

QC Holdings Limited

Report and Financial Statements

Year Ended

30 September 2022

Company Number 05647878



QC Holdings Limited

Report and financial statements for the year ended 30 September 2022

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Directors

J Asscher (appointed 31 March 2022)
J Bruce
C Ginman-Horrell (resigned 31 March 2022)
S Greenwell (Chairman 1 September 2022)
E Gwynne (appointed 31 March 2022)
A Jansen (resigned 31 March 2022)
A Lowenthal (Chairman to 31 August 2022)
J Major
N Mills
C O'Donnell (resigned 24 May 2022)
S Raphael
J Rothermere (appointed 31 March 2022)
D Taylor
R Taylor

Secretary and registered office

P Dhanoa
Palliser Road, West Kensington, London, W14 9EQ

Company number

05647878

Auditors

Buzzacott LLP, 130 Wood Street, London, EC2V 6DL

QC Holdings Limited

Strategic report for the year ended 30 September 2022

The directors present their strategic report of the parent company, QC Holdings Limited, and its subsidiaries (the "Company" and, together, the "Group") for the year ended 30 September 2022.

Group structure

The business of the Group is operated by The Queen's Club Limited (the "Club"), which is run for the members through a board of directors elected by the members. QC Holdings Limited is the holding company for The Queen's Club Limited and holds all its issued ordinary shares. QC Ground Limited holds the 120-year leases of The Queen's Club premises and ancillary properties and The Queen's Club Limited holds all its issued ordinary shares.

The cost-of-living crisis

The Group has previously faced challenges following the pandemic and continuous lockdowns. However new challenges have arisen, resulting from high inflation, increased energy costs and the war in Ukraine which are playing a role in increasing cost of goods and services the Group uses. With hard hitting energy bill costs, fuel prices reaching a record high in the year and inflation on the rise, it is a worrying time for businesses.

The Group recognises some of the challenges coming its way. The cost-of-living crisis is making it harder for small businesses to attract and retain staff. With wages failing to keep pace with the rising cost of living, this is leading to an increase in staff turnover as employees leave in search of better-paid work. The directors are concerned about UK retail and hospitality sector and hope to do as much as possible to retain staff in employment.

The directors of the Club are concerned about the increase that wage and cost inflation is having in maintaining the selling price of goods and services provided to Club Members. As costs increase it has been inevitable that some prices will rise, including Club Members subscriptions. The directors have maintained the increase in annual Members subscriptions to just below than the consumer price index. The Club continues to have a strong waiting list with the full membership category suspended and end of year resignations minimal.

The year-end position of the Group improved compared to last year. Increased costs were offset with increased tournament revenues. This year the June 2022 tournament took place at full capacity compared to last year which was at a reduced capacity.

The Group completed its Greyhound Project which included a new two court air dome, two new padel courts and alignment of the shale courts. Future developments consideration will focus on improvements to the facilities of the Club.

Unfortunately, it is a difficult time for UK businesses and there are a lot of challenging factors that need to be considered and planned for by the Group. The health of the economy will always be a large contributing factor to how the business will perform and as to what capital projects the Group will undertake.

Going Concern

After taking into consideration the following, the directors of the Group consider it appropriate to continue to prepare the financial statements on a going concern basis:

- The Debenture holders in QC Holdings Limited were due repayment of £6.9 million on 30 September 2022. The Group's current asset investments (sinking fund) with in excess of £6.9 million was liquidated at the end of September to repay the debentures. Due diligence was carried out and £2.3 million had been repaid by end of September 2022 with most of the remaining £4.6 million Debentures repaid in October 2022.
- The Group produced an additional £3.8 million cash flow during the year with £9.7 million held at the year-end of which £4.6 million is to be repaid to Debentures holders.
- The directors have taken consideration of potential cost reduction programmes including capital expenditure deferral. At the same time considering capital expenditure such as solar power panels to reduce costs long term.
- The strength of the waiting list and resilient membership has minimised the share redemption cash outflow risk.

QC Holdings Limited

Strategic report for the year ended 30 September 2022 (*continued*)

Going Concern (*continued*)

- The Company's most significant liability is a balance due to its subsidiary. The balance sheet of The Queens's Club Limited is sufficiently strong such that this loan will not be called for repayment in the foreseeable future.

On the basis of the above, the directors continue to prepare the accounts on a going concern basis.

