Aghoco 1136 Limited

Strategic report, Directors' report and financial statements

Registered number 08317460

Year Ended 31 March 2022

Contents

Strategic report

The directors present their Strategic report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the Company during the period was that of holding company to a subsidiary trading as a distributor of bicycles and bicycle parts, accessories and clothing, Zyro Limited. Zyro Limited's product range consists mainly of leading branded bicycle products.

Business review

Dividends of £nil (*2021: £nil*) were received from Zyro Limited during the period. The Directors consider the trading results and outlook of the underlying trading business of Zyro Limited support the carrying value of the investment which remains on the balance sheet.

The Company's immediate parent, Power Topco Limited was acquired by Project Polka Topco Limited on 15 December 2017, via an immediate holding company, Project Polka Bidco Limited. Following the end of the financial year, on 18 July 2022 100% of the share capital in Project Polka Topco Limited was acquired by Power Newco Limited. The ultimate parent is now Power Newco Limited.

The Group believes that the medium to long term outlook for the bicycle and outdoor markets remain very positive.

Following the huge demand for cycling products during the covid 19 outbreak, the business retains a very strong orderbook at the end of March 22 that will continue through FY23. Cycling participation in the UK remains significantly higher than the pre-covid levels and as supply chains continue to normalise the latent demand that exists in the market will be satisfied. Throughout the period of disrupted supply, the Group has worked consistently throughout with its Brand partners to minimise any disruption or adverse impact on its customer base. However, macro-economic factors such as rising interest rates and increased cost of living is anticipated to slow down growth in the near future. The Group does believe, however, that the medium to long term outlook for the bicycle and outdoor markets remain very positive. Post year end, the business has seen the supply chain continue to improve and stock lead times shorten, whilst at the same time the aforementioned macro-economic factors have led to a softening of demand. Group stocks have thus increased and will take some time to unwind, however we believe once normalized the increased participation following Covid 19 will drive positive growth.

Going concern

The company does not trade and has no external liabilities to meet. It is not the directors' intention to dissolve the company and accordingly the financial statements have been drawn up on the going concern basis. Given the trading position of the company, the current economic environment is not deemed to have an impact on that assessment.

R Haycock
Chief Executive Officer

Roundhouse Road
Faverdale Industrial Estate
Darlington
County Durham
DL3 0UR

20th December 2022

Directors' report

The directors present their Directors' report and financial statements for the 12 month period ended 31 March 2022.

Dividends

An interim dividend of £nil was paid during the period (*2021:* £nil).

Directors

The directors who held office during the period and up to the date of signing this report were as follows:

J Browning	
P Gibson	(resigned 21st October 2022)
I J Calvesbert	
T Ainscough	
B Bushell	(appointed 15th June 2021)
R Haycock	(appointed 15th June 2021)
J Sherwood	(appointed 15th June 2021)

Political and charitable contributions

The Company made no political donations or incurred any political expenditure during the period *(2021: £nil)*.

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 Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the Board.

R Haycock

R Haycock
Chief Executive Officer

Roundhouse Road
Faverdale Industrial Estate
Darlington
County Durham
DL3 0UR

20th December 2022

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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 financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

Independent auditor's report to the members of Aghoco 1136 Limited

Opinion

We have audited the financial statements of Aghoco 1136 Limited ("the company") for the year ended 31 March 2022 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Project Polka Topco Limited's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

Independent auditor's report to the members of Aghoco 1136 Limited *(continued)*

Identifying and responding to risks of material misstatement due to fraud (continued)

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report or directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Independent auditor's report to the members of Aghoco 1136 Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

David Mitchell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside House
Newcastle upon Tyne
NE1 3DX

21st December 2022

Profit and loss account

For the year ended 31 March 2022

	Note	**31 March 2022 £000**	31 March 2021 £000
Administrative expenses		-	-
Operating profit	*2-3*	-	-
Income from shares in group undertakings		-	-
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	*4*	-	-
Profit for the financial year		-	-

There were no items to be classified within Other Comprehensive Income in either the current or prior period.

The notes on pages 10 to 14 form part of these financial statements.

