

REGISTERED NUMBER: 03207791

FITNESS FIRST CLUBS LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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FITNESS FIRST CLUBS LIMITED

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for the Year Ended 31 March 2023**

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FITNESS FIRST CLUBS LIMITED

COMPANY INFORMATION
for the Year Ended 31 March 2023

DIRECTORS:

S B Best
A J Riley
M J Sharpe

REGISTERED OFFICE:

Whelco Place
Enfield Industrial Estate
Enfield Street
Wigan
Lancashire
WN5 8DB

REGISTERED NUMBER:

03207791 (England and Wales)

AUDITORS:

Fairhurst
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

BANKERS:

Handelsbanken
Unit 5 Beecham Court
Wigan
WN3 6PR

SOLICITORS:

DLA Piper UK LLP
101 Barbirolli Square
Manchester
M2 3DL

FITNESS FIRST CLUBS LIMITED

STRATEGIC REPORT for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Fitness First Clubs Limited is a leading gym operator in the upper mid-market segment of the fitness industry in England and Wales.

Gym membership numbers were decimated during the Covid-19 pandemic. Whilst the most severe stages of the pandemic have now passed, the residual effects continue to impact gym membership and revenue.

In the year ending 31 March 2023, the company has continued to focus on rebuilding its membership base. The results have been mixed. Whilst membership numbers have increased by 20.9% in this trading year, at 31 March 2023 they remained well below pre Covid levels.

In particular, the recovery of the company's central London sites has continued to progress slowly during the year ended 31 March 2023.

Turnover for the company was £34,161k (2022 £27,284k) and EBITDA (adjusted) was a loss of £1,523k (2022 loss of £4,441k).

Debt funding totalling £2.5m was injected by the majority shareholder of the parent company, Maddox Holdings Limited, in August 2022 to provide additional working capital.

However, it became increasingly clear that the company needed to restructure both its debts and gym portfolio to allow it to trade profitably going forwards.

In January 2023 the parent company majority shareholder introduced further debt funding of £6.3 million. This funding was used to settle in full the remaining CLBILS debt and provide further working capital for the company.

On 17 April 2023, the company launched a Restructuring Plan under Part 26A of the Companies Act 2006. The purpose of the plan is to restore the company (and the Group) to financial stability. A number of gyms have been identified for closure, whilst some others will see a reduction in rents for the duration of the Restructuring Plan's concession period.

During the 3-year concession period, management estimates that the Restructuring Plan will result in total savings of £2.8m in interest and £4.8m in property related overheads. In addition, several contested and contingent liabilities will be compromised in full. These contested and contingent liabilities include claims for property dilapidations and are difficult to quantify until they arise.

The Restructuring Plan was sanctioned in The High Court of Justice Business and Property Courts of England and Wales on 29 June 2023. As a result of the Restructuring Plan being sanctioned, the parent company majority shareholder has committed to make available a further £1.5m in debt funding to provide the company with additional working capital.

Post the Restructuring Plan effective date of 3 July 2023, the company has returned to profitability and management aim to continue to rebuild the company membership base at the remaining sites.

Development, Performance & Measurement

At 31 March 2023, the company traded from 38 gyms. Whilst going forwards, the number of trading locations will necessarily reduce as a result of the Restructuring Plan, the company's objectives are to restore revenues and profitability by attracting new and former members and improving membership retention.

Key Performance Indicators

The key performance indicators are turnover, membership numbers, number of gyms and EBITDA (adjusted).

Turnover for the current year was £34,161k (2022 £27,284k).

Gym membership increased by 20.9% (2022 increased by 21.9%).

Number of gyms at year end 38 (2022 40).

EBITDA (adjusted) improved by £2,918k to a loss of £1,523k (2022 loss £4,441k).

FITNESS FIRST CLUBS LIMITED

**STRATEGIC REPORT
for the Year Ended 31 March 2023**

The board also monitors performance by reference to certain non financial KPIs. These include membership participation, satisfaction and retention, facilitated by engagement with customers via Social Media and its websites.

Principal Risks and Uncertainties

The company has identified the following factors as potential risks to, and uncertainties concerning the successful operation of the business:

Membership Numbers

Following the Covid-19 pandemic, the return of city workers, especially in central London, has been slower than anticipated and the reduction in revenue across the gym portfolio is considered to be an ongoing risk to the company.

