Company No: 11272787

VONNCO LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

VONNCO LIMITED
DIRECTORS AND ADVISORS

DIRECTORS

Steve Burns	(Non-Executive Chairman)
Richard Calvert	
David Smith	
Simon Jones	
Ian Wood	(Non-Executive)
Alex Wilby	(Non-Executive)

COMPANY NUMBER
11272787

REGISTERED OFFICE
Castle Royle Golf & Country Club
Bath Road
Reading
Berkshire
RG10 9AL

AUDITOR
RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

The directors present their Strategic Report for Vonnco (Company No. 11272787) for the year ended 30 September 2021.

Business review
Whilst the year ended 30 September 2021 was again dominated by the impact of the COVID-19 pandemic, the business was encouraged by a healthy recovery once restrictions were lifted.

In the first half of the financial year, the business was significantly affected by lockdowns, often introduced at short notice in Q1 and throughout much of Q2. The chronological events of significance during the financial year were as follows:

- 14 October - 31 October — England introduces Tier system
- 31 October - 2 December — Lockdown 2 (All facilities closed)
- 2 December - 6 January — Return to enhanced Tier system
- 6 January - 29 March — Lockdown 3 (All facilities closed)
- 29 March — Re-opening of Golf courses as part of Stage 1 re-opening plan
- 12 April — Re-opening of Health club (except group exercise / spa)
- 17 May — Re-opening of distanced indoor group exercise (c.50% capacity)
- 19 July — Re-opening of all indoor facilities including indoor dining.

In the spring and summer, as normal operation became gradually possible; golf trading bounced back strongly both in terms of membership demand and green fee income supported by a growing staycation market, whilst the Group experienced an upward trajectory in Health membership volumes.

Our teams again stepped up to the challenge of a fast-evolving landscape, enabling the Group's members and guests to enjoy the facilities as permitted by the regulations at any time. This was achieved during a time of change at senior level; in December 2020, Thierry Delsol stepped down as CEO being replaced by Richard Calvert, whilst in August 2021 Paul Stephens also stepped down as CFO, being replaced on the Board by David Smith in September 2021. Catherine Ferma also resigned in October 2020. It should be placed on record the Board's gratitude to the departing Directors for their service over many years.

The UK Government continued to provide significant levels of support to the UK hospitality sector, and the business was able to benefit from various Government initiatives to mitigate the impact of the trading restrictions:

- Furlough scheme and flexi-furlough scheme
- Suspension of business rates until 30 June 2021 and 66% discount thereafter
- Cut in VAT rates on food, non-alcoholic beverage and accommodation through the year

Notwithstanding this government assistance, the business performance (as measured by operating profit) inevitably remained below historical trading levels.

However, the Group continued its investment into facilities to improve the customer proposition throughout the year, with online classes that were created in the early lockdowns facilitating positive member engagement. A 65 bedroom hotel at the Tytherington club was opened to the public in December 2020 whilst customer demand for the new "Top Tracer" driving range facilities at the Chesfield Downs and Witney Lakes clubs has been very encouraging.

Subject to COVID-19's ongoing impact, it is expected that normal trading activity will resume and continue for the foreseeable future. When the clubs have been able to trade, even with restrictions, they have been busy with existing members / guests and the Group has welcomed a large number of new joiners for both Golf and Health since restrictions were lifted.

Key performance indicators ("KPIs")
KPIs have been continued to be distorted by the impact of the Covid-19 pandemic during the year, although the green shoots of recovery have become evident following the lifting of restrictions in spring

/ summer 2021. Notwithstanding the inherent challenges that Covid lockdowns place on year on year comparability and, whilst membership subscriptions decreased 17% year on year, turnover did improve by 1% and the Group generated an operating profit of £0.5m, relative to an operating loss of £1.1m in 2020. EBITDA for the Group increased from £1.2m in 2020 to £3.2m reflecting the above factors, primarily reflecting a marginally less severe impact of Covid than in the prior year.

Despite inevitable increased attrition during the lockdowns, total membership subscription levels had returned to 95% of pre Covid levels by September 2021.

Principal risks and uncertainties
The principal business risk remains the ongoing impact of the COVID-19 pandemic / social distancing. The more generic risks are as follows:

a) 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.

b) The business is asset backed and carries a high level of financial leverage, as disclosed in notes 15 and 16. This can cause movements in asset values to create a disproportionately large effect on equity value.

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

Matters of strategic importance

Going concern

The 2021 financial year saw ongoing instability as a result of the Covid pandemic, with various full and partial lockdowns affecting the Group's operations during the year as described above. The Covid restrictions introduced by the UK Government significantly impacted the business, and often at extremely short notice, particularly in the first half of the financial year. The second half of the year however saw an increasingly more stable operating environment as restrictions started to be lifted.

As a consequence of these events, the Group undertook various actions to protect the ongoing financial stability of the organisation. The Group's secured debt facility was amended in late November 2020 in response to the second national lockdown and conscious of the possibility of further disruption. The principle commercial terms of this amendment were as follows -

- £4.0m loan note injection from the majority shareholder
- Interest of £2.1m due in November 2020 capitalised, rather than being cash paid
- Capital repayments suspended until March 2022
- Undrawn facility fees waived for 12 months
- Financial covenants not tested again until December 2021 (with pro-forma to adjust for COVID closures between January 2021 and March 2021)
- Further capitalisation of £1m of senior lender debt interest and a £1m majority shareholder loan note injection in late Q2 and early Q3, 2021.

The above measures, combined with a healthy membership recovery towards pre Covid levels and strong operating revenue, resulted in the Group's cashflow being protected during the course of the financial year.

Matters of strategic importance (continued)

Beyond the balance sheet date, the success of the Covid vaccine booster program has allowed more relaxed government restrictions in England relative to the equivalent period in the previous year, despite the onset of the Covid 19 Omicrom variant. As a result, the Group has been able to keep its Clubs open whilst abiding with the indoor face covering legislation. Membership is in line with expectations and the Board are encouraged by the operating revenue performance in financial year 2022 Q1, with the "golf boom" of 2021 continuing. Forward bookings for leisure activities (short breaks and golf events) are ahead of the last full trading year at this stage. Finally, in December 2021 the Group agreed with the principal lender to reinstate its £2m Revolving Credit facility (RCF).

