

Company Registration No. 09631514 (England and Wales)

Digme Fitness Limited

Unaudited Financial Statements

For The Year Ended 30 June 2019

Pages For Filing With Registrar

Digme Fitness Limited

Company Information

Directors	Mr G Bamber Mrs C B Bamber Mrs A N Murty Mr R J G Lowe
Company number	09631514
Registered office	The Carriage House Mill Street Maidstone Kent ME15 6YE
Accountants	Loucas The Carriage House Mill Street Maidstone Kent ME15 6YE
Business address	Spencer House 23 Sheen Road Richmond Surrey TW9 1BN
Solicitors	Humphreys Law Limited 2 EastbourneTerrace London W2 6LG

Digme Fitness Limited

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Digme Fitness Limited

Balance Sheet

As At 30 June 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	3		106,819		72,381
Tangible assets	4		3,168,190		2,566,464
Investments	5		700,596		-
			<u>3,975,605</u>		<u>2,638,845</u>
Current assets					
Stocks	7	12,442		2,728	
Debtors	8	955,402		638,060	
Cash at bank and in hand		843,347		1,597,669	
			<u>1,811,191</u>	<u>2,238,457</u>	
Creditors: amounts falling due within one year	9	(1,870,492)		(1,014,657)	
Net current (liabilities)/assets			<u>(59,301)</u>		<u>1,223,800</u>
Total assets less current liabilities			<u>3,916,304</u>		<u>3,862,645</u>
Creditors: amounts falling due after more than one year	10		(130,594)		(162,306)
Provisions for liabilities	12		(148,119)		(137,785)
Net assets			<u><u>3,637,591</u></u>		<u><u>3,562,554</u></u>
Capital and reserves					
Called up share capital	14		200,091		200,074
Share premium account			8,776,419		6,435,928
Profit and loss reserves			(5,338,919)		(3,073,448)
Total equity			<u><u>3,637,591</u></u>		<u><u>3,562,554</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 June 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

Digme Fitness Limited

Balance Sheet (Continued)

As At 30 June 2019

The financial statements were approved by the board of directors and authorised for issue on 29 May 2020 and are signed on its behalf by:

Mr G Bamber

Director

Company Registration No. 09631514

Digme Fitness Limited

Statement Of Changes In Equity

For The Year Ended 30 June 2019

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 July 2017		200,048	3,141,618	(1,112,450)	2,229,216
Period ended 30 June 2018:					
Loss and total comprehensive income for the period		-	-	(1,960,998)	(1,960,998)
Issue of share capital	14	26	3,294,310	-	3,294,336
Balance at 30 June 2018		200,074	6,435,928	(3,073,448)	3,562,554
Period ended 30 June 2019:					
Loss and total comprehensive income for the period		-	-	(2,265,471)	(2,265,471)
Issue of share capital	14	17	2,340,491	-	2,340,508
Balance at 30 June 2019		200,091	8,776,419	(5,338,919)	3,637,591

Digme Fitness Limited

Notes To The Financial Statements

For The Year Ended 30 June 2019

1 Accounting policies

Company information

Digme Fitness Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Carriage House, Mill Street, Maidstone, Kent, ME15 6YE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

The company earns revenue from the sale of credits or monthly subscriptions to use its fitness studios. Credit revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured; this is when the customers use up their credits. Revenue in respect of sold but unused credits as at the year end is treated as deferred revenue. The company also earns revenue through third parties such as Class Pass who sell credits on behalf of the company. Revenue is measured as the fair value of the considerations received or receivable, excluding discounts, rebates and Value Added Tax. The fair value of credit revenue is the price of a class pass. The company also earns revenue from the sale of merchandise at its fitness studios. Merchandise revenue is recognised when the goods are sold. The company also earns rental income from the sublet of its premises. Rental income is recognised in accordance with the terms of the rental agreement.

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	20% on cost
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Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Straight line over 10-12 years
Fixtures and fittings	20% on cost
Office equipment	20% on cost
Training equipment	20% on cost

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

1 Accounting policies

(Continued)

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

2 Employees

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

	2019 Number	2018 Number
Total	56	36

3 Intangible fixed assets

	Software £
Cost	
At 1 July 2018	80,388
Additions	56,340
At 30 June 2019	136,728
Amortisation and impairment	
At 1 July 2018	8,007
Amortisation charged for the year	21,902
At 30 June 2019	29,909
Carrying amount	
At 30 June 2019	106,819
At 30 June 2018	72,381

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

4 Tangible fixed assets

	Leasehold improvements £	Assets under construction £	Fixtures and fittings £	Office equipment £	Training equipment £	Total £
Cost						
At 1 July 2018	1,786,143	-	440,378	45,589	874,662	3,146,772
Additions	792,038	2,400	156,630	8,027	220,322	1,179,417
At 30 June 2019	2,578,181	2,400	597,008	53,616	1,094,984	4,326,189
Depreciation and impairment						
At 1 July 2018	237,671	-	124,455	9,578	208,604	580,308
Depreciation charged in the year	251,911	-	112,210	10,443	203,127	577,691
At 30 June 2019	489,582	-	236,665	20,021	411,731	1,157,999
Carrying amount						
At 30 June 2019	2,088,599	2,400	360,343	33,595	683,253	3,168,190
At 30 June 2018	1,548,472	-	315,923	36,011	666,058	2,566,464

5 Fixed asset investments

	2019 £	2018 £
Shares in group undertakings and participating interests	700,596	-

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 July 2018	-
Additions	700,596
At 30 June 2019	700,596
Carrying amount	
At 30 June 2019	700,596
At 30 June 2018	-

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

6 Subsidiaries

During the year, the company acquired 100% of the issued share capital of Fit Together (UK) Limited, a company registered in England and Wales.