Liquidity Risk

The company's objective is to maintain sufficient funding and liquidity to meet its trading requirements. However, the availability of adequate cash resources from bank facilities and asset finance providers in the current economic climate could be viewed as a risk to the company, as well as any increase in interest rates on borrowing.

Utility and wage costs

Whilst the company has fixed certain utility costs (especially light/heat) it remains exposed to supplier price increases in future, as well as the effects of inflation and cost of living pressures on employee costs.

FITNESS FIRST CLUBS LIMITED (REGISTERED NO: 03207791)

**STRATEGIC REPORT
for the Year Ended 31 March 2023**

SECTION 172(1) STATEMENT

The directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and the matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken in the year ended 31 March 2023.

As set out in the Review of Business and Future Developments, during the course of the year the directors were required to give thought to a restructuring of both its debts and its gym portfolio. This was required to secure the long term financial stability of the company. Central to these considerations were the potential outcomes on all stakeholders - including banks, debt holders, shareholders, landlords, suppliers, employees and customers.

With the assistance of the company's external financial advisers, it was determined that a settlement of the existing CLBILS debts, funded by the majority shareholder of the parent company Maddox Holdings Limited, was in the best interests of all stakeholders. A condition of the additional funding was the launch of a Restructuring Plan under Part 26A of the Companies Act 2006.

The introduction of additional loan capital and the subsequent settlement of the CLBILS debts in January 2023 and the successful implementation of the Restructuring Plan in July 2023 have enabled the company to continue to trade and to return to profitability. Whilst a number of gyms have closed as a result of the Restructuring Plan, the majority have remained open. The restoration of financial stability has been to the benefit of all our stakeholder groups.

Customer satisfaction and engagement will continue to be at the heart of everything we do. Decisions made by the directors are made with full consideration of the impact on the company's customers. External review sites are monitored regularly. We also seek feedback from our customers via regular communications and these help shape the in-gym service offerings.

The company has a small number of key supplier partners with which directors and senior management maintain close relationships on an ongoing basis through regular dialogue and formal meetings.

The directors seek to promote a culture of environmental sustainability within the business which primarily focuses on an energy efficient approach to the design and management of our gyms. This includes fitting out our gyms with mechanical and electrical systems that comply with government energy saving schemes, central timing controls, water-saving bathroom and shower facilities, installing LED energy saving lighting and using energy-efficient fitness equipment.

ON BEHALF OF THE BOARD:

Anthony Riley

.....
A J Riley - Director

Date: 19 December 2023 | 07:49 BRT
.....

FITNESS FIRST CLUBS LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 2023**

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the operation of a chain of gyms.

DIVIDENDS

The company reported a profit before taxation of £5,174k (2022 - loss of £8,818k) and the retained profit after taxation of £5,484k (2022 - loss of £5,608k) is to be taken to reserves. No dividends will be distributed for the year ended 31 March 2023 (2022 - £nil).

GOING CONCERN

As reported in prior years, the Covid-19 pandemic has had a severe and long-lasting impact on the company.

When gyms were allowed to reopen in April 2021, membership numbers had fallen to less than half of the pre-pandemic levels. The re-build of the membership base has been slower than originally anticipated due to the shift away from office working by many companies and their employees. As the majority of the company's gyms are city centre based within close proximity to offices, the change in behaviour has been particularly impactful.

The year ending 31 March 2023 saw a continuation of the slow recovery, with membership numbers only improving from September 22 onwards following an increase in office occupation levels as hybrid working gathered some momentum.

Despite the improving membership numbers, it became clear that the company needed to restructure both its debts and gym portfolio to allow it to trade profitably going forwards.

The restructuring actions taken have been set out in detail in The Strategic Report (page 2). In the year ending 31 March 2023 and subsequently, these actions have included the settlement of CLBILS debts, the introduction of additional working capital and the implementation of a Restructuring Plan under Part 26A of the Companies Act 2006.

Post the Restructuring Plan effective date of 3 July 2023, the company has returned to sustainable levels of profitability and has the continuing support of its parent company and the parent company majority shareholder.

Taking into consideration the above factors, the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to prepare the accounts on a going concern basis.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

S B Best
A J Riley

Other changes in directors holding office are as follows:

M J Sharpe was appointed as a director after 31 March 2023 but prior to the date of this report.

