

Company No. 11272787

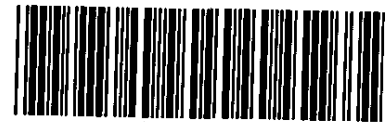
VONNCO LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

for the year ended

30 September 2022

TUESDAY



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COMPANIES HOUSE

VONNCO LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

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

COMPANY NUMBER

11272787 (England and Wales)

REGISTERED OFFICE

Castle Royle Golf & Country Club
Bath Road
Knowl Hill
Reading
Berkshire
RG10 9AL

AUDITOR

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

VONNCO LIMITED

STRATEGIC REPORT

The directors present their Strategic Report for Vonnco Limited (Company No. 11272787) for the year ended 30 September 2022.

Business review

After a number of years dominated by the disruptions of Covid-19 lockdowns, it is very pleasing to report that the company experienced a far more stable operating period in the year ended 30th September 2022, as the benefits of the vaccine roll out 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, predominantly market led and particularly affecting the company's ability to attract a full workforce and the impact of inflation on both food, beverage and other cost items. As a part offset to the Group's cost challenge, ongoing financial support provided by the UK government during the year proved beneficial, comprising:

- a 66% reduction in business rates from the start of the year until 31st March 2022, with subsequent capped support.
- a reduction in VAT to 12.5% on food, non-alcoholic beverage and accommodation from the start of the year until 31st March 2022.

The Group continued to invest in its facilities during the year to improve the experience for both members and visitors. Three "Strikeshack" interactive golf driving range experiences were launched (at Lichfield, The Essex and Wharton Park) as the first stage of a wider roll out planned across the Group, with very encouraging demand from customers. Upgrades to the Essex hotel, Woodbury Park gym and studios and Lichfield Golf course were also undertaken as part of the Group's objective to continually improve its facilities. As a consequence of the return to normal operations and investment, membership levels rose through the year as consumer confidence grew. The increased membership levels drove a positive impact on operating revenues and, combined with the increasing demand from visitors, the Group was able to report a material increase in revenue and operating profit in the financial year.

Key performance indicators ("KPIs")

Year on year KPI comparisons remain compromised by the Covid-19 lockdowns which affected much of the prior year. Notwithstanding, membership subscriptions increased 86% versus the prior year ended September 2021 and sat at 115% of the equivalent pre Covid-19 month. Furthermore membership yield increased by 7.4% versus the pre Covid period. Despite the cost pressures mentioned above the Group generated an operating profit of £6.7m, relative to £0.5m in 2021.

EBITDA, adjusted for non-recurring exceptional items of £1.4m in the current financial year and £1.5m in 2021 (relating mainly to a strategic review, organisational restructure and owner costs), for the Group increased from £4.74m in 2021 to £11.53m reflecting the above factors, primarily the return towards trading normality as the impact of Covid-19 subsided through the year.

Principal risks and uncertainties

Whilst Covid-19 was less impactful during the year ended 30 September 2022, the Group remains aware of the risk that the potential for disruption from variants could cause.

Increasingly macro-economic risk is becoming more prevalent. The Group carries a high level of financial leverage, as disclosed in notes 15 and 16, which are impacted by movements in interest base rates. Similarly 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. More generically 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.

VONNCO LIMITED

STRATEGIC REPORT

Matters of strategic importance

Going concern

The 2022 financial year 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 has led to trading returning to levels commensurate with the pre Covid-19 period. Notwithstanding, in December 2021 the Group agreed with the principal lender to reinstate its £2m Revolving Credit Facility (RCF) to provide additional security during the usual cyclical periods of lower trading activity. Pleasingly, no drawdown of the RCF was required during the financial year.

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. Membership levels have declined marginally versus the opening headcount position of October, however remain significantly ahead of the same period in the prior year. Monthly subscription revenues have remained stable despite this small headcount reduction, as a consequence of annual rate increases and yield improvement. Operating revenues continue to grow year on year, despite the VAT government support helping the prior year revenues.