The Directors have considered the immediate and medium-term impact of the ongoing Covid-19 pandemic; forecasts assume no further lockdowns. Cash flow projections have been prepared, taking account of various assumptions / sensitivities of the impact of potential downturns in revenue, and in the event of such a revenue downturn, compensatory cost restrictions. These projections demonstrate an expectation that the Group has in place the financial resources to continue to operate for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

The Directors continue to maintain a proactive dialogue with stakeholders as the outlook on the trading restrictions and timelines are changing regularly. The Directors are confident that should the business require additional liquidity, either due to ongoing trading restrictions or to invest in capital projects, such liquidity will be accessible.

Fixed asset valuations

The most material figure in the Group balance sheet is the valuation of its fixed assets. Fixed assets were externally revalued as at 14 October 2019 (and adopted at 29 September 2019) by Christie & Co, Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors. All properties were valued in accordance with RICS Appraisal and Valuation Standards as fully equipped operational entities. The Directors have considered these values, recognising the impact of material capital investment (less subsequent depreciation), the impact of any club strategic direction changes and development potential since the 2019 valuation. The Directors have adjusted fixed asset values accordingly as detailed in note 9 to the accounts.

Section 172 Companies Act

The Directors make the following representations with regard to the requirements of Section 172 of the Companies Act 2006:

- *S172(1) (A) "The likely consequences of any decision in the long term"*
  The Directors understand the business and the evolving environment in which the business operates, most notably with regard to COVID and environmental, social and governance ("ESG") areas. The health / wellbeing of the population has never been more important, and this needs to be balanced against the long-term needs of the environment. A comprehensive ESG programme is in place, with the environment being the first central pillar.

- *S172(1) (B) "The interests of the company's employees"*
  The Directors recognise that employees are fundamental and core to the business and delivery of its strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. Succession planning is essential. From ensuring that the Group remains a responsible employer, from pay and benefits to the health, safety and workplace environment, the Directors factor in the implications of decisions on employees where relevant and feasible. The above forms the second central pillar of the ESG programme.

Matters of strategic importance (continued)

- *S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"*
  Delivering on strategy requires strong mutually beneficial relationships with suppliers and customers, and the circular economy is the third central pillar of the ESG programme. The Group seeks the promotion and application of certain general principles in such relationships, and statistics on continuity of suppliers and members (industry leading) evidence the success of this.

- *S172(1) (D) "The impact of the company's operations on the community and the environment"*
  This is inherent in our strategic ambitions, most notably on our ambition to be at the heart of the community to benefit mental health as well as physical health. The Group has a number of KPIs with regard to the protection of the environment.

- *S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"*
  The Board is informed and monitors compliance with relevant governance standards to help ensure that its decisions are taken and acted upon in ways that promote high standards of business conduct and corporate governance. By way of example, audit and remuneration committees sit independently of the Board.

- *S172(1) (F) "The need to act fairly between members of the company"*
  After weighing up all relevant factors, the Directors consider which course of action best enables delivery of strategy over the long-term, taking into consideration the impact on various stakeholders. In doing so, the Directors act fairly as between the Company's members, but are not required to balance the Company's interest with those of other stakeholders. This can sometimes mean that certain stakeholder interests may not be fully aligned.

Post balance sheet events

Financing

Both the Senior Lender and Shareholder have been very supportive since the start of the Covid pandemic, and the Directors have been proactive in engaging with both parties around the financial position and prospects of the business. On 16 December 2021, the Group reached agreement with its senior lender and shareholder to create a revolving credit facility of £2m, intended to provide additional security during cyclical lower trading periods.

The Directors continue to maintain a proactive dialogue with both parties as the outlook on the trading restrictions and timelines are changing regularly. The Directors are confident that should the business require additional liquidity, either due to ongoing trading restrictions or to invest in capital projects, such liquidity will be accessible.

On behalf of the Board

David Smith

David Smith
Director
11th February 2022

The directors present their report and audited financial statements for the group for the year ended 30 September 2021. The group has, in accordance with Section 414c of The Companies Act, set out in the Strategic Report information (including post balance sheet events) regarding key performance indicators and principal risks and uncertainties that would otherwise have been set out in the Directors' report.

Principal activities
The principal activity of the group is the ownership and operation of golf and country clubs. The principal activity of the company is that of a holding company co-ordinating the activities of its subsidiary undertakings.

Results and dividends
The results of the Group for the year, as set out on page 13, show a loss after tax of £12,648k (year ended 30 September 2020: £11,982k loss). The group paid no dividend during the year (year ended 30 September 2020: £nil).

Future developments
As Covid restrictions have materially subsided, the Group has seen a return to a trading run rate more consistent with historical pre Covid levels. Whilst continuing to look to develop the existing estate, the Group is also seeking to capitalise on unutilised planning consents within the estate as well as looking towards new acquisition opportunities.

Risk management
The group manages financial risk by monitoring interest rates. Liquidity and cash flow risk is monitored regularly via assessments of headroom.

Directors
The following directors have held office since 1 October 2020:

Ian Wood	
Simon Jones	
Steve Burns	
Alex Wilby	
Richard Calvert	(appointed 22 December 2020)
David Smith	(appointed 6 September 2021)
Paul Stephens	(resigned 31 August 2021)
Thierry Delsol	(resigned 22 December 2020)
Catherine Ferma	(resigned 15 October 2020)

Third party indemnity provision for directors
Qualifying third party indemnity provision is in place for the benefit of all directors of the Company.

Employees
The Group's policy is to consult and discuss with employees, either individually and/or at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through departmental meetings and staff briefings, information memos, circulating minutes of monthly management meetings. The CEO also holds twice yearly "Town Hall" forums and the introduction of an "ideas@theclubcompany" employee forum has been well received. All of these methods seek to improve employee engagement and achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

The Group's policy is to treat all applicants regardless of gender, ethnic or national origin or disability, no less favourably than others. As such we will invite all suitable candidates for interview and ensure that they receive full and fair consideration based on their ability to fulfil the requirements of a position. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee engagement is critical to the success of the Group; this is assessed via regular staff surveys to ensure that the Group is listening to and responding to its employees' needs. Action plans are prepared to improve engagement on an ongoing basis.