D Whelan ceased to be a director after 31 March 2023 but prior to the date of this report.

FITNESS FIRST CLUBS LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 March 2023

EMPLOYEES

The company employs an average of 424 (2022: 374) people throughout the United Kingdom and is proud of its record as a responsible and valued employer. Fitness First Clubs Limited is an equal opportunities employer, and as such the following key values are respected throughout the company's operations:

- All employees should be treated fairly and equally and the workplace should be free from discrimination, harassment and intimidation;
- Recruitment, retention and progression of employees is based on personal ability and competency for the work in question; and
- Disabled persons should enjoy equal opportunities within the workplace. Applications 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 with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons, should as far as possible, be identical to that of other employees.

Employee Training

Staff training and development is a major priority for Fitness First Clubs Limited. Training is provided to many levels of staff in areas such as customer service and health and safety.

The company supports those employees wishing to obtain relevant professional qualifications whilst in its employment. Professional staff are also encouraged to attend training courses and seminars as and when necessary, in order that they keep up to date with developments relevant to their work and areas of expertise. Career progression is available to employees across the company.

Employee Engagement

The company places considerable value on the involvement of its employees in matters affecting them as employees. Fitness First Clubs Limited keeps employees informed on such matters and on various factors affecting the performance of the company. This is achieved through regular meetings involving directors, managers and supervisory staff, to convey information about the business verbally or via notice boards located in every business location.

BUSINESS RELATIONSHIPS

Business relationships are discussed within the Strategic Report on page 3, in accordance with the provisions of s172(1)(c) of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

FITNESS FIRST CLUBS LIMITED (REGISTERED NO: 03207791)

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 2023**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

Anthony Riley

.....
A J Riley - Director

Date: 19 December 2023 | 07:49 BRT
.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FITNESS FIRST CLUBS LIMITED

Opinion

We have audited the financial statements of Fitness First Clubs Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 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 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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.

Opinions 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FITNESS FIRST CLUBS LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages six and seven, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FITNESS FIRST CLUBS LIMITED

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we identified the laws and regulations applicable to the company through discussions with directors and other management, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation, employment legislation, Health and Safety and hygiene regulations.

- we enquired of the directors and reviewed correspondence with HMRC for evidence of non-compliance with laws and regulations. We also reviewed controls the directors have in place to ensure compliance.

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.

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;

- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

- we reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- we enquired of the directors about actual and potential litigation and claims.

Due to inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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 Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FITNESS FIRST CLUBS LIMITED (REGISTERED NO: 03207791)**

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 a Report of the Auditors 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.

John B S Fairhurst (BA Hons) FCA (Senior Statutory Auditor)
for and on behalf of Fairhurst
Statutory Auditor
Chartered Accountants
Douglas Bank House
Wigan Lane
Wigan
Lancashire
WN1 2TB

John Fairhurst

19 December 2023 | 10:51 GMT

Date:

FITNESS FIRST CLUBS LIMITED
STATEMENT OF COMPREHENSIVE
INCOME
for the Year Ended 31 March 2023

	Notes	2023 £'000	2022 £'000
TURNOVER	3	34,161	27,282
Cost of sales		<u>(419)</u>	<u>(292)</u>
GROSS PROFIT		33,742	26,990
Administrative expenses		(35,265)	(32,424)
Other operating income		<u>-</u>	<u>993</u>
* EBITDA adjusted		(1,523)	(4,441)
Restructuring and reorganisation		12,801	(586)
Onerous lease provision		145	(330)
Depreciation and amortisation		(5,881)	(7,082)
Impairment of intangible fixed assets		-	(95)
Profit on disposal of fixed assets		<u>30</u>	<u>4,267</u>
OPERATING PROFIT/(LOSS)		5,572	(8,267)
Interest receivable and similar income		<u>-</u>	<u>20</u>
		5,572	(8,247)
Interest payable and similar expenses	5	<u>(398)</u>	<u>(571)</u>
PROFIT/(LOSS) BEFORE TAXATION	6	5,174	(8,818)
Tax on profit/(loss)	7	<u>310</u>	<u>3,210</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		5,484	(5,608)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>5,484</u>	<u>(5,608)</u>

* EBITDA adjusted excludes restructuring and reorganisation costs (including loan settlement), onerous lease provisions, impairment of intangible fixed assets and profit on disposal of fixed assets.