Balance sheet
as at 31 March 2022

	Note	31 March 2022 £000	31 March 2021 £000
Fixed assets			
Investments	5	1	1
Net assets		1	1
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account		-	-
Shareholder's funds		1	1

The notes on pages 10 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 20th December 2022 and were signed on its behalf by:

R Haycock
Chief Executive Officer

Company number: 08317460

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2020	1	-	1
Total comprehensive income for the period			
Profit or loss	-	-	-
Total comprehensive income for the period	-	-	-
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions by the distributions to owners	-	-	-
Balance at 31 March 2021	1	-	1
Balance at 1 April 2021	1	-	1
Total comprehensive income for the period			
Profit or loss	-	-	-
Total comprehensive income for the period	-	-	-
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contributions by the distributions to owners	-	-	-
Balance at 31 March 2022	1	-	1

The notes on pages 10 to 14 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Aghoco 1136 Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These 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 £1,000.

The Company's ultimate parent undertaking at the balance sheet date, Project Polka Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Project Polka Topco Limited are available to the public and may be obtained from Roundhouse Road, Faverdale Industrial Estate, Darlington, DL3 0UR. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Project Polka Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The 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.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and the Directors report. In addition, the financial statements include the principal risks and uncertainties facing the business, details of its financial instruments and the Company exposures to credit risk and liquidity risk, where applicable.

The Company acts as a holding company only and does not trade. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

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

(a) they include no contractual obligations upon the company 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 company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company'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 company'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.

1.5 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.

Interest-bearing borrowings classified as basic financial instruments

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.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

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.

1.7 Taxation

Tax on the profit or loss for the period 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 period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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 provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Expenses and auditor's remuneration

Operating result is stated after charging:

	31 March 2022 £000	31 March 2021 £000
Auditor's remuneration		
Audit of these financial statements	1	1
	1	1

Auditor's remuneration is borne by a fellow group company and not recharged. The above is an indication of the portion of the group audit fee that relates to this Company.

3 Directors' emoluments

No directors received emoluments for services provided to the Company in either the current or prior years.

4 Taxation

There is no current or deferred tax charge arising in the current or prior year.

5 Investments

	Shares in group undertakings £
Company	
Cost at 31 March 2021 and 31 March 2022	798
Net book value at 31 March 2021 and 31 March 2022	**798**

The undertakings in which the Company's interest at the period end is more than 20% are as follows:

	Country of incorporation	**Principal activity**	**Registered office**	**Class and percentage of shares held**
Subsidiary undertakings				
Zyro Limited	England & Wales	Wholesaler cycle accessories	Roundhouse Road Faverdale Industrial Estate Darlington DL3 0UR	100% Ord £1

Notes *(continued)*

6 Share capital

Allotted, called up and fully paid:

	31 March 2022 No	31 March 2022 £	31 March 2021 No	31 March 2021 £
Ordinary shares of £0.01 each	**80,000**	**800**	80,000	800
	80,000	**800**	80,000	800

7 Related party transactions

No transactions with related parties were undertaken that are required to be disclosed under section 33 of FRS 102.

8 Contingent liability

The Company is party to a composite guarantee with the Group's lenders, whereby the Company is liable, jointly and severally with other members of the Group in respect of borrowings within the Group.

The Group's bankers also have in place a debenture over the Company's assets in support of borrowings within the Group which amounted to £38,750,000 (*2021: £38,750,000*) at the balance sheet date.

9 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Power Topco Limited, the immediate parent undertaking. The ultimate parent undertaking at 31 March 2022 is Project Polka Topco Limited. The only consolidated financial statements in which the results of the Company are included at 31 March 2022 are those of Project Polka Topco Limited. The consolidated financial statements of Project Polka Topco Limited are available to the public at Companies House, Crown Way, Cardiff, CF14 3UZ.

Post year end, there has been a change of ownership of the group, with the group's ultimate parent company becoming Power Newco Limited following the acquisition of 100% of the share capital in Project Polka Topco Limited.

The controlling party is now the LGT banking group by virtue of it's shareholding in Power Newco Limited.