The Directors have considered the immediate and medium-term impact of the macro-economic position. In relation to Covid-19, 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 operating and capital cost restrictions. Sensitivity analysis has also been prepared to reflect possible increases to interest base rates in upcoming months, in line with current market forecasts. These projections demonstrate 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 projections also demonstrate material headroom in the banking covenants throughout the modelled period. Whilst the Group is reporting a net current liability position of £8.3m, this balance includes £3.4m of deferred income. Reporting a year end net current liability balance is consistent with previous years, during which the Group has been able to operate successfully without the need to drawdown on an available revolving credit facility or other additional funding, except during the exceptional Covid-19 period.

The Directors continue to maintain a proactive dialogue with stakeholders as the outlook on the macro environment is 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. The clubs' fixed assets, excluding the holiday lodges at The Essex as detailed in note 13, were externally revalued at £155.75m as at 18th October 2022 (and adopted at 30 September 2022) by Colliers, Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors. This compares to a valuation of £144.63m at the end of the previous financial year. All properties were valued in accordance with RICS Appraisal and Valuation Standards as fully equipped operational entities. When calculating the valuation, central costs have only been allocated to the clubs to the extent they are directly attributable, reflecting the expectation that any acquirer would hold equivalent central cost within their organisation. The Directors have considered and adopted these values and 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 and environmental, social and governance ("ESG") areas. The health / wellbeing of the population remains an extremely high priority 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.

VONNCO LIMITED

STRATEGIC REPORT

Matters of strategic importance (continued)

- 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.

- 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.

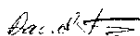
- S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

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.

On behalf of the Board



David Smith
Director
31 January 2023

VONNCO LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the Group for the year ended 30 September 2022. The Group has, in accordance with Section 414c of The Companies Act, set out in the Strategic Report information 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 12, show a loss after tax of £8,706k (year ended 30 September 2021: £12,648k loss). The Group paid no dividend during the year (year ended 30 September 2021: £nil).

Future developments

The Group continues to look to develop the existing estate. Of note the Group has committed to build a Health Club at Cams Hall, utilising space within the existing footprint and previously approved planning for an extension. Furthermore it is seeking to capitalise on other 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 and future discretionary cashflow commitments. Liquidity and cash flow risk is monitored regularly via assessments of headroom.

Directors

The following directors have held office since 1 October 2021:

Steve Burns

Richard Calvert

David Smith

Samantha Collins (appointed 29 April 2022)

Ian Wood

Alex Wilby

Simon Jones (resigned 28 February 2022)

Third party indemnity provision for directors

A 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. Surveys on employee's views of the company are undertaken regularly. 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.

VONNCO LIMITED

DIRECTORS' REPORT

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, diesel and burning oil (red diesel) for Scope 1. 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.

Reporting year	Current reporting year: 1st Oct 2021 - 30th Sep 2022	Previous reporting year: 1st Oct 2020 - 30th Sep 2021
Location	UK	UK
Emissions from the combustion of fuel and operation of facilities (Scope 1) (tCO ₂ e)	3,271	2,641
Emissions from purchase of electricity (tCO ₂ e) (location-based) (Scope 2)	1,731	1,336
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO ₂ e) (Scope 3)	64	28
Emissions from employee commuting (tCO ₂ e) (Scope 3)	600	332
Emissions from fuel and energy related activities (transmission and distribution and well-to-tank) (Scope 3) (tCO ₂ e)	1,362	1,054
Emissions from water (Scope 3) (tCO ₂ e)	80	60
Emissions from waste (Scope 3) (tCO ₂ e)	24	8
Emissions from purchased goods and services (Scope 3) (tCO ₂ e)	3,836	3,782
Total gross emissions based on the above (tCO₂e)	10,968	9,241

VONNCO LIMITED

DIRECTORS' REPORT

Reporting year	Current reporting year: 1st Oct 2021 - 30th Sep 2022	Previous reporting year: 1st Oct 2020 - 30th Sep 2021
Energy consumption used to calculate Scope 1 emissions (kWh)	15,974,451	12,779,351
Energy consumption used to calculate Scope 2 emissions (kWh)	8,948,740	6,291,223
Energy consumption used to calculate Scope 3 emissions (kWh)	2,779,310	1,463,712
Total energy consumption based on above (kWh)	27,702,501	20,534,286
Intensity ratio: tCO2e (gross Scope 1, 2 + 3) per £m sales revenue	196.55	294.30

Methodology

Compared to 2021, 2022 has seen a 35% increase in total energy consumption. However, the intensity ratio when compared to total sales revenue has decreased by 33%, showing a lower carbon intensity per £ of revenue. This predominantly reflects the reducing impact of Covid-19 lockdowns in the current financial year.