The notes form part of these financial statements

FITNESS FIRST CLUBS LIMITED (REGISTERED NUMBER: 03207791)**STATEMENT OF FINANCIAL POSITION**
31 March 2023

	Notes	2023 £'000	2022 £'000
FIXED ASSETS			
Intangible assets	8	1,677	2,553
Tangible assets	9	<u>17,371</u>	<u>21,121</u>
		19,048	23,674
CURRENT ASSETS			
Stocks	10	85	73
Debtors	11	27,889	25,078
Cash at bank and in hand		<u>167</u>	<u>4,490</u>
		28,141	29,641
CREDITORS			
Amounts falling due within one year	12	<u>19,083</u>	<u>16,597</u>
NET CURRENT ASSETS		<u>9,058</u>	<u>13,044</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		28,106	36,718
CREDITORS			
Amounts falling due after more than one year	13	(8,743)	(22,034)
PROVISIONS FOR LIABILITIES	17	<u>(4,554)</u>	<u>(5,359)</u>
NET ASSETS		<u>14,809</u>	<u>9,325</u>
CAPITAL AND RESERVES			
Called up share capital	18	-	-
Retained earnings	19	<u>14,809</u>	<u>9,325</u>
SHAREHOLDERS' FUNDS		<u>14,809</u>	<u>9,325</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 December 2023. 10:07:49 AM were signed on its behalf by:

Anthony Riley

A J Riley - Director

The notes form part of these financial statements

FITNESS FIRST CLUBS LIMITED
STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 March 2023

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2021	-	14,933	14,933
Changes in equity			
Total comprehensive loss	-	(5,608)	(5,608)
Balance at 31 March 2022	-	9,325	9,325
Changes in equity			
Total comprehensive income	-	5,484	5,484
Balance at 31 March 2023	-	14,809	14,809

The notes form part of these financial statements

FITNESS FIRST CLUBS LIMITED**STATEMENT OF CASH FLOWS
for the Year Ended 31 March 2023**

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	1	(6,361)	(9,978)
Interest paid		(383)	(554)
Interest element of hire purchase payments paid		<u>(14)</u>	<u>(17)</u>
Net cash from operating activities		<u>(6,758)</u>	<u>(10,549)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(147)	(205)
Purchase of tangible fixed assets		(1,120)	(1,781)
Sale of tangible fixed assets		42	5,606
Interest received		<u>-</u>	<u>20</u>
Net cash from investing activities		<u>(1,225)</u>	<u>3,640</u>
Cash flows from financing activities			
New loans in year		8,800	5,000
Loan repayments in year		(4,500)	(2,000)
Loan payments from/(to) group companies		(563)	936
Capital repayments in year		<u>(77)</u>	<u>(125)</u>
Net cash from financing activities		<u>3,660</u>	<u>3,811</u>
Decrease in cash and cash equivalents		<u>(4,323)</u>	<u>(3,098)</u>
Cash and cash equivalents at beginning of year	2	4,490	7,588
Cash and cash equivalents at end of year	2	<u><u>167</u></u>	<u><u>4,490</u></u>

The notes form part of these financial statements

FITNESS FIRST CLUBS LIMITED**NOTES TO THE STATEMENT OF CASH FLOWS
for the Year Ended 31 March 2023****1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2023	2022
	£'000	£'000
Profit/(loss) before taxation	5,174	(8,818)
Depreciation charges	5,881	7,082
Profit on disposal of fixed assets	(30)	(4,267)
Restructuring and reorganisation	(12,801)	-
Impairment of intangible fixed assets	-	95
Finance costs	397	571
Finance income	-	(20)
	(1,379)	(5,357)
Increase in stocks	(12)	(14)
(Increase)/decrease in trade and other debtors	(1,938)	1,671
Decrease in trade and other creditors	<u>(3,032)</u>	<u>(6,278)</u>
Cash generated from operations	<u>(6,361)</u>	<u>(9,978)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2023

