

The Gym Group Midco2 Limited

Annual report and financial statements for the year ended 31
December 2021

Registered number 08530623

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The Gym Group Midco2 Limited

Company Information

Directors	R Darwin M George
Registered number	08530623
Registered office	5 th floor OneCroydon 12-16 Addiscombe Road Croydon CR0 0XT
Independent auditor	Ernst & Young LLP 16 Bedford Street Belfast BT2 7DT

The Gym Group Midco2 Limited

Strategic Report

for the year ended 31 December 2021

The Directors present their strategic report for the year ended 31 December 2021.

Business review

The Company has acted as an intermediate holding company throughout the current and prior year.

During the year ended 31 December 2021 the Company issued 11,350,000 shares for consideration of £30m to its parent company, The Gym Group Midco1 Limited. The Company also subscribed for 11,350,000 shares at a cost of £30m in its subsidiary, The Gym Group Operations Limited.

The profit for the year is £nil after taxation (2020: £nil). The Directors do not recommend a final dividend (2020: £nil).

Principal risks and uncertainties

As an intermediate holding company the principal risk faced by the Company is credit risk associated with intercompany balances. Recoverability of intercompany balances is reviewed at least annually.

Subsequent events

There have been no subsequent events.

By order of the board



M George
Director

18 May 2022

The Gym Group Midco2 Limited

Directors' Report

for the year ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

The business review, principal risks and uncertainties and subsequent events are included in the Strategic Report.

Future developments

The Directors intend to dissolve the intend to dissolve this intermediate holding company and cease its operations within the next 12 month period.

Financial instruments

The Company finances its activities with intercompany debt. Details of the related financial risks to which the Company is exposed to are given in the Strategic Report.

Going concern

Whilst the Directors have a reasonable expectation that the Company has adequate resources based on continued support from its Parent and fellow subsidiary companies to continue in operational existence for the foreseeable future, the Directors intend to cease the Company's operations within the next 12 month period and dissolve the Company as part of a group restructuring. For this reason and as stated in Note 2, the financial statements have been prepared on a basis other than going concern.

Directors

The Directors who served during the year are listed on page 1.

Auditors

Ernst & Young LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Disclosure of information to auditors

Having made enquiries of fellow Directors and of the Company's auditors, each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



M George
Director
18 May 2022

The Gym Group Midco2 Limited

Directors' Responsibilities Statement

for the year ended 31 December 2021

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with Companies Act 2006 and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework". 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 for that period.

In preparing those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. For the reasons stated in the Directors' Report and note 2, the financial statements have not been prepared on a going concern basis.

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Gym Group Midco2 Limited
Independent Auditor's Report
to the members of The Gym Group Midco2 Limited
for the year ended 31 December 2021

Opinion

We have audited the financial statements of The Gym Group Midco2 Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in Equity and the related notes 1 to 8, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 2 to the financial statements which explains that the Directors intend to cease the Company's operations within the next 12 month period and dissolve the Company as part of a group restructuring and therefore the Directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 2. Our opinion is not modified in this respect of this matter.

Other matter

The corresponding figures for the year ended 31 December 2020 are unaudited.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

The Gym Group Midco2 Limited

Independent Auditor's Report

to the members of The Gym Group Midco2 Limited

for the year ended 31 December 2021 (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 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 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.

Explanation as to what extent the audit was considered 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations.
- We understood how the company is complying with those frameworks by making inquiries of management to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our inquiries through reading board minutes and correspondence with relevant authorities.

The Gym Group Midco2 Limited
Independent Auditor's Report
to the members of The Gym Group Midco2 Limited
for the year ended 31 December 2021 (continued)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. Our testing involved reviewing and challenging management on accounting estimates for biases that could result in material misstatements due to fraud, and testing journals identified by specific risk criteria. .
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of Directors' meetings to identify any non-compliance with laws and regulations. We also made enquiries with the Directors and of management of the company regarding compliance with laws and regulations.