Anthesis Group, an independent sustainability consultant, have calculated the above greenhouse gas (GHG) emission estimates to cover all material sources of emissions for which The Club Company (UK) Limited 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 GHG estimates using the UK Government's GHG Conversion Factors and Input-Output (IO) factors published in 2022.

Energy Efficiency Action

In 2021/22, The Club Company ESG committee has formalised its work as they attempt to reduce their carbon emissions by 40% by 2030 on route to zero emissions by 2040. Work is ongoing on plenty of initiatives that will be delivered in FY23 that include, but are not exclusive to, the following: Electric Vehicle charging points, swimming pool covers, energy and waste management measures, team member incentives based around an energy efficiency scheme, further expansion of CHP units across the estate, solar energy, reducing waste, improving recycling and the removal of single-use plastics. An electric minibus has been acquired at one of the sites to use as a hotel guest shuttle vehicle with the intention of reducing carbon emissions compared to a fossil fuel powered alternative.

VONNCO LIMITED

DIRECTORS' REPORT

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.

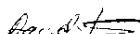
Statement as to disclosure of information to auditor

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
Director
31 January 2023

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 2022 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 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;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VONNCO LIMITED (continued)

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 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VONNCO LIMITED (continued)

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 (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

VONNCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Turnover	3	55,772	30,750
Cost of sales		(4,726)	(2,842)
Gross profit		51,046	27,908
Other operating income	4	40	4,243
Administrative expenses		(44,404)	(31,649)
Operating profit		6,682	502
Impairment provision against carrying value of fixed assets		(1,490)	(691)
Interest payable and similar charges	5	(13,318)	(11,697)
Loss before taxation	6	(8,126)	(11,886)
Taxation charge	8	(580)	(762)
Loss after taxation for the year		(8,706)	(12,648)
Other comprehensive income:			
From fair value movements of fixed assets		11,056	11,186
Total tax on components of other comprehensive income		(1,545)	(1,235)
Total other comprehensive income		9,511	9,951
Total comprehensive income for the year		805	(2,697)

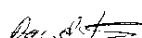
VONNCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2022

Company Number
(England & Wales) 11272787

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	9	157,047	144,633
Intangible fixed assets			
Goodwill	10	357	408
Negative goodwill	10	(1,653)	(1,947)
		(1,296)	(1,539)
Total fixed assets		155,751	143,094
Current assets			
Stocks	13	675	1,959
Debtors falling due within one year	14	924	1,017
Cash at bank and in hand		5,150	6,640
		6,749	9,616
Current liabilities			
Creditors: Amounts falling due within one year	15	(15,067)	(15,530)
Net current liabilities		(8,318)	(5,914)
Total assets less current liabilities		147,433	137,180
Creditors: amounts falling due after more than one year	16	(145,184)	(137,935)
Deferred taxation	19	(7,779)	(5,581)
Net liabilities		(5,530)	(6,336)
Capital and reserves			
Called up share capital	20	12	12
Share premium	20	950	949
Capital redemption reserve	20	14	12
Revaluation reserve	20	28,205	18,694
Profit and loss account	20	(34,711)	(26,003)
Total equity		(5,530)	(6,336)

The financial statements on pages 12 to 38 were approved by the board of directors and authorised for issue on 31st January 2023 and are signed on its behalf by:



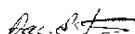
David Smith
Director

VONNCO LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AT 30 SEPTEMBER 2022****Company Number****11272787****(England & Wales)**