Key performance indicators

The Group's trading performance during the year improved with turnover and gross profit up by 36% and 31% respectively compared to 2021. Administrative expenses during the year were £9.6 million (2021: £7.5 million). The group produced an operating profit of £1.35 million (2021: £1.38 million). Gross profit margin is 90% (2021: 93%).

The financial statements show a profit of £1.49 million (2021: £1.43 million) before tax, interest payable and similar charges. After tax, interest payable and similar charges, including the Debenture finance charge, the Group produced a profit of £1.06 million (2021: profit £0.99 million). Capital expenditure during the year was £4.49 million (2021: £0.36 million). Net share inflow from members joining and leaving the Club were £0.56 million (2021: inflow £0.04 million).

The year-end cash balance was £9.7 million (2021: £5.9 million), which included cashing in the current asset investments (sinking fund) to repay Debenture holders.

Principal risks and uncertainties

Financial risk management

The Group's operations expose it to a variety of financial risks, including credit, liquidity and interest-rate risks. The Group has in place a risk-management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and related finance charges.

Credit risk

The Group has implemented policies that require appropriate status checks and or/references as necessary.

Liquidity risk

The Group actively monitors the performance of the June tournament contract and the Club's subscription fees to ensure that it has sufficient available funds and capital in order to operate and meet its planned commitments.

Market risk

The approach to the investment risk is to place investments in the hands of specialist asset managers. Asset managers have previously been provided with guidelines with the aim of providing better returns than cash deposits without undue risk. Due to uncertainties created by COVID-19 the asset managers have been instructed to place investments into near cash deposits.

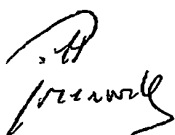
Cash flow risk

In managing its cash flows the Group seeks to obtain a return by holding deposits. The length of deposits is managed carefully to ensure that no short-term cash shortfall arises.

Approval

This strategic report was approved by order of the Board on 24 January 2023.

S Greenwell
Chairman



QC Holdings Limited

Directors' report for the year ended 30 September 2022

The directors present their directors' report and financial statements, in addition to the strategic report on pages 1 and 2, for the Group for the year ended 30 September 2022.

Principal activity

The principal activity of the Group continues to be to own and manage the Club that provides lawn tennis, rackets, real tennis, squash, fitness facilities and catering for Club members and for national and other events.

Dividend

The directors cannot recommend the payment of a dividend (2021: £Nil). There are restrictions under the Articles of Association from paying any dividend.

Directors

The directors who held office during the year were as follows:

J Asscher (appointed 31 March 2022)
J Bruce
C Glnman-Horrell (resigned 31 March 2022)
S Greenwell (Chairman 1 September 2022)
E Gwynne (appointed 31 March 2022)
A Jansen (resigned 31 March 2022)
A Lowenthal (Chairman to 31 August 2022)
J Major
N Mills
C O'Donnell (resigned 24 May 2022)
S Raphael
J Rothermere (appointed 31 March 2022)
D Taylor
R Taylor

Political contributions

The Group made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events that have occurred since the end of the financial year have been included in the Strategic report.

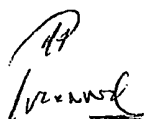
Auditors

Buzzacott LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

Approval

This directors' report was approved by order of the Board on 24 January 2023.

S Greenwell Chairman



QC Holdings Limited

Directors' responsibilities statement for the year ended 30 September 2022

The directors are responsible for preparing the strategic report, 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, they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going-concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

QC Holdings Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF QC HOLDINGS LIMITED

Opinion on the financial statements

We have audited the financial statements of QC Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2022 which comprise the Consolidated profit and loss account; the Consolidated balance sheet; the Consolidated statement of changes in equity; Consolidated cash flow statement; the Company Balance Sheet; the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group and the 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.

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 and 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 directors are responsible for the other information. The other information comprises the information included in the Strategic report and the Director's report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

QC Holdings Limited

Independent auditor's report (*continued*)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 Parent Company and its 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, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

QC Holdings Limited

Independent auditor's report (*continued*)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework FRS 102 and the Companies Act 2006.

