

CROWN GOLF GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

CROWN GOLF GROUP LIMITED

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CROWN GOLF GROUP LIMITED

COMPANY INFORMATION

Directors	C Marshall P Stephens T Delsol
Registered number	04594353
Registered office	Pine Ridge Golf Club Old Bisley Road Frimley Camberley Surrey GU16 9NX
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

CROWN GOLF GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Introduction

The Directors present their report and financial statements for the year ended 30 June 2022. The principal activity of the Group during the year continued to be that of the ownership and management of golf courses under the umbrella of the Crown Golf brand.

Business review

Crown Golf Group Limited is the parent company of the Crown Golf Group. The Directors believe the Group has an outstanding portfolio of golf clubs in its estate, offering good quality and value golf to its members and visitors. Crown Golf is committed to upholding the great traditions of golf whilst striving to provide an innovative and welcoming experience for all who use the clubs.

After a period dominated by the disruptions of Covid-19 lockdowns, it is pleasing to report that the Group experienced a far more stable operating environment in the year ended 30 June 2022, as the benefits of the vaccine programme came to fruition. Whilst the outbreak of the Omicron variant created some interruption to business around the busy Christmas / New Year period, the clubs were broadly able to operate to pre Covid-19 standards.

The declining adverse impact of Covid-19 was however replaced by increasing levels of inflationary cost pressure, in part attributable to the commencement of the Russia / Ukraine conflict. These impacted the Group's ability to attract / retain its workforce as well as the pricing of food, beverage and other overheads. The Company's cost challenge has been offset in part by ongoing financial support provided by the UK government during the year, comprising:

- a 66% reduction in business rates from the start of the year until 31 March 2022, with subsequent capped support.
- a reduction in VAT to 5% (1 July 2021 to 30 September 2021) and 12.5% (1 October 2021 to 31 March 2022) respectively on food, non-alcoholic beverage and accommodation.

The Group continued to invest in its facilities during the year, most notably at St. Mellion with a £1.4m upgrade to the holiday cottages.

The Group reported a loss of £5,753k before tax for the year. This loss includes an exceptional cost of £2.10m, details of which are disclosed in note 6. The impact of the loss means the Group Statement of Financial Position at 30 June 2022 is a deficit of £14,096k.

Outlook

Inflationary pressures have continued to impact the business since the year-end, most notably in the significant increases in energy prices. In addition, interest rate rises have impacted the cost of the debt carried by the Group. Notwithstanding this, the Group has traded in line with expectation since the balance sheet date and a new three year bank facility was agreed / signed in May 2023.

The Directors remain confident that the outlook for the business is positive, with the post-COVID resurgence in golf participation showing only modest signs of waning.

CROWN GOLF GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Principal risks and uncertainties

The directors consider the following principal risks and uncertainties facing the business:

Market risk

With COVID risk having subsided, macro-economic risk is increasingly becoming more prevalent as noted above. The labour market, both in terms of availability and cost, remains challenging, and whilst energy prices are now subsiding, they remain well above historic levels. Inflation is proving stubborn, and this has led to recent increases in interest rates. All of the above add to the cost base of the business.

In addition, whilst golf has sustained participation rates that are ahead of pre COVID-19 levels, it is likely that a degree of subsidence will set in at some juncture.

The business operates within the leisure sector, which is considered to be discretionary consumer spend. Accordingly, economic downturns could have an impact on trading performance.

The business is operationally geared in that a high proportion of its cost base is fixed. Accordingly, fluctuations in certain revenue streams can have a disproportionate effect on operating profits.

Liquidity risk

The Group uses its bank and inter-group loan facilities to manage its working capital on a regular basis.

Foreign currency risk

The Group's principal foreign currency exposures arise from transactions with the international group. The Directors believe there are suitable instruments available to manage the risk of any weakening of Sterling (£) in the future.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Credit risk is limited due to the nature of the trade. Trade debtors are monitored on an ongoing basis.

Going concern

The financial year ended June 2022 provided a more stable trading environment than experienced in recent years. The success of the Covid-19 vaccine program meant that lockdowns and the impact of consumer nervousness became increasingly less disruptive. This in turn led to trading returning to levels commensurate with the pre Covid-19 period. Beyond the balance sheet date, the macro-economic environment has been dominated by the 'cost of living crisis', government instability and interest rates increasing for the first time in many years.

The financial statements have been prepared on a going concern basis notwithstanding the fact that at 30 June 2022 the group had a deficiency on shareholders' funds. The group directors have received assurances of the continued support from the group's parent undertaking for the foreseeable future being a period of at least twelve months from the date the financial statements were approved. Therefore, the directors have continued to adopt the going concern basis.

CROWN GOLF GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Financial key performance indicators

Year on year KPI comparisons are compromised by the Covid-19 lockdowns, which affected much of the prior year.

Notwithstanding, membership subscriptions increased versus the prior year ended June 2021. Furthermore, membership yield has increased versus the pre Covid period.

New members (joiners) in the period totalled 793 (2021: 517) and casual golf rounds played were 273k (2021: 212k).

Directors' statement of compliance with duty to promote the success of the Group

The Board of Directors of Crown Golf Group Limited, in line with their duties under s172 of the Companies Act 2006 consider that they have acted in good faith to promote the success of the Group for the benefit of its shareholders as a whole but recognise the importance of considering all stakeholders engagement including a range of other matters as set out in s172(1)(a-f) of the Act when making key decisions of strategic importance during the year ended 30 June 2022.