Streamlined Energy and Carbon Reporting (SECR)

The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a "large" unquoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The disclosure also extends beyond the scope of a "large" unquoted company and includes emissions and energy consumption from the combustion of all fuels on site including LPG, heating oil and burning oil (red diesel) for Scope 1. This year, The Club Company have also voluntarily reported additional Scope 3 emissions in the disclosure which include emissions from employee commuting, transmission and distribution of electricity and well-to-tank for fuels and business travel, water, waste and purchased goods and services. This additional reporting impacts year on year KPI comparison and therefore like for like measures are also shown.

Reporting year	**Current reporting year:** 1st October 2020 - 30th September 2021	**Previous reporting year:** 1st October 2019 – 30th September 2020
Location	UK	UK
Emissions from the combustion of fuel and operation of facilities (Scope 1) (tCO_2e)	2,641	3,162
Emissions from purchase of electricity (tCO_2e) (location-based) (Scope 2)	1,336	1,948
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO_2e) (Scope 3)	28	26
Emissions from employee commuting (tCO_2e) (Scope 3)	332	Not previously reported
Emissions from fuel and energy related activities (transmission and distribution and well-to-tank) (Scope 3) (tCO2e)	1,054	Not previously reported
Emissions from water (Scope 3) (tCO2e)	60	Not previously reported
Emissions from waste (Scope 3) (tCO2e)	8	Not previously reported
Emissions from purchased goods and services (Scope 3) (tCO2e)	3,782	Not previously reported
Total gross emissions based on the above (tCO_2e)	**9,241**	**5,136**
Like for like gross emissions based on the above (tCO_2e)	***4,005***	***5,136***

Reporting year	Current reporting year: 1st October 2020 - 30th September 2021	Previous reporting year: 1st October 2019 – 30th September 2020
Energy consumption used to calculate Scope 1 emissions (kWh)	12,779,351	15,352,673
Energy consumption used to calculate Scope 2 emissions (kWh)	6,291,223	7,733,817
Energy consumption used to calculate Scope 3 emissions (kWh)	1,463,712	102,040
Total energy consumption based on above (kWh)	**20,534,286**	**23,188,529**
Like for like energy consumption based on above (kWh), excluding scope 3	***19,070,754***	***23,086,489***
Intensity ratio: tCO_2e (gross Scope 1, 2 + 3) per £m sales revenue	294.3	168.3
Like for like Intensity ratio: tCO_2e (gross Scope 1+2) per £m sales revenue	*130.2*	*168.3*

Methodology
The Group are supported in its SECR analysis by the Anthesis Group. The above greenhouse gas emissions estimates are calculated to cover all material sources of emissions for which the Group is responsible. The methodology used was that of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach. All emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included.
Data in the form of spreadsheets containing inputs from raw data such as invoices have been collected from The Club Company (UK) Limited. Energy was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2021. For purchased goods and services, the DEFRA Environmentally Extended Input Output (EEIO) model has been used. This provides a list of business activities each with an associated spend conversion factor; £/kgCO_2e. The factors contained within this model have been updated with a deflation rate as they are from 2011.

Energy Efficiency Action
The Club Company (UK) Limited have made significant efforts to improve energy efficiency across their portfolio between 1st October 2020 and 30th September 2021. In December 2020, Combined Heat and Power (CHP) units were installed at Meyrick Park and The Warwickshire for the purpose of reducing energy consumption and ultimately reducing cost. In March 2021 a further CHP unit was installed at The Tytherington. This brings the total number of CHP units within the group to 5 after the successful installation of units at Benton Hall and Castle Royle in the previous financial year. Due to the continuation of the COVID-19 pandemic and the club closure and restrictions in place through to July 2021, it is impossible to sample energy consumption on a comparative like for like basis.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

Business relationships
Delivering on strategy requires strong mutually beneficial relationships with suppliers and customers. The Group typically seeks to establish long-term relationships.

Statement as to disclosure of information to auditor
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

On behalf of the Board:

David Smith

David Smith
Director
11th February 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VONNCO LIMITED

Opinion

We have audited the financial statements of Vonnco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the 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 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Revenue recognition was tested substantively by reviewing cut off around the year end, focusing on the accounting for deferred income where membership fees were paid upfront.

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

Use of our report

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

Joanna Sowden

JOANNA SOWDEN (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

11/02/22

VONNCO LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Turnover	3	30,750	30,515
Cost of sales		(2,842)	(2,717)
Gross profit		27,908	27,798
Other operating income	4	4,243	3,564
Administrative expenses		(31,649)	(32,472)
Operating profit / (loss)		502	(1,110)
Impairment provision against carrying value of fixed assets		(691)	-
Interest payable and similar charges	5	(11,697)	(10,433)
Loss before taxation	6	(11,886)	(11,543)
Taxation charge	8	(762)	(439)
Loss after taxation for the year		(12,648)	(11,982)
Other comprehensive income:			
From fair value movements of fixed assets		11,186	-
Total tax on components of other comprehensive income		(1,235)	-
Total other comprehensive income		9,951	-
Total comprehensive income for the year		(2,697)	(11,982)

VONNCO LIMITED (Company No: 11272787)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	9	144,633	131,425
Intangible fixed assets			
Goodwill	10	408	458
Negative goodwill	10	(1,947)	(2,241)
		(1,539)	(1,783)
Total fixed assets		143,094	129,642
Current assets			
Stocks	13	1,959	1,745
Debtors due within one year	14	1,017	1,097
Cash at bank and in hand		6,640	4,196
		9,616	7,038
Current liabilities			
Creditors: amounts falling due within one year	15	(15,530)	(73,603)
Net current liabilities		(5,914)	(66,565)
Total assets less current liabilities		137,180	63,077
Creditors: amounts falling due after more than one year	16	(137,935)	(63,125)
Deferred taxation	19	(5,581)	(3,592)
Net liabilities		**(6,336)**	**(3,640)**
Capital and reserves			
Called up share capital	20	12	12
Share premium	20	949	948
Capital redemption reserve	20	12	7
Revaluation reserve	20	18,694	8,743
Profit and loss account	20	(26,003)	(13,350)
Total equity		**(6,336)**	**(3,640)**