	<i>Notes</i>	2022	2021
		£'000	£'000
Fixed assets			
Investments	11	-	-
Current assets			
Debtors due after one year	14	30,462	30,460
Current liabilities			
Creditors: Amounts falling due within one year	15	-	-
Net current assets		<u>30,462</u>	<u>30,460</u>
Creditors: Amounts falling due after more than one year	16	(44,811)	(40,738)
Net liabilities		<u>(14,349)</u>	<u>(10,278)</u>
Capital and reserves			
Called up share capital	20	12	12
Share premium	20	950	949
Capital redemption reserve	20	14	12
Profit and loss account	20	(15,325)	(11,251)
Total equity		<u>(14,349)</u>	<u>(10,278)</u>

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 £4,072k loss (year ended 30 September 2021: £3,695k loss).

The financial statements on pages 12 to 38 were approved by the board of directors and authorised for issue on 31st January 2023 and are signed on its behalf by:



David Smith
Director

VONNCO LIMITED

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

	Share capital £'000	Share premium £'000	Capital reserve £'000	Reval reserve £'000	P&L reserve £'000	Total equity £'000
Balance at 30 September 2020	12	948	7	8,743	(13,350)	(3,640)
Loss for the year	-	-	-	-	(12,648)	(12,648)
Other comprehensive income:						
Revaluation of fixed assets	-	-	-	11,186	-	11,186
Deferred tax movement on revaluation of fixed assets	-	-	-	(1,235)	-	(1,235)
Total comprehensive income for the year	-	-	-	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)
Loss for the year	-	-	-	-	(8,706)	(8,706)
Other comprehensive income:						
Revaluation of fixed assets	-	-	-	11,056	-	11,056
Deferred tax movement on revaluation of fixed assets	-	-	-	(1,545)	-	(1,545)
Total comprehensive income for the year	-	-	-	9,511	(8,706)	805
Transactions with owners:						
Purchase / cancellation of ordinary shares	(1)	-	2	-	(2)	(1)
Sale / issue of ordinary shares	1	1	-	-	-	2
Balance at 30 September 2022	12	950	14	28,205	(34,711)	(5,530)

VONNCO LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital	Share premium	Capital reserve	P&L reserve	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 30 September 2020	12	948	7	(7,551)	(6,584)
Loss for the year	-	-	-	(3,695)	(3,695)
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	(11,251)	(10,278)
Loss for the year	-	-	-	(4,072)	(4,072)
Transactions with owners:					
Purchase / cancellation of ordinary shares	(1)	-	2	(2)	(1)
Sale / issue of ordinary shares	1	1	-	-	2
Balance at 30 September 2022	12	950	14	(15,325)	(14,349)

VONNCO LIMITED

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

		Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Operating activities	Notes		
Cash generated from operations	21	10,773	5,054
Interest paid		(5,238)	(1,350)
Corporation tax received		170	68
Net cash from operating activities		5,705	3,772
Investing activities			
Purchase of tangible fixed assets		(6,067)	(5,658)
Net cash used in investing activities		(6,067)	(5,658)
Financing activities			
(Redemption) / proceeds from issue of loan notes		(27)	4,948
Costs of cancellation of ordinary shares		(2)	(5)
Proceeds from share issues		2	6
Repayment of borrowings		(897)	(248)
Repayment of amounts owed under hire purchase		(204)	(282)
Financing costs incurred		-	(89)
Net cash (used in) / from financing activities		(1,128)	4,330
Net (decrease) / increase in cash and cash equivalents		(1,490)	2,444
Cash and cash equivalents at beginning of year		6,640	4,196
Cash and cash equivalents at end of year	21	5,150	6,640
Relating to:			
Bank balances and short-term deposits included in cash and bank and in hand		5,150	6,640

VONNCO LIMITED

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

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.

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 Flow 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 £4,072k (year ended 30 September 2021: £3,695k loss).

VONNCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 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 2022. 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

The 2022 financial year 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 has led to trading returning to levels commensurate with the pre Covid-19 period. Notwithstanding, in December 2021 the Group agreed with the principal lender to reinstate its £2m Revolving Credit Facility (RCF) to provide additional security during the usual cyclical periods of lower trading activity. Pleasingly, no drawdown of the RCF was required during the financial year.