The Directors have disclosed the information below to a level consistent with the size and complexity of the business and with emphasis on those of strategic importance to the Group.

a) Long term strategy

Business operations are conducted with careful management of financial resources and tight budgetary controls. This strategy is used to protect the Group for the long term to try and ensure that the provision of golf will benefit members and visitors for many years to come. The Board meet regularly to discuss results and forecast to ensure the Group adapts where necessary according to the changes in the industry and wider economy.

b) Engaging with our employees

As a service led business, employees are one of the key stakeholders of the business. Every effort is made to attract, retain and motivate employees. A new training platform has been implemented which is available to all staff in order to enhance employee skills and motivation.

c) Fostering business relationships with suppliers, customers and others

The success of the Group strategy requires sustaining long lasting relationships with the golf and health club members. We aim to provide golf clubs where the members feel welcome and are able to build relationships with the club and each other.

Suppliers remain another key stakeholder to ensure we can deliver a high quality service to our clients. Regular interaction allows strong partnerships to be developed to ensure we can ensure our service offering meets the needs of our customers in all aspects of our business.

d) The impact of the Group's operations on the community and the environment

The provision of golf benefits local communities by offering them an active lifestyle and green space to enjoy.

Additionally, the Group actively encourages employee's participation in community work and reports of these are shared throughout the Group.

Local suppliers are used where possible to ensure the environmental impact of logistics is kept as low as possible.

CROWN GOLF GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

e) The desirability of the Group maintaining a reputation for high standards of business conduct

The board policies act in such a way that promotes high standards of business conduct by adhering and updating its policies and governance as follows:

1. The adherence of all relevant UK Laws
2. Payment of salaries and wages in line with or above the National Living Wage
3. Adopting an Ethical and Sustainability policy
4. Ensuring the Health and Safety of all employees and those that interact with the group.
5. Compliance with gender pay gap reporting requirements

f) The need to act fairly between members of the Group

The Directors adopt a course of action that best enables delivery of our long-term group strategy taking into consideration the impact on all stakeholders. In doing so, the Directors act fairly between the Group's members as far as it can, balanced between the Group's interest and those of other stakeholders.

Greenhouse gas emissions, energy consumption and energy efficiency action

In accordance with the requirements of The Companies Energy and Carbon Report Regulations 2018, the Directors would like to disclose the following information for the year ended 30 June 2022.

During the year the Group has estimated a use of 7,309,878 kwh (2021: 6,845,000 kwh) or 1,414 tonnes (2021: 1,596 tonnes) CO₂e of gas and electricity.

The Group has used previous KWH data from the utility providers and then applied the Government conversion factors for the Company reporting to calculate the CO₂e content.

The Group has continued to take the following action regarding energy efficiency during the year:

- Installing PIR sensors to ensure lighting is only on when required
- Turning off heating and air conditioning wherever warranted or where facilities are not in use
- Replacing lighting with LED bulbs
- Improvement of electrical wiring throughout various premises
- Emissions (in tonnes CO₂e) per £k of revenue for the year was 0.10 (2021: 0.16).

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

P Stephens
Director

Date: 1 September 2023

CROWN GOLF GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Principal activity

The principal activity of the Group in the year under review was that of the ownership and management of golf courses under the umbrella of the Crown Golf brand.

Results and dividends

The loss for the year, after taxation, amounted to £5,857,026 (2021 - loss £2,538,111).

Directors

The directors who served during the year were:

S Towers (resigned 27 September 2021)
G Thomas (resigned 23 June 2023)
C Marshall (appointed 15 October 2021)

Subsequent to the year end, on 1 November 2022 P Stephens and T Delsol were appointed as directors.

Future developments

The Group continues with the goal to increase shareholder value whenever possible. The Directors expect to continue to develop operational trading opportunities as well as furthering its successful property promotion activities.

Engagement with employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the Group. This is achieved through regular contact by management with employees both over electronic communications and formal and informal communications within the individual clubs.

Financial risk management

The Group has exposure to liquidity risk and interest rate risk. The objective of the Group in managing liquidity risk is to ensure it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows. The Group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate. Cash flow is carefully managed on a daily basis which assists in the management of financial risk.

Disabled employees

The Group gives equal consideration to all applicants for employment irrespective of any disability. If a person becomes disabled while employed by the Group, every endeavour is made to protect that person's position. Disabled persons have the same opportunities for training and career development, as other employees with similar skills and abilities.

Directors indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the year Directors and officers liability insurance in respect of itself and its Directors.

CROWN GOLF GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Matters covered in the Group strategic report

The Group has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the Group's Strategic Report the Company's Strategic Report information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review, assessment of future outlook and a review of greenhouse gas emissions.

Disclosure of information to auditor

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

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

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

P Stephens

Director

Date: 1 September 2023

CROWN GOLF GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

CROWN GOLF GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROWN GOLF GROUP LIMITED FOR THE YEAR ENDED 30 JUNE 2022

Opinion

We have audited the financial statements of Crown Golf Group Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2022, which comprise the Group profit and loss account, the Group and company balance sheets, the Group statement of cash flows, the Group and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 Group's or the parent 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.