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

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

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

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

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in the audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely we are to become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

QC Holdings Limited

Independent auditor's report (*continued*)

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, statutory auditor
130 Wood Street
London
EC2V 6DL

Date: 29 March 2023

Buzzacott LLP is a limited liability partnership registered in England and Wales

QC Holdings Limited

Consolidated profit and loss account for the year ended 30 September 2022

	Note	2022 £	2021 £
Turnover	3	11,693,495	8,615,949
Cost of sales		(1,224,958)	(594,640)
Gross profit		10,468,537	8,021,309
Administrative expenses		(9,547,424)	(7,549,680)
Other income	4	427,325	909,097
Operating profit		1,348,438	1,380,726
Interest receivable and similar income	8	137,301	44,775
Profit before adjustment to tax, interest payable and similar charges		1,485,739	1,425,501
Interest payable and similar charges analysed as: Debentures - finance charge	9	(336,112)	(374,078)
Profit before taxation		1,149,627	1,051,423
Tax on profit	10	(92,314)	(60,250)
Profit for the financial year		1,057,313	991,173

All the Group's operations are classed as continuing.

There were no recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

QC Holdings Limited itself produced a loss of £196,708.

The notes on pages 15 to 30 form part of these financial statements.

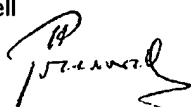
QC Holdings Limited

Consolidated balance sheet at 30 September 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Negative goodwill	11		(15,218,246)		(15,363,326)
Tangible fixed assets	12		53,441,666		50,281,463
			<hr/>		<hr/>
			38,223,420		34,918,137
Current assets					
Stocks	14	311,389		222,678	
Debtors	15	1,199,791		1,432,131	
Current asset investments	16	101,795		6,876,060	
Cash at bank and in hand		9,730,587		5,906,943	
		<hr/>		<hr/>	
		11,343,562		14,437,812	
Creditors: amounts falling due within one year	17	(8,103,960)		(9,534,744)	
		<hr/>		<hr/>	
Net current assets			3,239,602		4,903,068
Creditors: amounts falling due after more than one year	18		(1,288,101)		(1,470,761)
Provisions for liabilities	21		(435,872)		(478,723)
			<hr/>		<hr/>
Net assets			39,739,049		37,871,721
			<hr/>		<hr/>
Capital and reserves					
Share capital	22		5,162		5,110
Share premium			17,818,482		15,973,519
Profit and loss account			21,915,405		21,893,092
			<hr/>		<hr/>
			39,739,049		37,871,721
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 24 January 2023.

S Greenwell
Chairman



The notes on pages 15 to 30 form part of these financial statements.

QC Holdings Limited

Consolidated statement of changes in equity for the year ended 30 September 2022

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 October 2020	5,101	14,986,028	21,846,119	36,837,248
Issue of redeemable shares	68	987,491	-	987,559
Redemption of redeemable shares	(59)	-	(944,200)	(944,259)
Profit for the year	-	-	991,173	991,173
At 30 September 2021	5,110	15,973,519	21,893,092	37,871,721
	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 October 2021	5,110	15,973,519	21,893,092	37,871,721
Issue of redeemable shares	122	1,589,963	-	1,590,085
Exercise of share options	-	255,000	-	255,000
Redemption of redeemable shares	(70)	-	(1,035,000)	(1,035,070)
Profit for the year	-	-	1,057,313	1,057,313
At 30 September 2022	5,162	17,818,482	21,915,405	39,739,049

Distributable reserves of £10 million arose from a capital reduction in 2020 and were used to redeem redeemable shares.

The notes on pages 15 to 30 form part of these financial statements.

QC Holdings Limited

Consolidated cash flow statement for the year ended 30 September 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit/loss for the year	1,057,313	991,173
Adjustments for:		
Depreciation, amortisation and impairment	1,184,489	987,519
Profit on sale of fixed assets	(2,666)	(3,333)
Interest receivable and similar income	(67,417)	(22,355)
Interest payable and similar charges	336,112	374,078
Taxation	92,314	-
Decrease (increase) in trade and other debtors	232,340	(383,861)
(Increase) decrease in stocks	(88,711)	76,158
Increase (decrease) in trade and other creditors	490,703	(680,700)
Taxation paid	(70,424)	35,266
Net cash from operating activities	3,164,053	1,373,945
Cash flows from investing activities		
Interest received	34,868	22,355
Acquisition of tangible fixed assets	(4,490,106)	(364,408)
Proceeds from sale of tangible fixed asset	3,000	3,333
Current asset investments returned (additions)	6,806,814	(175,000)
Net cash from investing activities	2,354,576	(513,720)
Cash flows from financing activities		
Proceeds from the issue of redeemable shares	1,590,085	987,559
Repayment of share redemptions	(1,035,070)	(944,309)
Repayment of Debentures	(2,250,000)	
Net cash from financing activities	(1,694,985)	43,250
Net increase in cash and cash equivalents	3,823,644	903,475
Cash and cash equivalents at beginning of year	5,906,943	5,003,468
Cash and cash equivalents at end of year	9,730,587	5,906,943

The notes on page 15 to 30 form part of these financial statements.