	31/3/23	1/4/22
	£'000	£'000
Cash and cash equivalents	<u>167</u>	<u>4,490</u>

Year ended 31 March 2022

	31/3/22	1/4/21
	£'000	£'000
Cash and cash equivalents	<u>4,490</u>	<u>7,588</u>

The notes form part of these financial statements

FITNESS FIRST CLUBS LIMITED**NOTES TO THE STATEMENT OF CASH FLOWS
for the Year Ended 31 March 2023****3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1/4/22 £'000	Cash flow £'000	Other non-cash changes £'000	At 31/3/23 £'000
Net cash				
Cash at bank and in hand	<u>4,490</u>	<u>(4,323)</u>		<u>167</u>
	<u>4,490</u>	<u>(4,323)</u>		<u>167</u>
Debt				
Finance leases	(180)	77	-	(103)
Debts falling due within 1 year	(1,000)	(4,300)	1,000	(4,300)
Debts falling due after 1 year	<u>(17,000)</u>	<u>-</u>	<u>12,500</u>	<u>(4,500)</u>
	<u>(18,180)</u>	<u>(4,223)</u>	<u>13,500</u>	<u>(8,903)</u>
Total	<u>(13,690)</u>	<u>(8,546)</u>	<u>13,500</u>	<u>(8,736)</u>

The notes form part of these financial statements

FITNESS FIRST CLUBS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2023**

1. STATUTORY INFORMATION

Fitness First Clubs Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In preparing the financial statements the Directors are required to assess the company's ability to continue to adopt the going concern basis of accounting.

As reported in prior years, the Covid-19 pandemic has had a severe and long-lasting impact on the company.

When gyms were allowed to reopen in April 2021, membership numbers had fallen to less than half of the pre-pandemic levels. The re-build of the membership base has been slower than originally anticipated due to the shift away from office working by many companies and their employees. As the majority of the company's gyms are city centre based within close proximity to offices, the change in behaviour has been particularly impactful.

The year ending 31 March 2023 saw a continuation of the slow recovery, with membership numbers only improving from September 22 onwards following an increase in office occupation levels as hybrid working gathered some momentum.

Despite the improving membership numbers, it became clear that the company needed to restructure both its debts and gym portfolio to allow it to trade profitably going forwards.

The restructuring actions taken have been set out in detail in The Strategic Report (page 2). In the year ending 31 March 2023 and subsequently, these actions have included the settlement of CLBILS debts, the introduction of additional working capital and the implementation of a Restructuring Plan under Part 26A of the Companies Act 2006.

Post the Restructuring Plan effective date of 3 July 2023, the company has returned to sustainable levels of profitability and has the continuing support of its parent company and the parent company majority shareholder.

Taking into consideration the above factors, the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to prepare the accounts on a going concern basis.

FITNESS FIRST CLUBS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023**

2. ACCOUNTING POLICIES - continued

Judgements and sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Judgements

(a) Impairment of fixed assets

The carrying amount of the company's assets are reviewed annually to determine whether there is any indication of impairment. The recoverable amounts are determined based on a value in use calculation and then compared to the carrying amount. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(b) Useful economic lives

The useful economic lives of fixed assets are assessed on an annual basis based on the latest available information. Management believe that the useful economic lives being used currently are still appropriate.

Sources of estimation uncertainty

(c) Provision for onerous property lease contracts

The company makes provision against the cost of certain property lease contracts where it no longer operates a club on the site and the site is either vacant or sublet.

The value of the provision is determined based on the expected unavoidable future costs of the contract and the expected period during which these costs will continue to be incurred. Management estimates the expected period during which these costs will be incurred on a lease by lease basis, based on the current contract status, historical experience of resolving similar contracts, and knowledge of the local rental markets.

(d) Provision for leased property restorations

The lease restoration provision represents the company's obligations in relation to contractual lease requirements to reinstate lease sites to their original condition at the end of the lease term. Management estimates the provision based on historical restoration costs incurred.

(e) Deferred tax

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. In evaluating our ability to recover our deferred tax assets, we consider projected future taxable income and recent financial operations.

In projecting future taxable income, we begin with historical results and incorporate assumptions including the amount of future pre-tax operating income, the reversal of taxable temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgement about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying business.

FITNESS FIRST CLUBS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023****2. ACCOUNTING POLICIES - continued****Turnover**

The company derives its income principally from the sale of fitness club memberships and associated joining and administration fees, with secondary income from the sale of related food, drink, energy and personal training products.