CROWN GOLF GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROWN GOLF GROUP LIMITED (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CROWN GOLF GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROWN GOLF GROUP LIMITED (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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 Group 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 golf course and property management 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, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety 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 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

CROWN GOLF GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROWN GOLF GROUP LIMITED (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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; and
- enquiring of management as to actual and potential litigation and claims.

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.

Heather Powell (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: 4 September 2023

CROWN GOLF GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £	2021 £
Turnover	4	13,500,884	9,697,181
Cost of sales		(1,803,422)	(1,459,218)
Gross profit		11,697,462	8,237,963
Administrative expenses		(13,220,177)	(7,517,403)
Other operating income	5	172,426	1,003,665
Exceptional items	6	(2,462,528)	(2,195,725)
Operating loss	7	(3,812,817)	(471,500)
Interest receivable and similar income	11	169,900	-
Interest payable and similar expenses	12	(2,110,158)	(1,988,046)
Loss before taxation		(5,753,075)	(2,459,546)
Tax on loss	13	(103,951)	(78,565)
Loss for the financial year		(5,857,026)	(2,538,111)
Loss for the year attributable to:			
Owners of the parent		(5,857,026)	(2,538,111)
		<u>(5,857,026)</u>	<u>(2,538,111)</u>

There are no items of other comprehensive income for either the year or the prior year other than the loss for the year. Accordingly, no statement of other comprehensive income has been presented.

CROWN GOLF GROUP LIMITED**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	30,334,460	29,697,163
		<u>30,334,460</u>	<u>29,697,163</u>
Current assets			
Stocks	16	266,637	156,912
Debtors	17	6,748,962	8,332,521
Cash at bank and in hand	18	2,083,723	3,073,805
		<u>9,099,322</u>	<u>11,563,238</u>
Creditors: amounts falling due within one year	19	(14,901,020)	(45,135,084)
Net current liabilities		<u>(5,801,698)</u>	<u>(33,571,846)</u>
Total assets less current liabilities		<u>24,532,762</u>	<u>(3,874,683)</u>
Creditors: amounts falling due after more than one year	20	(38,554,665)	(5,771,679)
Other provisions	25	(74,264)	-
Net liabilities		<u>(14,096,167)</u>	<u>(9,646,362)</u>
Capital and reserves			
Called up share capital	26	22,092,471	21,374,501
Share premium account	27	689,251	-
Profit and loss account	27	(36,877,889)	(31,020,863)
Total equity		<u>(14,096,167)</u>	<u>(9,646,362)</u>

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

P Stephens
Director

Date: 1 September 2023

The notes on pages 19 to 44 form part of these financial statements.

CROWN GOLF GROUP LIMITED**COMPANY BALANCE SHEET
AS AT 30 JUNE 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	77,101	90,904
Investments	15	1,227,682	1,227,682
		<u>1,304,783</u>	<u>1,318,586</u>
Current assets			
Debtors	17	31,440,625	24,437,570
Cash at bank and in hand	18	12,823	1,499,555
		<u>31,453,448</u>	<u>25,937,125</u>
Creditors: amounts falling due within one year	19	(21,005,170)	(45,478,685)
Net current assets/(liabilities)		<u>10,448,278</u>	<u>(19,541,560)</u>
Total assets less current liabilities		<u>11,753,061</u>	<u>(18,222,974)</u>
Creditors: amounts falling due after more than one year	20	(36,420,437)	(4,943,304)
Other provisions	25	(74,264)	-
Net liabilities		<u>(24,741,640)</u>	<u>(23,166,278)</u>
Capital and reserves			
Called up share capital	26	22,092,471	21,374,501
Share premium account	27	689,251	-
Profit and loss account brought forward		(44,540,779)	(38,954,892)
Loss for the year		(2,982,583)	(5,585,887)
Profit and loss account carried forward		(47,523,362)	(44,540,779)
Total equity		<u>(24,741,640)</u>	<u>(23,166,278)</u>

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

P Stephens

Director

Date: 1 September 2023

The notes on pages 19 to 44 form part of these financial statements.

CROWN GOLF GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2020	21,338,255	-	(28,482,752)	(7,144,497)
Comprehensive loss for the year				
Loss for the financial year	-	-	(2,538,111)	(2,538,111)
Total comprehensive loss for the year	-	-	(2,538,111)	(2,538,111)
Contributions by and distributions to owners				
Other share movements	36,246	-	-	36,246
Total transactions with owners	36,246	-	-	36,246
At 30 June 2021 and 1 July 2021	21,374,501	-	(31,020,863)	(9,646,362)
Comprehensive loss for the year				
Loss for the financial year	-	-	(5,857,026)	(5,857,026)
Total comprehensive loss for the year	-	-	(5,857,026)	(5,857,026)
Contributions by and distributions to owners				
Shares issued during the year	717,970	689,251	-	1,407,221
Total transactions with owners	717,970	689,251	-	1,407,221
At 30 June 2022	22,092,471	689,251	(36,877,889)	(14,096,167)

CROWN GOLF GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2020	21,338,255	-	(38,954,892)	(17,616,637)
Comprehensive loss for the year				
Loss for the financial year	-	-	(5,585,887)	(5,585,887)
Total comprehensive loss for the year	-	-	(5,585,887)	(5,585,887)
Contributions by and distributions to owners				
Other share movements	36,246	-	-	36,246
Total transactions with owners	36,246	-	-	36,246
At 30 June 2021 and 1 July 2021	21,374,501	-	(44,540,779)	(23,166,278)
Comprehensive loss for the year				
Loss for the financial year	-	-	(2,982,583)	(2,982,583)
Total comprehensive loss for the year	-	-	(2,982,583)	(2,982,583)
Contributions by and distributions to owners				
Shares issued during the year	717,970	689,251	-	1,407,221
Total transactions with owners	717,970	689,251	-	1,407,221
At 30 June 2022	22,092,471	689,251	(47,523,362)	(24,741,640)