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Fit Together (UK) Limited	The Carriage House, Mill Street, Maidstone, Kent, ME15 6YE	Provision of fitness facilities	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Fit Together (UK) Limited	(986,275)	(506,935)

7 Stocks

	2019 £	2018 £
Stocks	12,442	2,728

8 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	39,192	64,521
Corporation tax recoverable	49,667	-
Amounts owed by group undertakings	322,212	-
Other debtors	135,429	27,048
Prepayments and accrued income	74,146	211,735
	<u>620,646</u>	<u>303,304</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	334,756	334,756
	<u>334,756</u>	<u>334,756</u>
Total debtors	<u>955,402</u>	<u>638,060</u>

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

9 Creditors: amounts falling due within one year

		2019 £	2018 £
Obligations under finance leases	11	70,874	46,999
Trade creditors		258,915	290,746
Taxation and social security		19,946	29,570
Other creditors		650,182	141,214
Accruals and deferred income		870,575	506,128
		<u>1,870,492</u>	<u>1,014,657</u>

Included in other creditors is £80,000 (2018: £80,000) of £1 convertible loan notes. Interest of £8,000 (2018: £8,000) was charged to the Profit and Loss Account on the loan notes during the year. As at the year end, interest of £10,000 (2018: £8,000) was outstanding and included in accruals. The loan notes are redeemable in November and December 2019 respectively. The loan notes may convert sooner, subject to specific conditions being satisfied.

10 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	11	101,644	133,356
Other creditors		28,950	28,950
		<u>130,594</u>	<u>162,306</u>

11 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	70,874	46,999
In two to five years	101,644	133,356
	<u>172,518</u>	<u>180,355</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

12 Provisions for liabilities

2019 £	2018 £
<u>148,119</u>	<u>137,785</u>

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

12 Provisions for liabilities

(Continued)

Movements on provisions:

	£
At 1 July 2018	137,785
Additional provisions in the year	10,334
At 30 June 2019	<u>148,119</u>

A provision has been included in the accounts to cover the estimated present value of the expenditure required to cover repairs to leasehold interests payable at the end of the individual leases.

13 Share-based payment transactions

During the year, the reporting entity granted options under an Enterprise Management Incentive (EMI) scheme and an unapproved options scheme.

	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 July 2018	9,132	4,812	13.02	0.01
Granted	-	4,320	-	27.51
Forfeited	(812)	-	0.01	-
Outstanding at 30 June 2019	<u>8,320</u>	<u>9,132</u>	<u>14.29</u>	<u>13.02</u>
Exercisable at 30 June 2019	<u>8,255</u>	<u>6,482</u>	<u>14.40</u>	<u>18.34</u>

The exercisable approved and unapproved scheme options outstanding at 30 June 2019 had a weighted average exercise price of £14.40, and remaining contractual lives of between 8 and 10 years.

14 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
368,234 (2018: 299,172) Ordinary shares of 0.025p each	<u>92</u>	<u>75</u>

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

14 Called up share capital		(Continued)	
	2019 £	2018 £	
Preference share capital			
Issued and fully paid			
199,999 Non redeemable preference shares of £1 each	199,999	199,999	
	<u>199,999</u>	<u>199,999</u>	
Preference shares classified as equity	199,999	199,999	
	<u>199,999</u>	<u>199,999</u>	
Total equity share capital	200,091	200,074	
	<u>200,091</u>	<u>200,074</u>	

During the year the company allotted the following shares

2,000 Ordinary 0.025p shares for consideration of £32 each.
67,067 Ordinary 0.025p shares for consideration of £34 each.

The Non redeemable preference shares confer the right to a cumulative preferential dividend of 0.5% as in the opinion of the directors, the profits of the company justify. The said dividend shall rank for payment in priority to the payment of a dividend on any other shares of the company and shall be payable annually (in arrears) and will not be paid out but will be added to the principal amount each year.

15 Financial commitments, guarantees and contingent liabilities

During the year, the company guaranteed loans on behalf of its subsidiary company. The value of these guarantees for any outstanding loans at the year end have an estimated maximum value of £546,152. The amounts only become due in the event that the subsidiary company is unable to repay the loans itself.

16 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2019 £	2018 £
8,373,126	8,895,355
<u>8,373,126</u>	<u>8,895,355</u>

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

2019 £	2018 £
1,525,808	1,665,808
<u>1,525,808</u>	<u>1,665,808</u>

Digme Fitness Limited

Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2019

17 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The following amounts were outstanding at the reporting end date:

	2019 £	2018 £
Amounts due from related parties		
Entities over which the entity has control, joint control or significant influence	322,212	-

Other information

As part of the agreement to acquire Fit Together (UK) Limited as a subsidiary, the company agreed to guarantee loans on behalf of Fit Together (UK) Limited.

18 Directors' transactions

During the year, the directors made interest free loans to the company as follows:

Description	% Rate	Opening balance £	Closing balance £
Mr G Bamber -	-	933	933
Mrs C B Bamber -	-	24,444	24,444
		25,377	25,377

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.