The financial statements on pages 13 to 39 were approved by the board of directors and authorised for issue on 11th February 2022 and are signed on its behalf by:

David Smith

David Smith
Director

VONNCO LIMITED (Company No: 11272787)
COMPANY STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments	11	-	-
Current assets			
Debtors due within one year	14	-	30,460
Debtors due after one year	14	30,460	-
Current liabilities			
Creditors: amounts falling due within one year	15	-	-
Net current assets		30,460	30,460
Creditors: amounts falling due after more than one year	16	(40,738)	(37,043)
Net liabilities		**(10,278)**	**(6,583)**
Capital and reserves			
Called up share capital	20	12	12
Share premium	20	949	948
Capital redemption reserve	20	12	7
Profit and loss account	20	(11,251)	(7,550)
Total equity		**(10,278)**	**(6,583)**

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss and total comprehensive income for the year was £3,695k (year ended 30 September 2020: £3,383k loss).

The financial statements on pages 13 to 39 were approved by the board of directors and authorised for issue on 11th February 2022 and are signed on its behalf by:

David Smith

David Smith
Director

VONNCO LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Share premium	Capital redemption reserve	Revaluation reserve	P&L reserve	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 29 September 2019	**13**	**953**	**2**	**8,743**	**(1,363)**	**8,348**
Transactions with owners:						
Purchase / cancellation of ordinary shares	(1)	(5)	5	-	(5)	(6)
Loss and total comprehensive income for the period	-	-	-	-	(11,982)	(11,982)
Balance at 30 September 2020	**12**	**948**	**7**	**8,743**	**(13,350)**	**(3,640)**
Other comprehensive income:						
Revaluation of fixed assets	-	-	-	11,186	-	11,186
Deferred tax movement on revaluation of fixed assets	-	-	-	(1,235)	-	(1,235)
Loss for the year	-	-	-	-	(12,648)	(12,648)
Loss and total comprehensive income for the period	-	-	-	9,951	(12,648)	(2,697)
Transactions with owners:						
Purchase / cancellation of ordinary shares	(2)	(3)	5	-	(5)	(5)
Sale / issue of ordinary shares	2	4	-	-	-	6
Balance at 30 September 2021	**12**	**949**	**12**	**18,694**	**(26,003)**	**(6,336)**

VONNCO LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Share premium	Capital redemption reserve	P&L reserve	Total equity
	£000	£000	£000	£000	£000
Balance at 29 September 2019	**13**	**953**	**2**	**(4,162)**	**(3,194)**
Transactions with owners:					
Purchase / cancellation of ordinary shares	(1)	(5)	5	(5)	(6)
Loss and total comprehensive income for the period	-	-	-	(3,383)	(3,383)
Balance at 30 September 2020	**12**	**948**	**7**	**(7,550)**	**(6,583)**
Transactions with owners:					
Purchase / cancellation of ordinary shares	(2)	(3)	5	(5)	(5)
Sale / issue of ordinary shares	2	4	-	-	6
Loss for the year	-	-	-	(3,695)	(3,695)
Balance at 30 September 2021	**12**	**949**	**12**	**(11,250)**	**(10,277)**

VONNCO LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Operating activities			
Cash generated from operations	21	5,054	2,984
Interest paid		(1,350)	(3,065)
Corporation tax received / (paid)		68	(266)
Net cash from / (used in) operating activities		**3,772**	**(347)**
Investing activities			
Purchase of subsidiaries		-	(4,337)
Purchase of tangible fixed assets		(5,658)	(9,731)
Net cash used in investing activities		**(5,658)**	**(14,068)**
Financing activities			
Proceeds / (Costs) from issue / (repayment) of loan notes		4,948	(3,488)
Costs of cancellation of ordinary shares		(5)	(5)
Proceeds from issue of shares		6	-
Proceeds from new borrowings		-	64,344
Repayment of borrowings		(248)	(45,302)
(Repayment) / drawdown of amounts owed under hire purchase		(282)	12
Financing costs incurred		(89)	(2,963)
Net cash from financing activities		**4,330**	**12,598**
Net increase / (decrease) in cash and cash equivalents		2,444	(1,817)
Cash and cash equivalents at beginning of period		4,196	6,013
Cash and cash equivalents at end of period	21	6,640	4,196
Relating to:			
Bank balances and short-term deposits included in cash at bank and in hand		6,640	4,196

1. Accounting policies

Company information
Vonnco Limited ("the Company") is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office and principal place of business is Castle Royle Golf & Country Club, Bath Road, Reading, Berkshire, RG10 9AL. The Group consists of Vonnco Limited and all of its subsidiaries. The Company's principal activity is that of a holding company, co-ordinating the activities of its subsidiary undertakings. The principal activity of the Group is the ownership and operation of golf and country clubs.

1.1 Basis of accounting
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold and leasehold properties at fair value. The FRC's Triennial Review amendments to FRS102, issued in December 2017, have been applied in the preparation of these financial statements.

The accounting period is the year ended 30 September 2021. The comparative trading period is the year plus one day ended 30 September 2020.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

1.2 Reduced disclosure
In accordance with FRS 102, the individual company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – financial instrument disclosures.

The financial statements of the Company are consolidated within these Group financial statements, which are publicly available from the Companies House, Crown Way, Cardiff CF14 3UZ.

1.3 Company statement of comprehensive income
As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year and total comprehensive income for the year were £3,695k loss (year ended 30 September 2020: £3,383k loss).

1.4 Basis of consolidation

The consolidated financial statements incorporate those of Vonnco Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 September 2021. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill (or vice-versa, negative goodwill).

1.5 Going concern

2021 financial year saw ongoing instability as a result of the Covid pandemic, with various full and partial lockdowns affecting the Group's operations during the year as described above. The Covid restrictions introduced by the UK Government significantly impacted the business, and often at extremely short notice, particularly in the first half of the financial year. The second half of the year however saw an increasingly more stable operating environment as restrictions started to be lifted.