CROWN GOLF GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(5,857,026)	(2,538,111)
Adjustments for:		
Depreciation of tangible assets	825,230	1,053,402
Loss on disposal of tangible assets	466,904	(5,812,160)
Interest paid	2,110,158	1,817,181
Interest received	(169,900)	-
Taxation charge	103,951	(8,404)
(Increase)/decrease in stocks	(109,725)	171,682
Decrease/(Increase) in debtors	2,213,602	(1,588,195)
(Decrease)/increase in creditors	(504,673)	1,654,073
Increase in amounts owed to groups	456,606	186,321
Increase in amounts owed to participating ints	851,570	291,259
Increase in provisions	74,264	-
Net cash generated from operating activities	460,961	(4,772,952)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,929,431)	(815,016)
Sale of fixed asset investments	-	10,300,000
Net cash from investing activities	(1,929,431)	9,484,984
Cash flows from financing activities		
New secured loans	2,000,000	-
Repayment of loans	-	(1,998,776)
Repayment of/new finance leases	79,058	(171,684)
New loans from group companies	1,255,560	-
Interest paid	(1,500,080)	(1,817,181)
Net cash used in financing activities	1,834,538	(3,987,641)
Net increase in cash and cash equivalents	366,068	724,391
Cash and cash equivalents at beginning of year	1,015,415	291,024
Cash and cash equivalents at the end of year	1,381,483	1,015,415
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,083,723	3,073,805
Bank overdrafts	(702,240)	(2,058,390)
	1,381,483	1,015,415

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. General information

Crown Golf Group Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is Pine Ridge Golf Club, Old Bisley Road, Frimley, Camberley, Surrey, GU16 9NX.

The financial statements are presented in Sterling (£), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings, with the exception of St Mellion Property Management Limited, made up to 30 June 2022. St Mellion Property Management Limited, as subsidiary undertaking by virtue of control, has been excluded from the consolidation as severe long-term restrictions hinder the exercise rights of the parent company over the subsidiary undertaking.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.3 Going concern

The financial year ended June 2022 provided a more stable trading environment than experienced in recent years. The success of the Covid-19 vaccine program meant that lockdowns and the impact of consumer nervousness became increasingly less disruptive. This in turn led to trading returning to levels commensurate with the pre Covid-19 period. Beyond the balance sheet date, the macro-economic environment has been dominated by the 'cost of living crisis', government instability and interest rates increasing for the first time in many years.

The financial statements have been prepared on a going concern basis notwithstanding the fact that at 30 June 2022 the group had a deficiency on shareholders' funds. The group directors have received assurances of the continued support from the group's parent undertaking for the foreseeable future being a period of at least twelve months from the date the financial statements were approved. Therefore, the directors have continued to adopt the going concern basis.

2.4 Revenue

Turnover is derived from the provision of golf and ancillary facilities and represents membership fees and subscription income receivable in respect of the year. Turnover from membership fees for both golf and leisure members is initially deferred and subsequently recognised over the period that it relates.

Food, beverage and retail sales are made from the on-site restaurants and shops. This turnover is recognised as income at the time the sale is made, at invoice value excluding VAT. Turnover also includes non-membership golf and leisure income (green fees and driving range sales) which is also recognised at the time the sale is made.

Turnover from functions and conferences is deferred until the event takes place, at this point the turnover for the event is recognised including the release of the deferral.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation 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 using 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 resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.6 Operating leases: the Group as lessee

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

2.7 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 consolidated profit and loss account in the same period as the related expenditure.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

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

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

2.9 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 in the countries where the company operates and generates income.

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 expenses 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.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.11 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.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.11 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:

Freehold property	-	2% - 2.5% straight line
Leasehold property	-	2% straight line
Plant and machinery	-	15% - 33% straight line
Equipment, Fixtures and fittings	-	10% - 33% 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.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.15 Share capital

Ordinary shares are classified as equity.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.16 Financial instruments

The Group 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 Group 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 Group after deducting all of its liabilities.

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

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing 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, bank loans and loans from fellow group companies 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.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. Accounting policies (continued)

(continued)

Impairment of financial assets (continued)

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

Derecognition of financial assets 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.

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

Key accounting estimates made by the Directors comprise:

A review of the need for an impairment when reporting the value of investments (note 2.12), stocks (note 2.13) and financial asset debtors (note 2.15). Impairment reviews are carried out by reviewing post year end transactions and, for fixed assets advice from experts on the market value of the land and buildings owned.

4. Turnover

All turnover arose within the United Kingdom and is attributable to the provision of golf and ancillary services.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5. Other operating income

	2022 £	2021 £
Other operating income	172,426	-
Government grants receivable	-	1,003,665
	<u>172,426</u>	<u>1,003,665</u>

Other operating income in the current year relates to rebates received based on a proportion of purchases made with approved suppliers.

In the previous financial year, government grants were received as part of the Coronavirus Job Retention Schemes, there are no unfulfilled conditions or other contingencies in relation to these grants receivable.