Turnover represents the fair value of the consideration received or receivable for goods and services, net of value added tax and any trade discounts. Income in respect of annual subscriptions is recognised over a membership year. Income in respect of non-refundable initial joining fees is recognised on a receipts basis to match against the associated costs of a new member joining. Corporate membership income is recognised on an accruals basis over the related membership period. In the case of goods sold through the fitness clubs, revenue is recognised when goods are sold and the title has passed.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and any impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight line method. The intangible assets are amortised over the following useful economic lives:

- Goodwill 10 years
- Computer software 3 - 10 years (now fully amortised)

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any impairment.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- | | |
|--------------------------|--------------------------------------------------------------------|
| Short leasehold property | - over the remaining term of the lease, at varying lengths |
| Fitness equipment | - Varying rates on cost or over the life of varying lease lengths |
| Fixtures and fittings | - 5%-10% on cost or over the life of the lease, at varying lengths |
| Motor vehicles | - Straight line over 7 years or 5% on cost |
| Computer equipment | - 10%-20% on cost |

Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in the profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the profit or loss.

Stocks

Stocks are valued at the lower of cost and selling price, after making due allowance for obsolete and slow moving items.

FITNESS FIRST CLUBS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Leases

Leases are classified as finance leases when they transfer substantially all the risks and rewards of ownership of the leased assets to the company. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Short term financial assets, including trade debtors and loans due from group companies are measured at transaction price less any impairment.

Short term financial liabilities, including trade creditors are measured at transaction price.

Financial assets and liabilities payable after one year are initially measured at fair value and are measured subsequently at amortised cost using the effective interest rate method.

Government income

Government income comprises grants and subsidies provided as a direct result of the Covid-19 pandemic and the effect of closing gyms and fitness clubs in the UK.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are non-recurring material items of income or expense that have been shown separately due to the significance of their nature or amount. Examples of items included within exceptional items are restructuring and reorganisation costs, loan settlement and impairment of fixed assets, tangible or intangible. Management consider, on a case by case basis, whether costs are exceptional based on the specific circumstances.

FITNESS FIRST CLUBS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023****2. ACCOUNTING POLICIES - continued****Provision for liabilities**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Onerous lease provision

A provision for an onerous lease is recognised by the company when the unavoidable costs of meeting the obligations under the lease exceed the economic benefits expected to be received under it. This usually occurs when the company no longer operates a club and the site is vacant or sublet. The provision is measured at the lower of the cost of fulfilling the lease and any compensation or penalties arising from terminating the lease.

Lease restoration provision

Provision is made for cost of restoration to reinstate leased sites to their original condition at the end of the lease term where there is a contractual or constructive obligation and it is probable that the costs will be incurred.

3. TURNOVER

The turnover and profit (2022 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2023	2022
	£'000	£'000
Sales of goods	771	567
Membership revenue	33,179	26,657
Other revenue	211	60
	<u>34,161</u>	<u>27,284</u>

4. EMPLOYEES AND DIRECTORS

	2023	2022
	£'000	£'000
Wages and salaries	10,386	9,811
Social security costs	531	523
Other pension costs	110	114
	<u>11,027</u>	<u>10,448</u>

The average number of employees during the year was as follows:

	2023	2022
Operations staff	<u>424</u>	<u>374</u>

FITNESS FIRST CLUBS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023****4. EMPLOYEES AND DIRECTORS - continued**

	2023	2022
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

In addition to the above, there were £2,720k (2022 - £3,481k) of payroll recharges from Maddox Holdings Limited, the ultimate parent company.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£'000	£'000
Bank loan interest	189	552
Other interest	194	2
Hire purchase	<u>14</u>	<u>17</u>
	<u>397</u>	<u>571</u>

6. PROFIT/(LOSS) BEFORE TAXATION

The profit/(loss) before tax is stated after charging/(crediting):

	2023	2022
	£'000	£'000
Rentals under operating leases - buildings	7,181	7,520
Government income	-	(993)
Depreciation - owned assets	4,845	5,921
Depreciation - assets on hire purchase	13	72
Profit on disposal of fixed assets	(30)	(4,267)
Goodwill amortisation	906	1,028
Computer software amortisation	117	61
Onerous lease provision	(145)	330
Auditors' remuneration - audit services	35	30
- taxation services	<u>5</u>	<u>5</u>

7. TAXATION**Analysis of the tax credit**

The tax credit on the profit for the year was as follows:

