,620)
Past service cost	**-**	95
At the end of the year	**53,581**	57,054

Reconciliation of present value of plan assets:

	2021	2020
	£000	£000
At the beginning of the year	**59,730**	55,387
Expected return on assets	**763**	1,051
Actuarial gain/(loss) on plan assets	**(1,785)**	5,912
Contributions	**514**	556
Benefits paid	**(1,974)**	(2,620)
Administration expenses	**(431)**	(556)
At the end of the year	**56,817**	59,730

11. Pension commitments (continued)

Composition of plan assets:

	2021 £000	2020 £000
Equities	**24,722**	19,200
Bonds	**11,935**	13,634
Cash	**946**	6,343
Annuity policies	**19,214**	20,553
Total plan assets	**56,817**	59,730

The amounts recognised in the balance sheet are as follows:

	2021 £000	2020 £000
Fair value of plan assets	**56,817**	59,730
Present value of plan liabilities	**(53,581)**	(57,054)
Net pension scheme asset	**3,236**	2,676

No deferred tax is recognised on the pension liability as it is not regarded as recoverable.

The amounts recognised in profit or loss are as follows:

	2021 £000	2020 £000
Interest on scheme liabilities	**(729)**	(981)
Past service cost	**-**	(95)
Expected return on scheme assets	**763**	1,051
Administration costs	**(431)**	(556)
Total	**(397)**	(581)

11. Pension commitments (continued)

Defined benefit costs recognised in the statement of other comprehensive income:

	2021 £000	2020 £000
Actual less expected return on assets	**(1,785)**	6,187
Experience gains/(losses)	**(434)**	269
Actuarial gains/(losses) due to financial assumptions changes	**2,637**	(6,335)
Actuarial losses/(gains) from change of demographic assumptions	**25**	(1,040)
Statement of comprehensive income	**443**	(919)

The company expects to contribute £NIL to its defined benefit pension scheme in 2022.

Principal actuarial assumptions at the balance sheet date:

	2021 %	2020 %
Discount rate	**1.80**	1.30
Future pension increases	**3.70**	3.45
CPI inflation assumption	**2.75**	2.20
RPI inflation assumption	**3.55**	3.10

The mortality assumptions used the actuarial table SAPS S2.

Defined contribution scheme

There is a defined contribution scheme operated by the company. The assets are held separately from those of the company in an independently administered fund. The pension cost charged of £9,000 (December 2020: £8,000) for this scheme represents the contribution payable by Bally UK Sales Limited for the period.

12. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	**1,952**	725
Later than 1 year and not later than 5 years	**8,775**	4,400
Later than 5 years	**8,201**	-
	18,928	5,125

13. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 from disclosing transactions with entities which are a wholly owned part of the group.

Only the directors are considered to be key management personnel. Total remuneration in respect of the individuals was £Nil (2020: £Nil).

14. Ultimate parent undertaking and controlling party

The immediate parent company and controlling party is Bally Group (UK) Limited, a company incorporated in England. Group financial statements are not prepared.

The ultimate parent company is JAB Holding, a company incorporated in the Netherlands. Group financial statements are not prepared.

The largest and smallest group in which the results of the company are consolidated is that headed by Bally International AG, incorporated in Switzerland. The consolidated financial statements of this group are available on written request to Bally International AG, Via Industria 1, 6987 Caslano, Switzerland.

The directors are not aware of any ultimate controlling party.