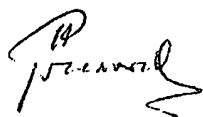
QC Holdings Limited

Company balance sheet at 30 September 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Investments	13		30,771,949		30,771,949
Current assets					
Debtors	15	77,190		60,667	
Current asset investments	16	101,795		6,876,060	
Cash at bank and in hand		7,646,383		2,989,704	
		<u>7,825,368</u>		<u>9,926,431</u>	
Creditors: amounts falling due within one year	17	(17,085,430)		(19,679,667)	
Net current liabilities			(9,260,062)		(9,753,236)
Total assets less current liabilities			<u>21,511,887</u>		<u>21,018,713</u>
Creditors: amounts falling due after more than one year	18		(1,037,997)		(1,158,130)
			<u>20,473,890</u>		<u>19,860,583</u>
Capital and reserves					
Called up share capital	22		5,162		5,110
Share premium			17,818,482		15,973,519
Profit and loss account			(5,218,849)		(5,022,141)
Distributable reserves			7,869,095		8,904,095
Shareholders' funds			<u>20,473,890</u>		<u>19,860,583</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 January 2023.

S Greenwell
Chairman



The notes on page 15 to 30 form part of these financial statements.

QC Holdings Limited

Company statement of changes in equity for the year ended 30 September 2022

	Share Capital £	Share premium £	Distributable reserves £	Profit and loss account £	Total equity £
At 1 October 2020	5,101	14,986,028	9,848,345	(4,707,891)	20,131,583
Loss for year	-	-	-	(314,250)	(314,250)
Movement for the year					
Issue of redeemable shares	68	987,491	-	-	987,491
Redemption of redeemable shares	(59)	-	(944,250)	-	(944,309)
At 30 September 2021	<u>5,110</u>	<u>15,973,519</u>	<u>8,904,095</u>	<u>(5,022,141)</u>	<u>19,860,583</u>

	Share Capital £	Share premium £	Distributable reserves £	Profit and loss account £	Total equity £
At 1 October 2021	5,110	15,973,519	8,904,095	(5,022,141)	19,860,583
Loss for year	-	-	-	(196,708)	(196,708)
Issue of redeemable shares	122	1,589,963	-	-	1,590,085
Exercise share option	-	255,000	-	-	255,000
Redemption of redeemable shares	(70)	-	(1,035,000)	-	(1,035,070)
At 30 September 2022	<u>5,162</u>	<u>17,818,482</u>	<u>7,869,095</u>	<u>(5,218,849)</u>	<u>20,473,890</u>

The £10 million distributable reserves arose from a capital reduction in 2020 and were used to redeem redeemable shares.

The notes on page 15 to 30 form part of these financial statements.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022

1 Accounting policies

QC Holdings Limited (the "Company" and, with its subsidiaries, the "Group") is a private company incorporated, domiciled and registered in the UK. The Company's registered number is 05647878 and its registered address is Palliser Road, London W14 9EQ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company's financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1 have not been included.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgments made by the directors, in the application of those accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: redeemable shares and related options to acquire redeemable shares classified at fair value through the profit or loss.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2022. A subsidiary is an entity that is controlled by the parent.

The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 (the "Act"), the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (*continued*)

1 Accounting policies (*continued*)

Going concern

The directors recognise the economic and trading uncertainties resulting from the cost-of-living crisis and war in Ukraine and have put in place plans to mitigate potential risks. Considering different scenarios detailed forecasts have been prepared for the next two years.

The directors have considered the factors that impact the Group's future development performance, cash flow and financial position along with the current liquidity in forming their opinion on the going-concern basis. Having considered these factors, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going-concern basis of accounting in preparing the annual financial statements.

The Club's waiting list is significant and the directors believe that the Company will therefore be able to redeem the shares held by members wishing to leave the Club through issuing new memberships and shares. This year more shares were issued than redeemed, the same is expected the following year. The net effect is therefore expected to be cash positive.