	2023	2022
	£'000	£'000
Deferred tax:		
Deferred tax - current year	(458)	(3,210)
Deferred tax - prior periods	<u>148</u>	<u>-</u>
Total deferred tax	<u>(310)</u>	<u>(3,210)</u>
Tax on profit/(loss)	<u>(310)</u>	<u>(3,210)</u>

FITNESS FIRST CLUBS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023****7. TAXATION - continued****Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £'000	2022 £'000
Profit/(loss) before tax	<u>5,174</u>	<u>(8,818)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	983	(1,675)
Effects of:		
Expenses not deductible for tax purposes	54	-
Fixed asset differences	209	(45)
Movement in deferred tax not recognised	(2,097)	8,326
Remeasurement of deferred tax for changes in tax rates	393	(9,816)
Adjustments to tax charge in respect of previous periods - deferred tax	<u>148</u>	<u>-</u>
Total tax credit	<u>(310)</u>	<u>(3,210)</u>

The company has a deferred tax asset as at 31 March 2023 of £39,153k (2022 - £40,901k) in relation to decelerated capital allowances and losses. An amount of £10,357k (2022 - £10,047k) has been recognised as at 31 March 2023 as there is sufficient evidence that there will be suitable taxable profits against which the reversal of the asset can be relieved up to 31 March 2029. The company therefore has an unrecognised deferred tax asset of £28,796k at 31 March 2023 (2022 - £30,854k).

8. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Computer software £'000	Totals £'000
COST			
At 1 April 2022	12,322	308	12,630
Additions	<u>-</u>	<u>147</u>	<u>147</u>
At 31 March 2023	<u>12,322</u>	<u>455</u>	<u>12,777</u>
AMORTISATION			
At 1 April 2022	9,981	96	10,077
Amortisation for year	<u>906</u>	<u>117</u>	<u>1,023</u>
At 31 March 2023	<u>10,887</u>	<u>213</u>	<u>11,100</u>
NET BOOK VALUE			
At 31 March 2023	<u>1,435</u>	<u>242</u>	<u>1,677</u>
At 31 March 2022	<u>2,341</u>	<u>212</u>	<u>2,553</u>

FITNESS FIRST CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

9. TANGIBLE FIXED ASSETS

	Short leasehold property £'000	Fitness equipment £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1 April 2022	74,244	9,697	5,544	1,062	90,547
Additions	1,011	81	14	14	1,120
Disposals	<u>(1,461)</u>	<u>(335)</u>	<u>(69)</u>	<u>(1)</u>	<u>(1,866)</u>
At 31 March 2023	<u>73,794</u>	<u>9,443</u>	<u>5,489</u>	<u>1,075</u>	<u>89,801</u>
DEPRECIATION					
At 1 April 2022	55,397	8,178	4,869	982	69,426
Charge for year	4,309	407	86	56	4,858
Eliminated on disposal	<u>(1,456)</u>	<u>(328)</u>	<u>(69)</u>	<u>(1)</u>	<u>(1,854)</u>
At 31 March 2023	<u>58,250</u>	<u>8,257</u>	<u>4,886</u>	<u>1,037</u>	<u>72,430</u>
NET BOOK VALUE					
At 31 March 2023	<u>15,544</u>	<u>1,186</u>	<u>603</u>	<u>38</u>	<u>17,371</u>
At 31 March 2022	<u>18,847</u>	<u>1,519</u>	<u>675</u>	<u>80</u>	<u>21,121</u>

The net book value of tangible fixed assets includes £98k (2022: £113k) in respect of assets held under hire purchase.

10. STOCKS

	2023 £'000	2022 £'000
Stocks	<u>85</u>	<u>73</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £'000	2022 £'000
Trade debtors	600	733
Amounts owed by group undertakings	13,441	12,878
Other debtors	1,011	694
Deferred tax asset		
Decelerated capital allowances	10,357	10,047
Prepayments and accrued income	<u>2,480</u>	<u>726</u>
	<u>27,889</u>	<u>25,078</u>