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

Use of our report

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

Ernst + Young LLP

Michael Christie (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
20 May 2022

The Gym Group Midco2 Limited
Statement of Comprehensive Income
For the year ended 31 December 2021

The Company did not trade during the current or previous (unaudited) financial year. The Company received no income and incurred no expenditure, and made neither a profit nor a loss, during either year.

The Company has no other recognised gains and losses nor any cash flow during the current or previous (unaudited) year and accordingly no statement of other comprehensive income or loss is presented.

The Gym Group Midco2 Limited
Statement of Financial Position
As at 31 December 2021

		31 December 2021	Unaudited 31 December 2020
	Note	£m	£m
<i>Current assets</i>			
Investments in subsidiaries	4	215.0	185.0
Trade and other receivables	5	15.6	15.6
Total assets		230.6	200.6
<i>Current liabilities</i>			
Trade and other payables	6	15.5	15.5
Total liabilities		15.5	15.5
Net assets		215.1	185.1
<i>Capital and reserves</i>			
Issued capital	7	57.0	56.9
Share premium		30.2	0.3
Retained earnings		127.9	127.9
Total equity shareholders' funds		215.1	185.1

The notes on pages 12 to 15 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 18 May 2022 and were signed on its behalf

by:



M George
 Director

Company Registration Number 08530623

The Gym Group Midco2 Limited
Statement of Changes in Equity
For the year ended 31 December 2021

	Note	Issued capital £m	Share premium £m	Retained earnings £m	Total £m
At 1 January 2020 and 31 December 2020 (unaudited)		56.9	0.3	127.9	185.1
Issue of Ordinary share capital	7	0.1	29.9	-	30.0
At 31 December 2021		57.0	30.2	127.9	215.1

Issued capital comprises the nominal value of Ordinary shares issued.

Share premium comprises the excess of consideration received over nominal value of Ordinary shares issued.

Retained (earnings) comprises cumulative comprehensive income and losses less equity dividends paid.

The Gym Group Midco2 Limited

Notes to the financial statements

For the year ended 31 December 2021

1. General information

The Gym Group Midco2 Limited ('the Company') is a company limited by shares and incorporated in the United Kingdom with company number 08530623. The registered address of the Company is 5th floor, OneCroydon, 12-16 Addiscombe Road, Croydon, CR0 0XT.

2. Summary of significant accounting policies

Statement of compliance and basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and in accordance with applicable accounting standards. No new standards or amendments to standards had any impact on the Company's financial position or performance, nor the disclosures in these financial statements. The financial statements are presented in Pounds Sterling and all values are rounded to the nearest one hundred thousand Pounds, except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of The Gym Group Plc. The group accounts of The Gym Group Plc are available to the public and can be obtained from www.tggplc.com

The Company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the following disclosure exemptions available to it under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraph 91 to 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraphs 10(d), 16, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share Based Payment;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

The Directors intend to cease the Company's operations within the next 12 month period and dissolve the Company as part of a group restructuring. Hence the financial statements have been prepared on a basis other than going concern.

For the preparation the financial statements on a basis other than concern, all non-current assets have been reclassified as current. Given the nature of the Company's operations, all current assets and liabilities are expected to be offset via intercompany settlements with other group companies or transferred to other group companies at their carrying values. All current assets are therefore realisable at their recognised amounts such that no impairments or write downs were required.

Any future liabilities arising from the voluntary dissolution of the Company are estimated to be immaterial. The Gym Group plc, the Company's Parent undertaking, has agreed to support the Company throughout this period to ensure that all external creditors are paid.

Investments in subsidiaries

On initial recognition, investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid. Where consideration is paid by way of shares, the excess of fair value of the shares over nominal value of those shares is recorded in share premium. Where consideration is paid by way of cash, this is recognised as an increase to investments in subsidiaries. Investments in subsidiaries are reviewed for impairment at each balance sheet date with any impairment charged to the income statement.