As a consequence of these events, the Group undertook various actions to protect the ongoing stability of the organisation from a funding perspective. The Group's secured debt facility was amended in late November 2020 in response to the second national lockdown and conscious of the possibility of further disruption. The principle commercial terms of this amendment were as follows -

- £4.0m loan note injection from the majority shareholder
- Interest of £2.1m due in November 2020 capitalised, rather than being cash paid
- Capital repayments suspended until March 2022
- Undrawn facility fees waived for 12 months
- Financial covenants not tested again until December 2021 (with pro-forma to adjust for COVID closures between January 2021 and March 2021)
- Further capitalisation of £1.0m of senior lender debt interest and £1m majority shareholder loan note injection in late Q2 and early Q3, 2021.

The above measures, combined with a healthy recovery towards pre Covid trading levels, resulted in the Group's cashflow being protected during the course of the financial year.

Beyond the balance sheet date, the success of the Covid vaccine booster program has allowed more relaxed government restrictions in England relative to the equivalent period in the previous year, despite the onset of the Covid 19 Omicrom variant. As a result, the Group has been able to keep its Clubs open whilst abiding with the indoor face covering legislation. Membership is in line with expectations and the Board are encouraged by the operating revenue performance in financial year 2022 Q1, with the "golf boom" of 2021 continuing. Forward bookings for leisure activities (short breaks and golf events) are ahead of the last full trading year at this stage. Finally, in December 2021 the Group agreed with the principal lender to reinstate its £2m Revolving Credit facility (RCF).

The Directors have considered the immediate and medium-term impact of the ongoing Covid-19 pandemic. Cash flow projections have been prepared, taking account of various assumptions / sensitivities of the impact of potential downturns in revenue, and in the event of such a revenue downturn, compensatory cost restrictions. These projections demonstrate an expectation that the Group has in place the financial resources to continue to operate for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

1.6 Functional and presentational currencies

The financial statements are presented in Sterling which is also the functional currency of the Company.

1.7 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for annual membership subscriptions, joining fees and other services supplied to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

1.8 Government grant: amounts received from CJRS ("furlough") scheme

Amounts received from the governments CJRS ("furlough") scheme are included within other operating income. Amounts are recognised on an accruals basis.

1.9 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Fixtures, fittings and equipment	10% to 20%
Course improvements	10%
Freehold buildings and long leasehold property	2%

Freehold land is not depreciated.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.
Land and buildings are accounted for separately even when acquired together.

1.10 Revaluation of properties

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

1.11 Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

1.12 Intangible fixed assets – Goodwill and negative goodwill

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Goodwill is capitalised and written off evenly over a period of 10 years, as in the opinion of the Directors this represents the period over which the goodwill is expected to realise economic benefits. The period of 10 years reflects the best estimate of the average duration of memberships.

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit and loss in the periods expected to benefit, which the Directors consider to be 10 years.

1.13 Fixed asset investments - Company

In the separate accounts of the Company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments, losses or reversals of impairment losses are recognised immediately in profit or loss.

1.14 Stocks

Stocks of golf, health & beauty and food & beverage products, along with real estate property (lodges) held for resale, are stated at the lower of cost and net realisable value. Cost is calculated on an average cost basis, and net realisable value is the estimated selling price less any costs of disposal.

At each reporting date, the Group assess if stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any shortfall of the estimated selling price less costs to complete and sell over the carrying amount of the stock is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential, i.e. benefits expected from use or sale of the stock.

1.15 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allowed for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.16 Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership (finance leases). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit and loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

1.17 Employee benefits

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

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

1.19 Financial instruments

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade and other debtors

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

1.19 Financial instruments (continued)

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

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

Equity instruments
Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors
Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Borrowings
Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

De-recognition of financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Preference shares
Preference shares are treated as debt as they have a fixed redemption date.

1.20 Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

2 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of intangible fixed assets
The group assesses the long-term value of the business when assessing the carrying value of its intangible fixed assets, goodwill and negative goodwill.

Valuation of tangible fixed assets
The key accounting estimate in preparing these financial statements relates to the carrying value of the freehold and long leasehold properties which are stated at fair value. The company uses professional external valuers, lease terms, market conditions and sales prices based upon known market transactions for similar properties as a basis for determining the directors' estimation of the fair value of the freehold and long leasehold properties. The current valuation takes account of recent trading relative to expectations and factors the impact of recent capital investment. Multiples that underpin the valuation have been applied consistently across similar clubs within the Group, having also been assessed relative to market conditions. However, the valuation of the company's freehold and long leasehold properties is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

Valuation of stock
The group holds a number of lodge properties for resale. The group estimates that the likely sale proceeds of these lodges exceed the carrying value at year end, and therefore carries the assets in its books at the lower of cost and net realisable value.

Deferred taxation
Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

3. Turnover

The total turnover of the Group for the year has been derived entirely from its principal activity wholly undertaken in the United Kingdom.

Analysis of turnover by category	2021 £'000	2020 £'000
Sales of services	23,518	23,182
Sales of goods	7,232	7,333
	30,750	30,515

Included within turnover is £1,227k (2020: £1,280k) generated by Meyrick Park. Of this amount, £1,155k (2020: £1,214k) is classified under the terms of the lease as qualifying turnover for the purposes of calculating rent.

4. Other income

	2021 £'000	2020 £'000
Government grant: amounts received from furlough scheme	3,560	3,564
Government grant: other COVID grants	683	-
	4,243	3,564

5. Interest payable and similar charges

	2021 £'000	2020 £'000
Interest arising on:		
Bank loans and overdrafts	4,541	4,081
Loan notes	2,911	2,360
Preference shares	3,695	3,383
Hire purchase contracts	44	41
Amortisation of bank arrangement fees	506	568
	11,697	10,433

6. Loss before taxation

	2021 £'000	2020 £'000
The loss before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets (note 9)		
- owned	2,749	2,360
- held under finance lease and hire purchase	196	165
Amortisation of goodwill (note 10)	(244)	(253)
Operating lease rentals (note 22)	860	922
Stock - amounts expensed to cost of sales	2,842	2,717
Impairment provision against carrying value of fixed assets	691	-

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2021 £'000	2020 £'000
Audit services		
- Statutory audit of parent company and consolidated accounts	35	28
- Audit of subsidiaries	40	40
Other services		
- Taxation compliance services	57	55
- All other non-audit services	-	15
	132	138

7. Employees

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

	2021 No.	2020 No.
Club support	30	31
Clubs	694	914
	724	945

	2021 £'000	2020 £'000
Staff costs for the above persons:		
Wages and salaries	15,835	15,704
Social security costs	1,097	1,064
Apprentice levy	65	67
Defined contribution pension cost	370	327
Total	17,367	17,162

No staff are employed by the Company.