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. Membership levels have declined marginally versus the opening headcount position of October, however remain significantly ahead of the same period in the prior year. Monthly subscription revenues have remained stable despite this small headcount reduction, as a consequence of annual rate increases and yield improvement. Operating revenues continue to grow year on year, despite the VAT government support helping the prior year revenues.

The Directors have considered the immediate and medium-term impact of the macro-economic position. In relation to Covid-19, 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 operating and capital cost restrictions. Sensitivity analysis has also been prepared to reflect possible increases to interest base rates in upcoming months, in line with current market forecasts. These projections demonstrate 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 projections also demonstrate material headroom in the banking covenants throughout the modelled period. Whilst the Group is reporting a net current liability position of £8.3m, this balance includes £3.4m of deferred income. Reporting a year end net current liability balance is consistent with previous years, during which the Group has been able to operate successfully without the need to drawdown on an available revolving credit facility or other additional funding, except during the exceptional Covid-19 period.

The Directors continue to maintain a proactive dialogue with stakeholders as the outlook on the macro environment is 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.

VONNCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 grants: Omicron hospitality and leisure grant

Amounts received from the governments Omicron hospitality and leisure grant 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%
Lodge rental property	7 years
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.

VONNCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 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.

VONNCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1.14 Stocks (continued)

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.

VONNCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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.

VONNCO LIMITED

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

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.

VONNCO LIMITED

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

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.

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. The asset valuations do not include any allocation of central costs, namely central leadership and central function costs, as the assumption is that any acquirer would have such costs in place already. 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, particularly bearing in mind there have been a low number of leasehold club sales in the recent past against which to benchmark these assumptions.

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

	2022	2021
	£'000	£'000
Sales of services	41,588	23,518
Sales of goods	14,184	7,232
	<u>55,772</u>	<u>30,750</u>

Included within turnover is £2,021k (2021: £1,227k) generated by Meyrick Park. Of this amount, £1,890k (2021: £1,155k) is classified under the terms of the lease as qualifying turnover for the purposes of calculating rent.

VONNCO LIMITED

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

4	Other income	2022	2021
		£'000	£'000
	Government grant: amounts received from furlough scheme	-	3,560
	Government grant: other Covid-19 grants	40	683
		<u>40</u>	<u>4,243</u>
5	Interest payable and similar charges	2022	2021
		£'000	£'000
	Interest arising on:		
	Bank loans and overdrafts	5,374	4,541
	Loan notes	3,312	2,911
	Preference shares	4,073	3,695
	Hire purchase contracts	38	44
	Amortisation of bank arrangement fees	521	506
		<u>13,318</u>	<u>11,697</u>
6	Loss before taxation	2022	2021
		£'000	£'000
	The loss before taxation is stated after charging / (crediting):		
	Depreciation of tangible fixed assets (note 9)		
	- owned	3,426	2,749
	- held under finance lease and hire purchase	254	196
	Amortisation of goodwill (note 10)	(243)	(244)
	Operating lease rentals (note 22)	960	860
	Stock - amounts expensed to cost of sales	4,726	2,842
	Impairment provision against carrying value of fixed assets	<u>1,490</u>	<u>691</u>
	Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
		2022	2021
		£'000	£'000
	Audit services		
	- Statutory audit of parent company and group accounts	40	35
	- Audit of subsidiaries	45	40
	Other services		
	- Taxation compliance services	57	57
	- All other non-audit services	25	-
		<u>167</u>	<u>132</u>

VONNCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

7

Employees

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

	2022	2021
	No.	No.
		(restated)
Central support	35	32
Clubs	1,075	862
	<u>1,110</u>	<u>894</u>

	2022	2021
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	19,586	15,835
Social security costs	1,501	1,097
Apprentice levy	83	65
Defined contribution pension cost	477	370
Total	<u>21,647</u>	<u>17,367</u>

No staff are employed by the Company.

Directors

	2022	2021
	£'000	£'000
In respect of the directors of Vonnco Limited:		
Aggregate emoluments	883	838
Company contributions to money purchase pension schemes	53	61
	<u>936</u>	<u>899</u>

The number of directors to whom retirement benefits are accruing under money purchase pension schemes was 3 (2021: 3). Directors' emoluments disclosed above include £370k (2021: £305k) for payments made to the highest paid director.