6. Exceptional items

	2022 £	2021 £
Fees incurred regarding alternative use of assets	998	464,793
Assets under construction write off	461,530	-
Amounts written off	2,000,000	-
Sales commission fee	-	1,340,000
Guarantor fees	-	390,932
	<u>2,462,528</u>	<u>2,195,725</u>

Exceptional items in relation to alternative use of assets were incurred, these had previously been treated as assets under construction.

Amounts written off in 2022 constitute a provision against an amount receivable arising from the sale of a parcel of land. The amount receivable is both deferred and conditional. Advice received on achieving the conditions that need to be achieved has indicated that the probability of achieving these has reduced and so the directors have made a provision against the balance receivable, previously reported as revenue, in these financial statements.

During the prior year the Group sold the trade and assets of 2 golf clubs. As a result the Group incurred additional fees in relation to commission and guarantor fees.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	825,358	1,033,402
Operating lease - rent of property	255,633	275,903
Operating lease - other	260,562	170,003
Defined contribution pension cost	89,280	110,082
Government grants	-	(1,003,665)

8. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	84,700	77,000
Fees payable to the company's auditor and its associates in connection with the Group's pension scheme(s) in respect of:		
Audit-related assurance services	3,300	3,000
Taxation compliance services	41,800	38,000
Preparation of accounts	27,500	25,000

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

9. Employees

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	5,779,422	4,780,588	306,489	79,963
Social security costs	461,282	500,749	68,336	124,010
Staff pension costs	87,310	98,161	16,301	14,621
	<u>6,328,014</u>	<u>5,379,498</u>	<u>391,126</u>	<u>218,594</u>

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Administrative	45	47	10	12
Service	294	290	-	-
	<u>339</u>	<u>337</u>	<u>10</u>	<u>12</u>

10. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	196,884	587,145
Compensation for loss of office	70,000	-
Contributions to defined contribution pension schemes	1,970	11,921
	<u>268,854</u>	<u>599,066</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration including benefits in kind of £130k (2021 - £295k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,860 (2021 - £Nil).

11. Interest receivable and similar income

	2022 £	2021 £
Interest receivable from group companies	<u>169,900</u>	<u>-</u>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

12. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	107,800	104,280
Finance leases and hire purchase contracts	227	1,037
Other interest payable	2,002,131	1,882,729
	<u>2,110,158</u>	<u>1,988,046</u>

13. Taxation

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	103,951	78,565
Total deferred tax	<u>103,951</u>	<u>78,565</u>
Taxation on profit on ordinary activities	<u>103,951</u>	<u>78,565</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(5,753,075)</u>	<u>(2,459,546)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,093,084)	(467,314)
Effects of:		
Expenses not deductible for tax purposes	523,217	1,101,924
Fixed asset timing differences and depreciation in excess of capital allowances	45,630	(994,045)
Income exempt from taxation	(71,221)	(753,714)
Changes to the rate on deferred taxation	(160,671)	(192,407)
Profit on disposal of assets ineligible for capital allowances	-	1,053,633
Other differences leading to an increase (decrease) in the tax charge	771,849	253,115
Group relief	88,231	77,373
Total tax charge for the year	<u>103,951</u>	<u>78,565</u>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

13. Taxation (continued)

Factors that may affect future tax charges

In the Autumn Budget 2022 on 17 November 2022, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

14. Tangible fixed assets

Group

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Assets under const'n* £	Total £
Cost						
At 1 July 2021	43,059,813	4,109,508	4,239,164	422,580	445,695	52,276,760
Additions	1,195,253	103,937	600,686	13,720	15,835	1,929,431
Disposals	-	(3,937)	(11,766)	(1,453)	(461,530)	(478,686)
At 30 June 2022	44,255,066	4,209,508	4,828,084	434,847	-	53,727,505
Depreciation						
At 1 July 2021	14,958,676	3,810,627	3,511,673	298,621	-	22,579,597
Charge for the						
year	497,480	76,441	224,175	27,262	-	825,358
Disposals	-	(2,969)	(7,587)	(1,354)	-	(11,910)
At 30 June 2022	15,456,156	3,884,099	3,728,261	324,529	-	23,393,045
Net book value						
At 30 June 2022	28,798,910	325,409	1,099,823	110,318	-	30,334,460
At 30 June 2021	28,101,137	298,881	727,491	123,959	445,695	29,697,163

*Assets under construction.

Included within the net book value of fixed assets is £176k (2021: £209k) relating to assets held under hire purchase agreements. The depreciation charge for the year relating to these assets was £33k (2021: £63k).

Note 28 details the uncertainty of the ownership within the Crown Golf Group, of certain buildings. The uncertainty around the legal ownership of these assets will not result in a change to the fixed assets reported above.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

14. Tangible fixed assets (continued)

Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 July 2021	47,507	101,245	245,936	394,688
Additions	-	-	4,308	4,308
At 30 June 2022	47,507	101,245	250,244	398,996
Depreciation				
At 1 July 2021	9,537	80,274	213,973	303,784
Charge for the year	1,013	6,986	10,112	18,111
At 30 June 2022	10,550	87,260	224,085	321,895
Net book value				
At 30 June 2022	36,957	13,985	26,159	77,101
At 30 June 2021	37,970	20,971	31,963	90,904