The directors have received confirmation from The Queen's Club Limited that the liability of £10,871,615 will not be called for repayment until the resources of the Company permit.

Having considered these factors, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going-concern basis of accounting in preparing the annual financial statements.

Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (*continued*)

1 Accounting policies (*continued*)

Other financial instruments

Financial instruments not considered to be Basic Financial Instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Interest

Interest receivable

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Expenses

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective-interest method, less any impairment losses.

Interest payable and similar expenses include interest payable and finance expense on shares classified as liabilities.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided on timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and, differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (*continued*)

1 Accounting policies (*continued*)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Capitalisation threshold is £500.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets: for example, land is treated separately from buildings.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold land and buildings	-	Life of lease
Leasehold improvements	-	10 – 50 years
Plant and Equipment	-	3 – 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered, which is considered to be 120 years. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Government grants

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Group has not directly benefited from any other forms of government assistance.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Turnover

Turnover represents income receivable from subscriptions, court fees, catering, tournament income and sales of sports goods. Subscriptions are invoiced annually or quarterly in advance and revenue is recognised as it accrues. All other revenue is recognised at the time of invoicing.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the key judgments that management have made in the process of applying the Company's accounting policies that have the most significant impact on the financial statements.

Impairment of fixed assets

The Company is required to review fixed assets for impairment if events or changes in circumstance indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations or the fair value (market value), which are prepared on the basis of management assumptions and estimates.

The Club produced a higher profit for the year ended 30 September 2021. The directors are not aware of any other events or material changes in value and have not identified any significant potential impairment triggers. Therefore, they do not consider an impairment review necessary.

Taxation

Tax benefits are not recognised unless it is probable that they will be obtained. Tax provisions are made if it is probable that a liability will arise. The Company reviews each significant tax liability or benefit to assess the appropriate accounting treatment.

Depreciation

The company is required to estimate the useful economic lives of tangible fixed assets for the purpose of determining the depreciation charge.

3 Turnover

An analysis of the Group's turnover by class of business is set out below:

	2022 £	2021 £
Subscriptions	5,894,076	5,713,566
June tournament	2,281,200	1,265,431
Other revenue	3,518,219	1,636,952
	<hr/>	<hr/>
	11,693,495	8,615,949
	<hr/>	<hr/>

All turnover is derived from the UK.

Subscriptions includes released deferred income of £187,578 (2021: £187,578) that arises from memberships issued by the Club to debenture holders of QC Holdings Limited. 'A' and 'B' Debentures issued by QC Holdings Limited included membership rights over 15 years for 'B' Debenture holders and for lifetime (20 years) for 'A' debentures holders. The income received by the Club for these membership rights has been deferred over the period of membership entitlement. Other revenue includes court fees, catering, and sales of sports goods.

QC Holdings Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

4 Other income

	2022 £	2021 £
Rental income	384,822	349,306
Administrative fees charged on redeemable shares	42,503	36,563
Furlough Scheme rebate	-	523,228
	<u>427,325</u>	<u>909,097</u>

5 Expenses and auditor's remuneration

Included in profit and loss account are the following:

	2022 £	2021 £
Depreciation	1,374,089	1,132,599
Release of negative goodwill	(145,080)	(145,080)
Auditor's remuneration:	2022 £	2021 £
Audit of these financial statements	7,750	8,000
Audit of financial statements of subsidiaries of the Company	14,750	15,500
Non-audit services	5,150	4,650
	<u>27,650</u>	<u>28,150</u>

6 Employees

	2022 £	2021 £
Staff costs consist of:		
Wages and salaries	3,866,406	3,753,536
Social security costs	393,526	363,732
Other pension costs	244,777	238,114
	<u>4,504,709</u>	<u>4,355,382</u>

The Group considers itself a London Living Wage employer.

The average number of employees (excluding directors) during the year was as follows:

	Number	Number
Administration	13	14
Club	43	43
Catering	28	30
Ground and maintenance	13	13
	<u>97</u>	<u>100</u>

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

7 Directors' remuneration

There was no directors' remuneration, and none was borne by other group companies (2021: £Nil).