VONNCO LIMITED

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

8	Taxation	2022 £'000	2021 £'000
	Current tax		
	UK corporation tax (credit) / charge	(73)	9
	Deferred tax		
	Deferred taxation charge	653	753
	Total tax charge	580	762

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% (2021: 19%). The differences are explained below.

	2022 £'000	2021 £'000
Loss before tax	(8,126)	(11,886)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,544)	(2,258)
Effects of:		
Fixed asset differences	(252)	1,434
Amounts written off fixed assets	918	-
Interest payable on preference shares	774	702
Corporate interest restriction	747	1,141
PIK interest unpaid after 12 months	629	-
Movement in the utilisation of tax losses brought forward	(915)	(49)
Other timing differences	296	(217)
Prior year tax (refund) / payment	(73)	9
Tax charge	580	762

As at 30 September 2022, the Group had tax losses carried forward in trading companies of £3.6m (2021: £6.0m). In addition, the Group has capital losses of £3.2m (2021: £3.2m), and a capital allowance pool of £21.3m (2021: £20.2m).

Deferred tax amounting to £1,545k (2021: £1,235k) in respect of revaluation gains has also been charged to other comprehensive income.

VONNCO LIMITED

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

9	Tangible fixed assets	Freehold properties	Long L/H property	Fixtures and equipment	Total
	Group		£'000	£'000	£'000
	Cost or valuation				
	30 September 2021	101,495	30,691	18,146	150,332
	Additions	814	1,442	4,272	6,528
	Disposals	-	-	(477)	(477)
	Revaluation	6,230	2,135	-	8,365
	30 September 2022	108,539	34,268	21,941	164,748
	Depreciation				
	30 September 2021	-	-	(5,699)	(5,699)
	Charged in the year	(738)	(463)	(2,479)	(3,680)
	Disposals	-	-	477	477
	Revaluation	738	463	-	1,201
	30 September 2022	-	-	(7,701)	(7,701)
	Net book value :				
	30 September 2022	108,539	34,268	14,240	157,047
	30 September 2021	101,495	30,691	12,447	144,633

The clubs' fixed assets, excluding the holiday lodges at The Essex as per note 13, were externally revalued as at 18 October 2022 (and adopted at 30 September 2022 by the directors) by Colliers, 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 2022 of £157.047m.

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:

	2022	2021
	£'000	£'000
Cost	120,801	118,545
Aggregate depreciation	(3,539)	(2,389)
Carrying amount	117,262	116,156

Security against land and buildings

The Group has pledged the freehold and long leasehold properties, having a net book value of £142,807k (2021: £132,186k), to secure its bank loans (notes 15 and 16) by way of a fixed charge. Included in freehold properties is land of £68,961k (2021: £68,961k) that is not depreciated.

Included within fixed assets within fixtures, fittings & equipment, are fixed assets with a net book value of £918k (2021: £995k) which are held under finance leases (hire purchase). The depreciation charge for the year includes £254k (2021: £196k) in respect of assets held under finance leases (hire purchase).

VONNCO LIMITED

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

10	Intangible fixed assets – goodwill and negative goodwill (group)	Positive Goodwill	Negative Goodwill	Total Goodwill
		£'000	£'000	£'000
	Cost:			
	At 30 September 2021 and 30 September 2022	503	(2,939)	(2,436)
	Amortisation:			
	At 30 September 2021	(95)	992	897
	Amortised in year	(51)	294	243
	30 September 2022	(146)	1,286	1,140
	Net book value: At 30 September 2022	357	(1,653)	(1,296)
	Net book value: At 30 September 2021	408	(1,947)	(1,539)

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

11	Fixed asset investment	Shares in group undertakings
		£
	Company	
	Cost:	
	At 30 September 2021 and 30 September 2022	1

VONNCO LIMITED

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

12 Subsidiary undertakings

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

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held</i>	<i>Nature of business</i>
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
Chestfield 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.