Included within the net book value of fixed assets is £10k (2021: £16k) relating to assets held under hire purchase agreements. The depreciation charge for the year relating to these assets was £6k (2021: £20k). The liabilities for these assets are met by another group entity.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 July 2021	1,227,682
At 30 June 2022	<u>1,227,682</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Nature of business	Class of shares	Holding
Crown Golf Property Limited	Ownership/letting of golf clubs	Ordinary	100 %
Crown Golf Operations Limited*	Ownership/letting of golf clubs	Ordinary	100 %
St Mellion Property Limited	Ownership of golf club and hotel	Ordinary	100 %
St Mellion Operations Limited*	Operation of golf club and hotel	Ordinary	100 %
Sunbury Golf Property Limited	Ownership of golf club	Ordinary	100 %
Sunbury Operations Limited*	Operation of golf club	Ordinary	100 %
South Winchester Property Limited	Ownership of golf club	Ordinary	100 %
South Winchester Operations Limited*	Operation of golf club	Ordinary	100 %
Wickham Park Property Limited	Ownership of golf club	Ordinary	100 %
Wickham Park Operations Limited*	Operation of golf club	Ordinary	100 %
Milford Golf Property Limited	Ownership of golf club	Ordinary	100 %
Milford Operations Limited*	Operation of golf club	Ordinary	100 %
Addington Court Property Limited	Ownership of golf club	Ordinary	100 %
Addington Court Operations Limited*	Operation of golf club	Ordinary	100 %
MWGC Leisure Limited*	Holding company	Ordinary	100 %
Merrist Wood Golf Club Limited*	Operation of golf club	Ordinary	100 %
Batchworth Park Property Limited	Ownership and operation of golf club	Ordinary	100 %
Batchworth Park Operations Limited*	Dormant	Ordinary	100 %
Blue Mountain Golf Centre Limited*	Dormant	Ordinary	100 %

Batchworth Golf Club is a private members club which is under the control of Crown Golf Group Limited, the entity's results have therefore been included in these financial statements.

The registered address of all subsidiaries is as disclosed on the company information page.

* Indicates the company is an indirect subsidiary.

On 1 February 2022 Addington Court Golf Club and E P Golf Limited were dissolved.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16. Stocks

	Group 2022 £	Group 2021 £
Finished goods and goods for resale	<u>266,637</u>	<u>156,912</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

17. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due after more than one year				
Amounts owed by group undertakings	-	-	-	1,664,666
Amounts owed by joint ventures and associated undertakings	<u>4,440,811</u>	<u>56,834</u>	<u>4,440,811</u>	<u>21,580</u>
	4,440,811	56,834	4,440,811	1,686,246
Due within one year				
Trade debtors	481,676	684,023	109,693	-
Amounts owed by group undertakings	-	1,903,129	26,669,896	22,687,530
Amounts owed by joint ventures and associated undertakings	54,902	3,480	-	-
Other debtors	1,098,555	4,611,706	121,210	3,595
Prepayments and accrued income	315,319	611,698	99,015	60,199
Tax recoverable	300	300	-	-
Deferred taxation	357,399	461,351	-	-
	<u>6,748,962</u>	<u>8,332,521</u>	<u>31,440,625</u>	<u>24,437,570</u>

On 28 October 2021 a loan of £510,110 was advanced to Pine Ridge Property Limited and another loan of £27,500 was advanced on 30 April 2022, interest was charged at a rate of 6% annum totalling £21,287 (2021: £Nil). The total balance outstanding at 30 June 2022, including interest is £556,397 (2021: £Nil). Under the loan agreement with the group undertaking the loans are repayable in October 2024.

On 28 October 2021 a loan of £3,561,267 was advanced to Pine Ridge Operations Limited and another loan of £191,988 was advanced on 30 April 2022, interest was charged at a rate of 6% annum totalling £148,613 (2021: £Nil). The total balance outstanding at 30 June 2022, including interest is £3,884,414 (2021: £Nil). Under the loan agreement with the group undertaking the loans are repayable in October 2024.

In the prior year other amounts owed by group undertakings and related parties due after more than one year were unsecured, interest free and repayable in one year and one day.

Other amounts owed by group undertakings and related parties due within one year are unsecured, interest free and repayable on demand.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

18. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	2,083,723	3,073,805	12,823	1,499,555
Less: bank overdrafts	(702,240)	(2,058,390)	(185,642)	(667,305)
	<u>1,381,483</u>	<u>1,015,415</u>	<u>(172,819)</u>	<u>832,250</u>

19. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank overdrafts	702,240	2,058,390	185,642	667,305
Bank loans	5,000,000	-	5,000,000	-
Trade creditors	1,108,274	979,294	365,618	164,063
Amounts owed to group undertakings	1,317,737	36,081,997	12,525,897	42,523,481
Amounts owed to other participating interests	3,020,164	-	2,755,545	-
Other taxation and social security	669,591	2,256,976	23,043	1,918,003
Obligations under finance lease and hire purchase contracts	35,977	78,822	(1,821)	5,234
Other creditors	834,210	858,684	63,493	80,637
Accruals and deferred income	2,212,827	2,820,921	87,753	119,962
	<u>14,901,020</u>	<u>45,135,084</u>	<u>21,005,170</u>	<u>45,478,685</u>

The bank overdraft is secured by an intercompany unlimited guarantee between members of the Group, Pine Ridge Property Limited and Pine Ridge Operations Limited and the bank.