8 Interest receivable and similar income

	2022 £	2021 £
Bank interest received	34,867	16,442
Investment and similar income	37,478	5,913
Investment – fair value losses	(4,928)	(2,961)
Other income	69,884	25,381
	<u>137,301</u>	<u>44,775</u>

9 Interest payable and similar charges

	2022 £	2021 £
Debentures – finance and options charge	<u>336,112</u>	<u>374,078</u>

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity comprised:

	2022 £	2021 £
<i>UK corporation tax</i>		
Current tax on income for the period	17,297	70,424
Adjustment in respect of prior periods	36,125	-
	<hr/>	<hr/>
Total current tax	53,422	70,424
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 19)	38,892	(10,174)
	<hr/>	<hr/>
Total taxation	92,314	60,250
	<hr/>	<hr/>
<i>Reconciliation of effective tax rate</i>		
	2022 £	2021 £
Profit / (loss) before taxation	1,149,627	1,051,424
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2021: 19%)	218,429	199,771
Effects of:		
Release of negative goodwill or amortisation	(27,565)	(27,565)
Expenses (deductible) for tax purposes	130,773	144,220
Effect of non-taxable income	(135)	(78)
Effect of revaluation of investment	-	563
Depreciation in excess of capital allowances	(902,080)	(67,183)
Other tax adjustments	-	(1,133)
Profits from members' activities not taxable	(388,233)	(255,394)
Capital allowances on assets	875,575	67,645
Effect of timing differences	75	(476)
Profit on disposal	63	(120)
Adjustment in relation to prior years	146,520	-
Deferred tax movement	38,892	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	92,314	60,250
	<hr/>	<hr/>

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (*continued*)

11 Negative goodwill	£
Group	
<i>Cost</i>	
At 1 October 2021	(17,408,945)
At 30 September 2022	(17,408,945)
<i>Amortisation</i>	
At 1 October 2021	2,045,619
Amortisation for the year	145,080
At 30 September 2022	2,190,699
<i>Net book value</i>	
At 30 September 2022	(15,218,246)
At 30 September 2021	(15,363,326)

In May 2007, a 120-year lease agreement for the Club's premises, including the net assets of the Club, were acquired at a discount. The discount on purchase of the Club was £17,408,945. This is described as negative goodwill and is amortised over the 120-year lease period.

12 Tangible fixed assets				
Group	Leasehold land and buildings £	Leasehold improvements £	Plant and equipment £	Total £
<i>Cost</i>				
At 1 October 2021	49,060,888	6,262,291	8,063,064	63,386,243
Acquisitions	-	3,791,916	698,190	4,490,106
Disposals	-	-	(326,265)	(326,265)
At 30 September 2022	49,060,888	10,054,207	8,434,989	67,550,084
<i>Depreciation and impairment</i>				
At 1 October 2021	5,472,604	1,720,510	5,911,666	13,104,780
Depreciation charge for the year	408,640	325,574	595,355	1,329,569
Disposals	-	-	(325,931)	(325,931)
At 30 September 2022	5,881,244	2,046,084	6,181,090	14,108,418
<i>Net book value</i>				
At 30 September 2022	43,179,644	8,008,123	2,253,899	53,441,666
At 30 September 2021	43,588,284	4,541,781	2,151,398	50,281,463

The directors are not aware of any material change in the value of the Club and leasehold land and buildings and therefore determine that the cost as set out above reflects the true and fair value of the assets held.

QC Holdings Limited

Notes forming part of the financial statements
for the year ended 30 September 2022 (continued)

13 Fixed asset investments

Company

Shares in
group
undertakings
£

Cost and net book value

At 1 October 2021 and 30 September 2022

30,771,949

The Company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2022	Ownership 2021
The Queen's Club Limited	UK	Ordinary	100%	100%
QC Ground Limited	UK	Ordinary	100%	100%

The Queen's Club Limited and QC Ground Limited are wholly owned subsidiaries and sub-subsidiaries respectively of QC Holdings Limited.

14 Stocks

Group

2022
£

2021
£

Raw materials and consumables

72,451

65,386

Finished goods and goods for resale

238,938

157,292

311,389

222,678

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £1,224,958 (2021: £594,640). The write-down of stocks to net realisable value amounted to £9,010 (2021: £13,944).

15 Debtors

Amounts falling due within one year

Group
2022
£

Group
2021
£

Company
2022
£

Company
2021
£

Trade debtors

357,910

789,888

-

-

Other debtors

450,443

498,727

1,749

1,749

Prepayments and accrued income

391,438

143,516

75,441

58,918

1,199,791

1,432,131

77,190

60,667

Other debtors include the Richard Tur Fund (note 21) and its short-term cash and investments of £435,872 (2021: £478,723).