VONNCO LIMITED

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

13	Stocks	Group 2022 £'000	Group 2021 £'000
	Retail	373	508
	Food and beverage	226	209
	Health and beauty products	76	72
	Lodge properties held for resale	-	1,170
		<u>675</u>	<u>1,959</u>

The Directors took the decision in the year to utilise lodges sited at the Essex Golf and Country Club as predominantly holiday let properties rather than market the assets for resale. As such the lodges have been reclassified as fixed assets, in line with the fixed asset policy described in notes 1.9 and 1.11.

There is no stock held within the Company.

14	Debtors	Group		Company	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
	Amounts falling due within one year:				
	Trade debtors	357	485	-	-
	Other debtors	38	23	-	-
	Corporation tax	-	97	-	-
	Prepayments & accrued income	529	412	-	-
		<u>924</u>	<u>1,017</u>	<u>-</u>	<u>-</u>
	Amounts owed by subsidiaries	-	-	30,462	30,460
		<u>924</u>	<u>1,017</u>	<u>30,462</u>	<u>30,460</u>

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 the financial statements and have concluded that while they believe those loans will ultimately be recoverable their settlement will take place after more than one year from the balance sheet date.

15	Creditors: Amounts falling due within one year	Group 2022 £'000	Group 2021 £'000
	Bank loans	650	897
	Obligations under hire purchase agreements	169	163
	Trade creditors	2,047	3,429
	Other taxation and social security costs	2,279	1,675
	Other creditors	1,947	1,986
	Accruals and deferred income	7,975	7,380
		<u>15,067</u>	<u>15,530</u>

The bank loans at 30 September 2022 and 30 September 2021 were secured against the freehold and long leasehold properties held by the group.

VONNCO LIMITED

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

15 Creditors: Amounts falling due within one year (continued)

Secured bank loans against four lodge properties (see note 13) at The Essex Golf and Country Club were fully repaid in March 2022, after which the predominant use of the lodges became holiday lettings.

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

16 Creditors: Amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans	63,816	63,935	-	-
Preference shares-principal	29,500	29,500	29,500	29,500
Preference shares-accrued interest	15,311	11,238	15,311	11,238
Loan notes-principal	25,049	25,067	-	-
Loan notes-accrued interest	11,320	8,027	-	-
Hire purchase liabilities	188	168	-	-
	<u>145,184</u>	<u>137,935</u>	<u>44,811</u>	<u>40,738</u>

The bank loans at September 2022 were secured against the freehold and long leasehold properties held by the group. The bank loans shown above are net of £1,605k (2021: £2,135k) 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 SONIA. 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 (2021: £nil).

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	
	2022	2021
	£'000	£'000
The total future minimum lease payments are payable:		
Less than one year	184	177
Between one and five years	201	175
Total gross payments	<u>385</u>	<u>352</u>
Less: finance charges	(28)	(21)
Carrying amount of liability	<u>357</u>	<u>331</u>

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

VONNCO LIMITED

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

17 Financial instruments

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

	Group	
	2022	2021
	£'000	£'000
<i>Financial assets: Measured at amortised cost</i>		
Trade debtors	357	485
Other debtors	38	23
Total	<u>395</u>	<u>508</u>
<i>Financial liabilities: Measured at amortised cost</i>		
Bank loans	66,071	66,967
Preference shares-principal	29,500	29,500
Preference shares-accrued interest	15,311	11,238
Loan notes-principal	25,049	25,067
Loan notes-accrued interest	11,320	8,027
Hire purchase liabilities	357	331
Trade creditors	2,047	3,429
Other creditors	1,947	1,986
Accruals	4,566	4,201
	<u>156,168</u>	<u>150,746</u>