On 8 April 2022 a loan was advanced by Broadbat Pty Ltd, interest was charged at a rate of 6% annum totalling £17,737 (2021: £Nil). The balance outstanding at 30 June 2022, including interest is £1,317,737 (2021: £Nil). Under the loan agreement with the group undertaking the loan is repayable in March 2023.

During the year an intercompany loan was refinanced - see note 20.

Other amounts owed to group undertakings and related parties due within one year are unsecured, interest free and repayable on demand.

The bank loan is secured - see note 21.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20. Creditors: amounts falling due after more than one year

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Bank loans	-	3,000,000	-	3,000,000
Payments received on account	402,746	456,606	-	-
Net obligations under finance leases and hire purchase contracts	-	36,213	-	-
Amounts owed to group undertakings	38,151,919	104,854	36,420,437	-
Amounts owed to other participating interests	-	2,174,006	-	1,943,304
	<u>38,554,665</u>	<u>5,771,679</u>	<u>36,420,437</u>	<u>4,943,304</u>

Amounts owed to Broadbat Pty Ltd of £187,500 (2021: £187,500) and Inthe Vee Discretionary Trust of £1,543,982 (2021: £1,543,982) are interest free and it is anticipated that they will be paid by October 2024 (2021: interest free and repayable in October 2021).

During the year the loan principle and accrued interest on the loan advanced by Broadbat Pty Ltd, was refinanced through the issue of £1,407,010 of equity and the issue of two loan notes. The two loan notes were issued for a total price of £35,041,367 with a final redemption price of £41,718,079 in October 2024 (2021: Loan balance of £32,552,240 repayable within one year). Until the loan was refinanced interest was charged on the loan advanced by Broadbat Pty Ltd to the company at a rate of 5% per annum totalling £605,052 (2021: £1,881,024). During the year a premium of £1,379,070 accrued on the loan notes payable and is due on final redemption.

In the prior year other amounts owed to group undertakings and related parties due after more than one year were unsecured, interest free and repayable in one year and one day.

The bank loan is secured - see note 21.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21. Loans

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year				
Bank loans	5,000,000	-	5,000,000	-
Amounts falling due 1-2 years				
Bank loans	-	3,000,000	-	3,000,000
	<u>-</u>	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
	<u>5,000,000</u>	<u>3,000,000</u>	<u>5,000,000</u>	<u>3,000,000</u>

The bank loan bears interest at base rate plus a margin of 2.25%, as applicable, and is repayable in full in 2023.

The bank loan is secured by fixed and floating charges on the Group's properties and other assets.

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2022 £	Group 2021 £
Within one year	36,213	78,823
Between 1-5 years	-	36,213
	<u>36,213</u>	<u>115,036</u>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

23. Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>6,105,012</u>	<u>5,357,057</u>	<u>31,260,676</u>	<u>24,377,371</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(51,499,701)</u>	<u>(44,855,553)</u>	<u>(57,402,688)</u>	<u>(48,498,436)</u>

Financial assets measured at fair value through profit or loss comprise of trade debtors, amounts owed by group undertakings, amounts owed by associated undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed by group undertakings, amounts owed by participating interests, bank loans, bank overdrafts, accruals and other creditors.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

24. Deferred taxation

Group

	2022 £	2021 £
At beginning of year	461,350	539,915
Charged to profit or loss	(103,951)	(78,565)
At end of year	357,399	461,350

Company

	2022	2021
At beginning of year	-	29,049
Charged to profit or loss	-	(29,049)
At end of year	-	-

The deferred tax asset is made up as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accelerated capital allowances	357,399	461,350	-	-
	357,399	461,350	-	-

25. Provisions

Group and Company

	Other provision £
At 1 July 2021	-
Charged to profit or loss	74,264
At 30 June 2022	74,264

Other provision

The company has provided for a post balance sheet payment made in connection with a claim bought against the company prior to 30 June 2022. The provision represents the full, agreed liability.

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

26. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
22,092,471 (2021 - 21,374,501) Ordinary shares of £1 each	<u>22,092,471</u>	<u>21,374,501</u>

In 2013 21,374,500 shares were issued to the parent company in a debt to equity swap arrangement, the shares were issued at nominal value of £21,374,500 less share issue expenses of £36,246. The shares were grossed up in the prior year as to reflect the full nominal value of the shares.

On the 30 April 2022 the company issued 717,970 Ordinary shares at a premium of £1.96 per share, as part of the company's debt refinancing.

27. Reserves

Share premium account

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

28. Analysis of net debt

	At 1 July 2021 £	Cash flows £	Other non-cash changes £	At 30 June 2022 £
Cash at bank and in hand	3,073,805	(990,082)	-	2,083,723
Bank overdrafts	(2,058,390)	1,356,150	-	(702,240)
Debt due after 1 year	(3,000,000)	-	3,000,000	-
Debt due within 1 year	-	(2,000,000)	(3,000,000)	(5,000,000)
Finance leases	(115,035)	79,058	-	(35,977)
	<u>(2,099,620)</u>	<u>(1,554,874)</u>	<u>-</u>	<u>(3,654,494)</u>

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

29. Ownership of fixed assets

The consolidated accounts include in fixed assets the freehold land from which the Batchworth Park Golf Club ("the Club") operates as well as the clubhouse and course that have been built on this land.

The freehold land is owned by the Group subsidiary Batchworth Park Property Limited ("BPPL"). The Club reports in the Club accounts, as a fixed asset, the clubhouse and course that has been built on the land. The Club accounts are consolidated in these Group accounts.