Directors

	2021 £'000	2020 £'000
In respect of the directors of Vonnco Limited:		
Aggregate emoluments	838	592
Company contributions to money purchase pension schemes	61	39
	899	631

The number of directors to whom retirement benefits are accruing under money purchase pension schemes was 3 (2020: 3). Directors' emoluments disclosed above include £305k (2020: £215k) for payments made to the highest paid director.

8. Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax charge / (credit)	9	(198)
Deferred tax:		
Deferred tax charge	753	637
Total tax charge	**762**	**439**

Factors affecting the tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Loss before tax	(11,886)	(11,543)
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(2,258)	(2,193)
Effects of:		
Expenses that are not deductible in determining taxable profit	1,843	1,995
Differences between capital allowances and depreciation	1,177	637
Tax charge	762	439

As at 30 September 2021, the Group had tax losses carried forward in trading companies of £6.0m (2020: £3.2m). In addition, the Group has capital losses of £3.2m (2020: £3.2m), and a capital allowance pool of £20.2m (2020: £17.2m).

Deferred tax amounting to £1,235k (2020: £nil) in respect of revaluation gains has also been charged to other comprehensive income.

9. Tangible fixed assets

Group	Freehold properties £'000	Long leasehold properties £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost or valuation:				
At 30 September 2020	95,350	26,436	14,138	135,924
Additions	1,409	238	4,011	5,658
Disposals	-	-	(3)	(3)
Revaluation	4,736	4,017	-	8,753
At 30 September 2021	**101,495**	**30,691**	**18,146**	**150,332**
Depreciation:				
At 30 September 2020	(473)	(334)	(3,692)	(4,499)
Charge in the year	(552)	(383)	(2,010)	(2,945)
Disposals	-	-	3	3
Revaluation	1,025	717	-	1,742
At 30 September 2021	**-**	**-**	**(5,699)**	**(5,699)**
Net book value:				
At 30 September 2021	**101,495**	**30,691**	**12,447**	**144,633**
At 30 September 2020	94,877	26,102	10,446	131,425

Fixed assets were externally revalued as at 14 October 2019 (and adopted at 29 September 2019) by Christie & Co, Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors. All properties were valued in accordance with RICS Appraisal and Valuation Standards as fully equipped operational entities. The Directors have considered these values, recognising the impact of material capital investment since the valuation (less subsequent depreciation), the impact of any club strategic direction changes and development potential. The Directors have adjusted fixed asset values accordingly resulting in a valuation at 30 September 2021 of £144.633m.

If the freehold and long leasehold properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2021 £'000	2020 £'000
Cost	118,545	116,898
Accumulated depreciation	(2,389)	(1,576)
Carrying amount	**116,156**	**115,322**

Security against land and buildings
The Group has pledged the freehold and long leasehold properties, having a net book value of £132,186k (2020: £120,979k), to secure its bank loans (notes 15 and 16) by way of a fixed charge. Included in freehold properties is land of £68,961k (2020: £68,961k) that is not depreciated.

Included within fixed assets within fixtures, fittings & equipment, are fixed assets with a net book value of £995k (2020: £1,170k) which are held under finance leases (hire purchase). The depreciation charge for the year includes £175k (2020: £165k) in respect of assets held under finance leases (hire purchase).

10. Intangible fixed assets – goodwill and negative goodwill (group)

	Positive Goodwill £000	Negative Goodwill £000	Total Goodwill £000
Cost:			
At 30 September 2020 and 30 September 2021	503	(2,939)	(2,436)
Amortisation:			
At 30 September 2020	(45)	698	653
Amortised in year	(50)	294	244
30 September 2021	(95)	992	897
Net book value: At 30 September 2021	**408**	**(1,947)**	**(1,539)**
Net book value: At 30 September 2020	**458**	**(2,241)**	**(1,783)**

The amortisation of goodwill and amounts recognised in profit or loss for the year in respect of negative goodwill are included within administrative expenses.

The Directors have considered whether these values should be amended and have concluded that no permanent alteration to value has occurred as a result of the Covid-19 pandemic. Accordingly, the carrying values have not been adjusted.

11. Fixed asset investments

Company	Shares in group undertakings £
Cost:	
At 30 September 2020 and 30 September 2021	1

12. Subsidiary undertakings

The Company's active subsidiary undertakings included in the consolidated accounts are:

Name of undertaking	*Class of shareholding*	*Proportion of nominal value held*	*Nature of business*
Sampsonco Limited	Ordinary	100%	Holding company
Elinco Limited*	Ordinary	100%	Holding company
Eldrickco Limited*	Ordinary	100%	Holding company
Club Company (Group) Limited*	Ordinary	100%	Holding company
Greensands Limited*	Ordinary	100%	Property ownership
The Club Company Acquisitions (Holdings) Limited*	Ordinary	100%	Leisure operations
Quicksands Limited*	Ordinary	100%	Holding company
The Club Company Operations Limited*	Ordinary	100%	Leisure operations
Chartham Park Limited*	Ordinary	100%	Leisure operations
Castle Royle Limited*	Ordinary	100%	Leisure operations
The Essex Golf and Country Club Limited*	Ordinary	100%	Leisure operations
Stonevine Limited*	Ordinary	100%	Leisure operations
Woodbury Park Hotel and Golf Club Ltd *	Ordinary	100%	Leisure operations
Wharton Park Golf and Country Club Limited*	Ordinary	100%	Leisure operations
Witney Lakes Resort Limited *	Ordinary	100%	Leisure operations
Chesfield Downs Golf Club Limited *	Ordinary	100%	Leisure operations
Uchitel Limited *	Ordinary	100%	Leisure operations
The Club Company Acquisitions Limited*	Ordinary	100%	Holding company
The Club Company (UK) Limited*	Ordinary	100%	Service provider

*held through subsidiary companies

The subsidiary companies above have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited. The guarantee given by the Company under section 479A of the Act is disclosed in note 24. All the subsidiaries above have the same registered address as the Company.