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

16 Current asset investments

Group and Company

Current asset investments are held at fair value, the movement in the year being:

	2022 £	2021 £
At 1 October	6,876,060	6,706,439
Capital invested/(returned)	(6,806,814)	175,000
Management fees	-	560
Investment and other income reinvested	37,477	2,979
Change in market value	(4,928)	(2,960)
	<hr/>	<hr/>
At 30 September	101,795	6,876,060
	<hr/>	<hr/>

At 30 September 2022 the current asset investments comprised of bonds to be cashed in at maturity February 2023. (30 September 2021 the current asset investments comprised of 3% bonds and 97% cash liquidity funds.

17 Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	395,675	281,196	-	-
Amounts owed to group undertakings	-	-	10,871,615	11,615,178
Taxation and social security	119,114	155,072	17,297	8,982
Accruals and deferred income	1,274,049	889,540	-	-
Deferred tax liability (note 19)	69,042	30,150	-	-
Other creditors	1,621,080	1,384,898	1,571,518	1,261,619
Debenture loans (note 20)	4,625,000	6,478,888	4,625,000	6,478,888
Debenture holder share options	-	315,000	-	315,000
	<hr/>	<hr/>	<hr/>	<hr/>
	8,103,960	9,534,744	17,085,430	19,679,667
	<hr/>	<hr/>	<hr/>	<hr/>

Included in 'Other creditors' for both the Group and Company are amounts totalling £1,035,000 (2021: £944,200) payable to members who had expressed a wish to redeem their shares as at 30 September 2022.

Also included in 'Other creditors' for both the Group and Company are amounts totalling £83,875 (2021: £55,875) due to certain members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment will be repaid by QC Holdings without interest.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

18 Creditors: amounts falling due after more than one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Other creditors	1,288,101	1,470,761	1,037,997	1,158,130
	<u>1,288,101</u>	<u>1,470,761</u>	<u>1,037,997</u>	<u>1,158,130</u>

Other creditors are amounts due to certain members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment will be repaid by QC Holdings without interest. At the year-end date, an amount of £648,867 (2021: £791,280) may be due after more than five years, for both the Group and Company, to these members who are under 22 years old.

19 Deferred tax

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Decelerated capital allowances	-	-	(186,323)	(36,887)	(186,323)	(36,887)
Other timing differences	6,737	6,737	-	-	6,737	6,737
Losses	110,544	-	-	-	110,544	-
	<u>117,281</u>	<u>6,737</u>	<u>(186,323)</u>	<u>(36,887)</u>	<u>(69,042)</u>	<u>(30,150)</u>

20 Loans and borrowings

This note provides information about the contractual terms of the Group's and Company's borrowings, which are measured at amortised cost. The Group and Company had no interest-bearing loans.

	Group 2022 £	Group 2021 £
Creditors falling due within one year:		
11 'A' debentures due in September 2022	2,000,000	2,750,000
33 'B' debentures due in September 2022	2,625,000	4,125,000
Total	<u>4,625,000</u>	<u>6,875,000</u>
Less finance costs and deferred revenue	-	(396,112)
Total	<u>4,625,000</u>	<u>6,478,888</u>

All debentures were repayable as at end of September 2022. At 30 September 2022 £2,250,000 had been repaid with most of the remaining amount repaid early October 2022 following due diligence.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

20 Loans and borrowings (continued)

The above debentures are included at amortised cost, and interest is being charged at 6 per cent per annum. 'A' debentures are in denominations of £250,000 and 'B' debentures are in denominations of £125,000. In addition to the right to redemption, the debentures carry certain benefits.

- Option to subscribe for a redeemable share at a price of £1 (expires 30 September 2022);
- Exemption from paying an annual subscription (expires 30 September 2022 for debenture B holders);
- Participation in a priority court-booking system (expires 30 September 2022);
- Benefits relating to the June championship (expires 30 September 2024) ;
- Designation on an honourees' board.

The Company had no interest-bearing loans and borrowings (2021: £Nil).