The Gym Group Midco2 Limited

Notes to the financial statements

For the year ended 31 December 2021

2. Summary of significant accounting policies (continued)

Financial instruments

Financial assets

The Company's financial assets comprise 'Trade and other receivables', which are carried at amortised cost using the effective interest method.

The financial assets are presented as current assets due to the financial statements have been prepared on a basis other than going concern.

Financial liabilities

The Company's financial liabilities comprise trade and other payables.

The Company initially recognises its financial liabilities at fair value and they are subsequently measured at amortised cost using the effective interest method.

Current taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Income tax relating to items recognised in comprehensive income or directly in equity is recognised in comprehensive income or equity and not in the income statement.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in accordance with FRS 101 requires estimates and assumptions to be made that affect the value at which certain assets and liabilities are held at the balance sheet date and also the amounts of revenue and expenditure recorded in the period. The Directors believe the accounting policies chosen are appropriate to the circumstances and that the estimates, judgements and assumptions involved in its financial reporting are reasonable. However, the nature of estimation means that actual outcomes could differ from those estimates.

Critical accounting judgements and estimates

There are no critical accounting judgements or estimates within these Financial Statements.

4. Investments in subsidiaries

	Total £m
At 1 January 2020 and 31 December 2020 (unaudited)	185.0
Additions	30.0
At 31 December 2021	215.0

On 22 December 2021, The Gym Group Operations Limited issued share capital to the Company for total consideration of £30.0m.

The Gym Group Midco2 Limited

Notes to the financial statements

For the year ended 31 December 2021

4. Investments in subsidiaries (continued)

The subsidiaries of the Company are as follows:

Company	Principal activity	Country of incorporation and principal place of business	Proportion of voting rights and shares held %
The Gym Group Operations Limited	Holding Company	United Kingdom	100%
The Gym Limited ²	Fitness Operator	United Kingdom	100%
Derwent Fitness NW Limited ^{1,2}	Dormant	United Kingdom	100%
Derwent Fitness GS Limited ^{1,2}	Dormant	United Kingdom	100%

¹ The subsidiaries are intended to be dissolved within the next 12 months

² Indirectly held subsidiaries

The Company holds no listed investments. The registered office of the subsidiaries is One Croydon, 12-16 Addiscombe Road, Croydon, CR0 0XT.

5. Trade and other receivables

	31 December 2021	Unaudited 31 December 2020
	£m	£m
Amounts owed by Group undertakings	15.6	15.6
	15.6	15.6
Due in less than one year	15.6	15.6
	15.6	15.6

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

6. Trade and other payables

	31 December 2021	Unaudited 31 December 2020
	£m	£m
Amounts owed to Group undertakings	15.5	15.5
	15.5	15.5

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

7. Issued share capital

	31 December 2021	Unaudited 31 December 2020
	£m	£m
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.01 each	57.0	56.9
Preference shares of 0.00001 pence each	-	-

The Gym Group Midco2 Limited
Notes to the financial statements
For the year ended 31 December 2021

7. Issued share capital (continued)

The number of shares in issue is as follows:

	31 December 2021	Unaudited 31 December 2020
Ordinary shares of £0.01 each	5,700,512,742	5,689,162,742
Preference shares of 0.00001 pence each	31,212,314	31,212,314

On 22 December 2021, the share capital of the Company was increased through the issuance of 11,350,000 Ordinary shares of £0.01 each.

Each Ordinary share carries one voting right. Preference shares carry no voting rights.

No dividends have been declared or paid in the year (2020: nil). The Directors do not recommend a final dividend (2020: £nil).

8. Ultimate parent undertaking

The Company's immediate parent undertaking is The Gym Group Midco1 Limited.

The Company's ultimate parent undertaking is The Gym Group Plc. The Company is included within these group accounts which are publicly available from www.tggplc.com.