FITNESS FIRST CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Bank loans and overdrafts (see note 14)	-	1,000
Other loans (see note 14)	4,300	-
Hire purchase contracts (see note 15)	78	90
Trade creditors	6,172	9,709
Amounts owed to group undertakings	33	33
Social security and other taxes	446	140
Other creditors	748	751
Accruals and deferred income	<u>7,306</u>	<u>4,874</u>
	<u><u>19,083</u></u>	<u><u>16,597</u></u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£'000	£'000
Bank loans (see note 14)	-	17,000
Other loans (see note 14)	4,500	-
Hire purchase contracts (see note 15)	25	90
Other creditors	<u>4,218</u>	<u>4,944</u>
	<u><u>8,743</u></u>	<u><u>22,034</u></u>

14. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£'000	£'000
Amounts falling due within one year or on demand:		
Bank loans	-	1,000
Shareholder loan	<u>4,300</u>	<u>-</u>
	<u><u>4,300</u></u>	<u><u>1,000</u></u>
Amounts falling due between one and two years:		
Bank loans	<u>-</u>	<u><u>17,000</u></u>
Amounts falling due between two and five years:		
Shareholder loan	<u><u>4,500</u></u>	<u><u>-</u></u>

FITNESS FIRST CLUBS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023****15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2023	2022
	£'000	£'000
Net obligations repayable:		
Within one year	78	90
Between one and five years	<u>25</u>	<u>90</u>
	<u>103</u>	<u>180</u>

	Non-cancellable operating leases	
	2023	2022
	£'000	£'000
Within one year	7,854	8,642
Between one and five years	28,130	29,716
In more than five years	<u>28,028</u>	<u>34,831</u>
	<u>64,012</u>	<u>73,189</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2023	2022
	£'000	£'000
Bank loans	-	18,000
Hire purchase contracts	103	180
Shareholder loans	<u>8,800</u>	<u>-</u>
	<u>8,903</u>	<u>18,180</u>

The hire purchase contracts are secured on the assets concerned.

The shareholder loans are secured by way of a composite guarantee and debenture, which contain a fixed and floating charge over the assets of the company.

17. PROVISIONS FOR LIABILITIES

	2023	2022
	£'000	£'000
Other provisions		
Other provisions	44	86
Onerous leases provision	3,371	4,359
Lease restoration provision	<u>1,139</u>	<u>914</u>
	<u>4,554</u>	<u>5,359</u>

FITNESS FIRST CLUBS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023****17. PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £'000
Balance at 1 April 2022	(10,047)
Credit to Statement of Comprehensive Income during year	<u>(310)</u>
Balance at 31 March 2023	<u>(10,357)</u>

	Other provision £'000	Onerous lease provision £'000	Lease restoration provision £'000	Total provisions £'000
Balance at 1 April 2022	86	4,359	914	5,359
Provided during year	28	-	300	328
Unwinding of discount amount	-	-	-	-
Utilised during year	<u>(70)</u>	<u>(988)</u>	<u>(75)</u>	<u>(1,133)</u>
Balance at 31 March 2023	<u>44</u>	<u>3,371</u>	<u>1,139</u>	<u>4,554</u>

The other provision represents an estimate of the company's liability for outstanding third party claims based on historical trends and minor legal claims, all of which are individually insignificant and are expected to be utilised over the next 12 months.

The onerous lease provision represents amounts recognised in connection with property commitments relating to certain clubs which are considered onerous in line with the Company's accounting policy. These will differ on a club by club basis according to the tenant's optional break date of the lease term or the lease end date.

The lease restoration provision represents the company's obligations in relation to contractual lease requirements to reinstate lease sites to their original condition at the end of the lease term. Cashflows will be incurred at the end of the lease term.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2023 £	2022 £
Number:	Class:			
2	Ordinary	£1	<u>2</u>	<u>2</u>

19. RESERVES

	Retained earnings £'000
At 1 April 2022	9,325
Profit for the year	<u>5,484</u>
At 31 March 2023	<u>14,809</u>

The retained earnings reserve includes all current and prior period retained profits and losses.

FITNESS FIRST CLUBS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023**

20. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for, senior management and other eligible employees. The assets of the scheme are held separately from those of the company in independently administered funds. Contributions to the scheme for the year amounted to £110k (2022 - £114k) and as at the year end there were £23k (2022 - £26k) unpaid contributions.

21. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

22. ULTIMATE CONTROLLING PARTY

The ultimate parent company and controlling party is Maddox Holdings Limited, a company incorporated in England and Wales. Copies of the accounts of Maddox Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF12 3UZ.