18 Borrowings

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Creditors: amounts falling due within one year:</i>				
Bank loans	650	897	-	-
Hire purchase liabilities	169	163	-	-
	<u>819</u>	<u>1,060</u>	<u>-</u>	<u>-</u>
<i>Creditors: amounts falling due after more than one year:</i>				
Bank loans	63,816	63,935	-	-
Preference shares-principal	29,500	29,500	29,500	29,500
Preference shares-accrued interest	15,311	11,238	15,311	11,238
Loan notes-principal	25,049	25,067	-	-
Loan notes-accrued interest	11,320	8,027	-	-
Hire purchase liabilities	188	168	-	-
	<u>145,184</u>	<u>137,935</u>	<u>44,811</u>	<u>40,738</u>
	<u>146,003</u>	<u>138,995</u>	<u>44,811</u>	<u>40,738</u>

VONNCO LIMITED

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

19	Deferred taxation	Deferred tax liability
	Group	£'000
	At 30 September 2021	(5,581)
	Increase in provision in year	(2,198)
	At 30 September 2022	<u>(7,779)</u>

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

	Group 2022 £'000	Group 2021 £'000
Fixed asset timing differences	(4,876)	(4,841)
Other timing differences	(3,800)	(2,255)
Corporation tax losses	897	1,515
	<u>(7,779)</u>	<u>(5,581)</u>

20	Share capital and reserves	2022 £	2021 £
	Company share capital		
	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 (2021: 21,250)	2,125	2,125
	116,750 C2 ordinary shares of £0.01 each (2021: 101,250)	1,168	1,013
		<u>11,668</u>	<u>11,513</u>

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 (2021: 21,250) C1 ordinary shares of £0.10 each and 3,250 (2021: 18,750) 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 10,625 C1 ordinary shares from departed employees for £1,062.50. It issued 10,625 C1 ordinary shares to a new employee for £1,062.50. The Company also purchased and cancelled 3,875 C2 ordinary shares from departed employees for £387.50. It issued 19,375 C2 ordinary shares for £1,937.50.

Profit and loss account: Cumulative profit and loss net of distributions to owners.

VONNCO LIMITED

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

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

	2022 £'000	2021 £'000
Loss after tax	(8,706)	(12,648)
Adjustments for:		
Loss on write down of fixed assets	1,490	691
Depreciation of tangible fixed assets	3,680	2,945
Amortisation of goodwill	(243)	(244)
Interest payable	13,318	11,697
Taxation	580	762
Operating cash flows before movements in working capital	10,119	3,203
Decrease / (increase) in stock	1,284	(213)
(Increase) / decrease in debtors	(4)	3
(Decrease) / increase in creditors	(626)	2,061
Cash generated from operations	10,773	5,054
Cash and cash equivalents represent:		
Cash at bank	5,150	6,640

Consolidated analysis of change in net debt

	Opening balance £'000	Cash flow £'000	Non-cash movements £'000	Closing balance £'000
Cash	6,640	(1,490)	-	5,150
Bank loans under 1 year	(897)	247	-	(650)
Hire purchase under 1 year	(163)	204	(210)	(169)
Debt under 1 year	(1,060)	451	(210)	(819)
Bank loans greater than 1 year	(63,935)	650	(531)	(63,816)
Hire purchase greater than 1 year	(168)	-	(20)	(188)
Loan notes	(33,094)	27	(3,302)	(36,369)
Preference shares	(40,738)	-	(4,073)	(44,811)
Debt greater than 1 year	(137,935)	677	(7,926)	(145,184)
Total	(132,355)	(362)	(8,136)	(140,853)

VONNCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

22 Commitments under operating leases

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

	Group 2022 £'000	Group 2021 £'000
Amounts due:		
Within one year	1,052	909
Between one and five years	3,021	2,824
After five years	39,478	41,430
	43,551	45,163

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 2022 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 (2021: £29,500k) of preference shares issued predominantly to Epiris entities (see note 27) totalled £4,073k (2021: £3,695k). The total amount owed is £44,811k (2021: £40,738k).

Interest accrued in the year on £25,049k (2021: £25,067k) of loan notes issued predominantly to Epiris entities totalled £3,312k (2021: £2,911k). The total amount owed is £36,369k (2021: £33,094k).

Fees payable to Epiris entities in the year totalled £150k (2021: £150k).

VONNCO LIMITED

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

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 £1,058k (2021: £1,010k), including employer's national insurance of £122k (2021: £111k).

27 Ultimate parent company and 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.