13. Stocks

	Group 2021 £'000	Group 2020 £'000
Retail	508	412
Food and beverage	209	142
Health and beauty products	72	104
Lodge properties held for resale	1,170	1,087
	1,959	1,745

There is no stock held within the Company.

14. Debtors

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Amounts falling due within one year:				
Trade debtors	485	283	-	-
Other debtors	23	187	-	-
Corporation tax	97	174	-	-
Prepayments and accrued income	412	453	-	-
Amounts owed by subsidiaries	-	-	-	30,460
	1,017	1,097	-	30,460
Amounts falling due after one year:				
Amounts owed by subsidiaries	-	-	30,460	-
	1,017	1,097	30,460	30,460

Amounts owed by subsidiaries are unsecured, interest free, and have no fixed dates for repayment. The directors have considered the recoverability of the amounts owed by subsidiaries during the course of the preparation of the cash flow projections referred to in note 1.5 to these financial statements and have concluded that while they believe those loans will ultimately be recoverable their settlement will now take place after more than one year from the balance sheet date.

15. Creditors: Amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000
Bank loans	897	61,038
Obligations under hire purchase agreements	163	282
Trade creditors	3,429	2,448
Other taxation and social security costs	1,675	984
Other creditors	1,986	1,795
Accruals and deferred income	7,380	7,056
	15,530	73,603

The bank loans at 30 September 2021 and 30 September 2020 were secured against the freehold and long leasehold properties held by the group.

The Group was not required to submit covenant calculations for the period 30 September 2021 as this requirement was waived by its lender in light of the COVID pandemic. As no formal waiver was in place as at the prior year balance sheet date, the bank debt was reclassified as falling due within one year. On 27 November 2020, the group reached agreement with its senior lender with regard to amendments to its loan facility. Capital repayments on the facility have been suspended until March 2022 and the facility remains repayable in full in November 2025. The loan has therefore reverted to falling due after more than one year.

Included in bank loans is £247k which is secured specifically against four lodge properties (see note 13) at The Essex Golf and Country Club, in 2020 it was classified as amounts falling due after more than one year. The interest rate is floating, and the loan is repayable in July 2022.

There are no creditors falling due within one year within the Company.

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

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans	63,935	494	-	-
Preference shares - principal	29,500	29,500	29,500	29,500
Preference shares – accrued interest	11,238	7,543	11,238	7,543
Loan notes - principal	25,067	20,119	-	-
Loan notes – accrued interest	8,027	5,139	-	-
Obligations under hire purchase agreements	168	330	-	-
	137,935	63,125	40,738	37,043

The bank loans at September 2021 were secured against the freehold and long leasehold properties held by the group. The bank loans shown above are net of £2,135k (2020: £2,552k) of deferred financing costs. The loan is secured against the freehold and long leasehold properties held by the Group, at a margin of 6.25% over LIBOR. The bank loan is repayable in full on 26th November 2025.

The preference shares carry a fixed cumulative dividend at 10% per annum, payable in kind until redemption on 16th May 2026. The preference shares are treated as debt as they have a fixed redemption date.

The loan notes carry interest at 10%, payable in kind until redemption on 16th May 2026. The loan notes are unsecured.

Amounts repayable after more than 5 years are £nil (2020: £62,301k).

Finance lease and hire purchase contracts
Obligations under finance lease and hire purchase contracts are secured by the related assets and bear finance charges at rates ranging from 4.6% to 6.1% per annum.

	Group 2021 £'000	Group 2020 £'000
The total future minimum lease payments are payable:		
Less than one year	177	310
Between one and five years	175	352
Total gross payments	352	662
Less: finance charges	(21)	(50)
Carrying amount of liability	331	612

There are no finance lease or hire purchase contracts within the Company.

17. Financial instruments

The carrying amount of the Group's financial instruments at 30 September was:

	Group 2021 £'000	Group 2020 £'000
Financial assets: Measured at amortised cost		
Trade debtors	485	283
Other debtors	23	187
Total	508	470
Financial liabilities: Measured at amortised cost		
Bank loans (gross of deferred financing costs)	66,967	64,084
Preference shares - principal	29,500	29,500
Preference shares – accrued interest	11,238	7,543
Loan notes - principal	25,067	20,119
Loan notes – accrued interest	8,027	5,139
Obligations under hire purchase agreements	331	612
Trade creditors	3,429	2,448
Other creditors	1,988	1,795
Accruals	4,199	2,943
Total	150,746	134,183

18. Borrowings

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Creditors: amounts falling due within one year:				
Bank loans	897	61,038	-	-
Hire purchase liabilities	163	282	-	-
	1,060	61,320	-	-
Creditors: amounts falling due after more than one year:				
Bank loans	63,935	494	-	-
Preference shares	29,500	29,500	29,500	29,500
Preference shares – accrued interest	11,238	7,543	11,238	7,543
Loan notes - principal	25,067	20,119	-	-
Loan notes – accrued interest	8,027	5,139	-	-
Hire purchase liabilities	168	330	-	-
	137,935	63,125	40,738	37,043
	138,995	124,445	40,738	37,043

19. Deferred taxation

Group	**Deferred tax liability £'000**
At 30 September 2020	(3,592)
Increase in provision in year	(1,989)
At 30 September 2021	(5,581)

Provision for the deferred tax liability has been made as follows:

	Group 2021 £'000	**Group 2020 £'000**
Fixed asset timing differences	(4,841)	(3,114)
Other timing differences	(2,255)	(1,049)
Corporation tax losses	1,515	571
	(5,581)	(3,592)

20. Share capital and reserves

Company share capital	**2021 £**	**2020 £**
Allotted, issued and fully paid:		
831,893 A ordinary shares of £0.01 each	8,319	8,319
5,607 B ordinary shares of £0.01 each	56	56
21,250 C1 ordinary shares of £0.10 each (2020: 31,875)	2,125	3,188
101,250 C2 ordinary shares of £0.01 each (2020: 91,125)	1,013	911
Total	11,513	12,474

Ordinary share rights
The company's A and B ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company. The company's C1 ordinary shares, which carry no right to fixed income, each carry the right to five votes at general meetings of the company. The company's C2 ordinary shares, which carry no right to fixed income, carry no rights to vote at general meetings of the company. 21,250 C1 ordinary shares of £0.10 each and 18,750 (2020: 28,875) C2 ordinary shares of £0.01 each have been authorised but are yet to be issued.