There have been significant investigations aimed at identifying the true owner, within the Crown Golf Group, of the clubhouse and course and, despite the investigations, a conclusive answer has not yet been forthcoming. If the lease on the land from which the Club operates is terminated, the assets built on land owned by BPPL will transfer into the ownership of BPPL from the Club.

Until the uncertainty surrounding the ownership of these assets is resolved the assets will continue to be excluded from the accounts of the group subsidiary, BPPL, and reported in the Club accounts.

The uncertainty around the legal ownership of these assets will not result in a change to the fixed assets reported in the Group accounts as all of the assets of the Club and BPPL are reported in the Group consolidated account on the basis that the Crown Golf Group control the Club

30. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £89k (2021: £110k).

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

31. Commitments under operating leases

At 30 June 2022 the Group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Land and Buildings		
Not later than 1 year	242,000	239,000
Later than 1 year and not later than 5 years	946,000	955,000
Later than 5 years	18,218,000	18,038,000
	<u>19,406,000</u>	<u>19,232,000</u>
	Group 2022 £	Group 2021 £
Other operating leases		
Not later than 1 year	139,000	157,000
Later than 1 year and not later than 5 years	92,000	118,000
	<u>231,000</u>	<u>275,000</u>

The company had no operating lease commitments at 30 June 2022 (2021: £Nil).

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

32. Related party transactions

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

Transactions with (other) related parties are as follows:

Relationship	Transaction	Amount due (to)/from related parties			
		Amount		2022	2021
		2022	2021	2022	2021
		£	£	£	£
Broadbat Pty Limited (immediate parent undertaking)	Discounted loan note	(36,420,437)	-	(36,420,437)	-
	Intercompany loan	31,234,503	1,619,435	(1,317,737)	(32,552,240)
	Intercompany trade	-	(187,500)	(187,500)	(187,500)
Pine Ridge Property Limited (company under common control)	Intercompany loan	558,897	-	558,897	-
	Intercompany trade	10,215	(454,982)	(343,137)	(353,352)
Pine Ridge Operations Limited (company under common control)	Intercompany loan	3,884,414	-	3,884,414	-
	Intercompany trade	(857,390)	100,245	(2,634,083)	(1,776,693)
St Mellion Property Management Limited (common directorship)	Intercompany trade	(4,439)	(10,797)	11,915	16,354
Inthe Vee Discretionary Trust (immediate parent undertaking of Broadbat Pty Limited)	Intercompany loan	-	(1,543,982)	(1,543,982)	(1,543,982)

On 28 October 2021 a loan of £510,110 was advanced to Pine Ridge Property Limited and another loan of £27,500 was advanced on 30 April 2022, interest was charged at a rate of 6% annum totalling £21,287 (2021: £Nil). The total balance outstanding at 30 June 2022, including interest is £558,897 (2021: £Nil). Under the loan agreement with the group undertaking the loans are repayable in October 2024.

On 28 October 2021 a loan of £3,561,267 was advanced to Pine Ridge Operations Limited and another loan of £191,988 was advanced on 30 April 2022, interest was charged at a rate of 6% annum totalling £148,613 (2021: £Nil). The total balance outstanding at 30 June 2022, including interest is £3,884,414 (2021: £Nil). Under the loan agreement with the group undertaking the loans are repayable in October 2024.

On 8 April 2022 a loan was advanced by Broadbat Pty Ltd, interest was charged at a rate of 6% annum totalling £17,737 (2021: £Nil). The balance outstanding at 30 June 2022, including interest is £1,317,737 (2021: £Nil). Under the loan agreement with the group undertaking the loan is repayable in March 2023.

Amounts owed to Broadbat Pty Ltd of £187,500 (2021: £187,500) and Inthe Vee Discretionary Trust of £1,543,982 (2021: £1,543,982) are interest free and it is anticipated that they will be paid by October 2024 (2021: interest free and repayable in October 2021).

CROWN GOLF GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

32. Related party transactions (continued)

During the year the loan principle and accrued interest on the loan advanced by Broadbat Pty Ltd, was refinanced through the issue of £1,407,010 of equity and the issue of two loan notes. The two loan notes were issued for a total price of £35,041,367 with a final redemption price of £41,718,079 in October 2024 (2021: Loan balance of £32,552,240 repayable within one year). Until the loan was refinanced interest was charged on the loan advanced by Broadbat Pty Ltd to the company at a rate of 5% per annum totalling £605,052 (2021: £1,881,024). During the year a premium of £1,379,070 accrued on the loan notes payable and is due on final redemption.

In the prior year other amounts owed to group undertakings and related parties due after more than one year were unsecured, interest free and repayable in one year and one day.

Other amounts owed to group undertakings and related parties due within one year are unsecured, interest free and repayable on demand.

33. Post balance sheet events

On the 30 May 2023 the Group secured a new bank loan for £3,250,000. The bank loan bears interest at base rate plus a margin of 3.50%, as applicable, and is repayable in full in 2026.

34. Controlling party

The immediate parent undertaking is Broadbat Pty Limited.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Broadbat Pty Limited, whose registered office is at Bennelong House, Level 2, 9 Queen Street Melbourne VIC 3000.

The ultimate parent undertaking and controlling party is Elbowup Pty Limited as trustee for Inthe Vee Discretionary Trust in Australia.

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