21 Provisions for liabilities Group

The Richard Tur Foundation £

At 1 October 2021	478,723
Interest received	29
Grants paid	(10,482)
Gains on investments	(32,398)
	<hr/>
At 30 September 2022	435,872

A court order obtained on 14 December 2006 required the Queen's Club Limited to pay £470,000 into a separate fund called "The Richard Tur Fund" for two reasons:

- 1) To compensate former shareholders of The Queens Club Limited for loss of certain land development rights, (This has been satisfied and the time limit has expired) and
- 2) Any surplus remaining to be utilised for the Company's tennis outreach programme or any such other sporting outreach programme.

Other debtors include the Richard Tur Fund (note 15) and its short-term cash and investments.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

22 Share capital and reserves

Company

	2022 £	2021 £
<i>Authorised</i>		
2,000 (2021: 2,000) ordinary shares of £1 each	2,000	2,000
5,000 (2021: 5,000) redeemable shares of £1 each	5,000	5,000
1 special share of £1	1	1
	<hr/>	<hr/>
	7,001	7,001
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
(2021: 1,795) ordinary shares of £1 each	1,795	1,795
(2021: 3,305) redeemable shares of £1 each	3,366	3,314
1 special share of £1	1	1
	<hr/>	<hr/>
	5,162	5,110
	<hr/>	<hr/>

In May 2007, The All England Lawn Tennis Ground Plc ("AELTG") was issued one special share in each of QC Holdings Limited, The Queen's Club Limited, QC Ground Limited and QC Trustees Limited. The rights attaching to the special shares are set out in full in the articles of association of each company. These special shares do not carry any voting rights or rights to dividends. The special shares give AELTG a right of first refusal to acquire the companies' assets and liabilities in the event of a proposed asset sale or share sale and, subject to certain exceptions, at a market price discounted by 10 percent.

There are restrictions under the Articles of Association from making any dividend distributions to ordinary shareholders.

23 Redeemable Shares

122 redeemable shares of £1 each were issued by QC Holdings during the year ended 30 September 2022, raising £1,589,963. 70 Members have expressed a wish to redeem their share as of 30 September 2022 for £1,035,000.

The redemption price of a redeemable share and number of shares to be redeemed shall be determined by the board of directors of QC Holdings Limited from time to time. On or at any time after the date a person ceases to be a Club Member, the board of directors of QC Holdings Limited may serve notice on the former Club Member requiring such former Club Member to redeem his/her redeemable share. At present the redemption is at 95% of the share price. This includes a 5% administration charge which a former Club Member pays at the time of redemption.

The redeemable shares issued by QC Holdings Limited rank *pari passu* with each ordinary share of QC Holdings and each redeemable share carries a voting right. At 30 September 2022 3,366 (2021: 3,314) redeemable shares of £1 each had been issued by QC Holdings limited.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2022 (continued)

24 Net debt reconciliation

	1 October 2021 £	Cash flows £	Non-cash changes £	20 September 2022 £
Cash at bank and in hand	5,906,943	3,823,644	-	9,730,587
Debenture loans	(6,478,888)	1,853,888	-	(4,625,000)
Other creditors	(1,688,780)	(10,087)	-	(1,698,867)
	<hr/>	<hr/>	<hr/>	<hr/>
Net debt	(2,260,725)	5,667,445	-	3,406,720
	<hr/>	<hr/>	<hr/>	<hr/>

Non-cash movements relate to accrued interest on debenture loan notes.

25 Pension schemes

Staff have the option to join the defined-contribution private pension scheme. All eligible staff are auto-enrolled on the Group's pension scheme. The pension cost charge represents contributions payable by the Group to individual pension schemes and amounted to £244,777 (2021: £238,114). Included within the figure was a pension accrual of £Nil (2021: £Nil).

26 Related parties

At 30 September 2022 the Company held the following balances due to to/from fellow group companies:

	2022 £	2021 £
Amounts owed by QC Trustees Limited	1,749	1,749
Amounts owed to The Queen's Club Limited	(10,871,569)	(11,615,131)
	<hr/>	<hr/>
	(10,869,820)	(11,613,382)
	<hr/>	<hr/>

These balances are all interest-free and repayable on demand.

The subsidiary undertaking listed below is exempt from the requirements of the Act relating to the audit of its individual accounts by virtue of section 479A of the Act as this Company has guaranteed the subsidiary company under section 479C of the Act.

Company	Country of incorporation	Registered number	Class of shares held	Ownership 2022	2021
QC Ground Limited	UK	5724660	Ordinary	100%	100%