Reserves
Reserves of the Group and Company represent the following:
Share premium: Represents the premium to the nominal value of equity injected into the company by shareholders in order to support the company.
Revaluation reserve: Represents surplus of carrying value over historic cost of fixed assets (measured on a site by site basis).
Capital redemption reserve: During the year, the Company purchased and cancelled 21,250 C1 ordinary shares from departed employees for £2,125. It issued 10,625 C1 ordinary shares to a new employee for £1062.50. The Company also purchased and cancelled 33,250 C2 ordinary shares from departed employees for £3,325. It issued 43,375 C2 ordinary shares (of which 17,500 were new issues) for £4,337.50.
Profit and loss account: Cumulative profit and loss net of distributions to owners.

21. Reconciliation of loss after tax to net cash generated from operations

	2021 £'000	2020 £'000
Loss after tax	(12,648)	(11,982)
Adjustments for:		
Loss on write down of fixed assets	691	-
Depreciation of tangible fixed assets	2,945	2,525
Amortisation of goodwill	(244)	(253)
Interest payable	11,697	10,433
Taxation	762	439
Operating cash flows before movements in working capital	3,203	1,162
(Increase) in stock	(213)	(974)
Decrease in debtors	3	252
Increase/(decrease) in creditors	2,061	2,544
Cash generated from operations	5,054	2,984
Cash and cash equivalents represent:		
Cash at bank	6,640	4,196

Consolidated analysis of change in net debt

	Opening balance £000	Cash flow £000	Non-cash movements £000	Closing balance £000
Cash	4,196	2,444	-	6,640
Bank loans under 1 year	(61,038)	-	60,141	(897)
Hire purchase under 1 year	(282)	282	(163)	(163)
Debt under 1 year	(61,320)	282	59,978	(1,060)
Bank loans greater than 1 year	(494)	336	(63,777)	(63,935)
Hire purchase greater than 1 year	(330)	-	162	(168)
Loan notes	(25,258)	(4,948)	(2,888)	(33,094)
Preference shares	(37,043)	-	(3,695)	(40,738)
Debt greater than 1 year	(63,125)	(4,612)	(70,198)	(137,935)
Total	(120,249)	(1,886)	(10,220)	(132,355)

22. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group 2021 £'000	Group 2020 £'000
Amounts due:		
Within one year	909	972
Between one and five years	2,824	2,978
After five years	41,430	42,069
	45,163	46,019

There are no commitments under operating leases within the company.

23. Retirement benefits

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Group in an independently administered fund. Costs incurred in respect of the above have been charged to the statement of comprehensive income as shown in note 7 to the financial statements. There were no unpaid amounts at the year end.

24. Contingent liabilities

In order for the subsidiary companies named in note 12 to take the audit exemption set out in section 479A of the Companies Act 2006, the Company has guaranteed all outstanding liabilities of those subsidiary companies at 30 September 2021 until those liabilities are satisfied in full.

25. Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

Interest accrued in the year on £29,500k (2020: £29,500k) of preference shares issued predominantly to Epiris entities (see note 27) totalled £3,695k (2020: £3,383k). The total amount owed is £40,738k (2020: £37,043k).

Interest accrued in the year on £25,067k (2020: £20,119k) of loan notes issued to predominantly Epiris entities totalled £2,911k (2020: £2,360k). The total amount owed is £33,094k (2020: £25,258k).

Fees payable to Epiris entities in the year totalled £150k (2020: £150k).

26. Remuneration of key management personnel

The total remuneration of the directors, who are considered to be the key management personnel of the Group, was £1,010k (2020: £701k), including employer's national insurance of £111k (2020: £70k).

27. Ultimate controlling party

The ultimate controlling party is Epiris GP Limited (Reg No 122884) which has its registered office at Aztec Group House 11-15 Seaton Place St Helier Jersey JE4 0QH. Epiris GP Limited is the ultimate parent undertaking as general partner of Epiris Fund II LP (Reg No 2376), Epiris Fund II (B) LP (Reg No 2420), Epiris Fund II FFP LP (Reg No 2467) and Epiris TC LP (2558) each of whom has its registered office at Aztec Group House 11-15 Seaton Place St Helier Jersey JE4 0QH.

28. Post balance sheet events

Covid 19

Beyond the balance sheet date, the success of the Covid vaccine booster program has allowed more relaxed government restrictions in England relative to the equivalent period in the previous year, despite the onset of the Covid 19 Omicrom variant. As a result, the Group has been able to keep its Clubs open whilst abiding with the indoor face covering legislation. Membership is in line with expectations and the Board are encouraged by the operational revenue performance in financial year 2022 Q1, with the "golf boom" of 2021 continuing. Forward bookings for leisure activities (short breaks and golf events) are ahead of the last full trading year at this stage.

Financing

Both the Senior Lender and Shareholder have been very supportive since the start of the Covid pandemic, and the Directors have been proactive in engaging with both parties around the financial position and prospects of the business. On 16 December 2021, the Group reached agreement with its senior lender and shareholder to create a revolving credit facility of £2m, intended to provide additional security during the cyclical lower trading period.

The Directors continue to maintain a proactive dialogue with both parties as the outlook on the trading restrictions and timelines are changing regularly. The Directors are confident that should the business require additional liquidity, either due to ongoing trading restrictions or to invest in capital projects, such liquidity will be accessible.