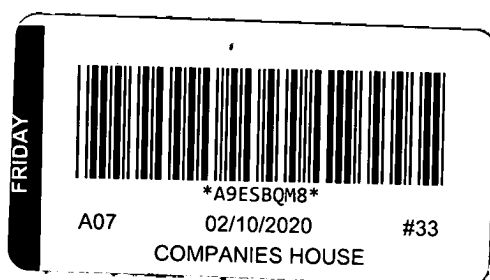


Registration number: 10182074

Performance Cycling Holdings Limited

Annual Report and Financial Statements

for the 53 week period ended 3 April 2020



Performance Cycling Holdings Limited

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Performance Cycling Holdings Limited

Directors and Advisors

Directors	G Stapleton
	L Woodhouse
Company secretary	T O'Gorman
Registered office	Icknield Street Drive Washford West Redditch Worcestershire B98 0DE
Independent Auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

Performance Cycling Holdings Limited

Strategic Report for the period ended 3 April 2020

The Directors present their strategic report on the Company together with the audited financial statements for the 53 week period ended 3 April 2020; comparatives are for the 52 week period ended 29 March 2019.

Principal activities

The Company's principal activity during the period was that of an intermediate holding company.

Review of the business and future developments

The Company's underlying trading entity Performance Cycling Limited is an online retailer of premium bikes and cycling parts, accessories and clothing, which trades UK-wide under the brand Tredz, and the UK's largest provider of bicycle replacement for insurance companies which trades under the brand Wheelies.

The Directors have no plans to change the activities of the Company. The Directors are satisfied that the Company will have sufficient funds to support its ongoing operations.

Results and dividends

During the current and prior period the Company did not trade. Consequently, during the current and prior period the Company made neither a profit or loss and there were no items of other comprehensive income. Net assets for the period ended 3 April 2020 were £24,661,000 (2019: £24,661,000).

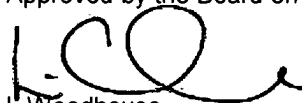
As the company does not trade no KPIs are relied on to monitor performance.

No interim dividend was paid (2019: £nil). The Directors do not recommend a final dividend (2019: £nil).

Principal risks and uncertainties

The Directors consider the only risk to the Company to be in respect of its investment in subsidiaries. The Directors monitor this closely and are confident that its investments are recoverable.

Approved by the Board on 28 August 2020 and signed on its behalf by:



L. Woodhouse
Director

Performance Cycling Holdings Limited

Directors' Report for the period ended 3 April 2020

The Directors present their annual report together with the audited financial statements for the 53 week period ended 3 April 2020; comparatives are for the 52 week period ended 29 March 2019.

Charitable donations and political donations

During the period the Company made no charitable donations or political contributions (2019: £nil).

Staff

The Company does not directly employ any individuals (2019: nil).

Directors

The details of Directors at the date of this report and during the period are shown on page 1.

Directors of the company

The directors, who held office during the period, were as follows:

G Stapleton

L Woodhouse

Remuneration of directors

The Directors did not receive any remuneration from the Company during the period (2019: £nil).

Going concern

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The going concern assessment for the Company is therefore linked to that of the wider group headed by Halfords Group plc.

In determining the appropriate basis of preparation of the financial statements for the Company for the period ended 3 April 2020, the Directors are required to consider whether the company can continue in operational existence for at least 12 months from the date of approval of the financial statements. The Directors have concluded that it is appropriate to adopt the Going Concern basis, having considered the going concern assessment undertaken by Halfords Group PLC ("Group"), which included the Company. The Group has undertaken a rigorous assessment of financial forecasts, with specific consideration to the trading position of the Group in the context of the current COVID-19 pandemic in the UK.

The Group Directors reviewed the rapidly evolving situation relating to COVID-19 and modelled a series of scenarios at the outset of the pandemic that covered the period to 31 August 2021 and beyond in order to assess not only the Going Concern status of the Group but also longer-term viability. Further details of these reviews can be found in the Principal Risk and Uncertainty Report and Viability Report in the Group's annual report, which does not form part of this report. The scenarios considered the impact of reduced sales as well as mitigating cost saving initiatives and government support schemes available to the Group.

The ultimate parent company, Halfords Group plc, has a revolving credit facility of £200m at the date of approval of these financial statements, which expires on 3 September 2022. In addition, the Group has access to a further £25m in the form of CLBILS financing until January 2021. The Group has no other bank debt or facilities. Covenants have been amended for the full financial year ended 2 April 2021.

Performance Cycling Holdings Limited

Directors' Report for the period ended 3 April 2020 (continued)

Based on the trading scenarios modelled, together with the actual performance of the business during and post lockdown, the Group has adequate bank facilities available and the Directors therefore have a reasonable expectation that the Group and the Company will be able to continue in operation and meet their liabilities as they fall due; retain sufficient available cash and not breach any covenants under any drawn facilities in the period to 31 August 2021. They do not consider there to be a material uncertainty relating to the Group's and the Company's ability to continue as a going concern.

Matters covered in the Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. These matters relate to the principal risks to which the company is exposed and future developments.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of BDO LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 28 August 2020 and signed on its behalf by:



L Woodhouse
Director

Performance Cycling Holdings Limited

Statement of Directors' Responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

Performance Cycling Holdings Limited

Independent auditor's report to the members of Performance Cycling Holdings Limited

Opinion

We have audited the financial statements of Performance Cycling Holdings Limited (the 'Company') for the period ended 3 April 2020, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Balance Sheet, 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3 April 2020 and of its profit for the period 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Performance Cycling Holdings Limited

Independent auditor's report to the members of Performance Cycling Holdings Limited (continued)

Opinions on other matter 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 Directors' Report for the financial period 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 and Director's report.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page 5, 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.

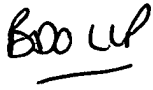
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Performance Cycling Holdings Limited

Independent auditor's report to the members of Performance Cycling Holdings Limited (continued)

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.



.....
Laurie Hannant (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

Regent House
Clinton Avenue
Nottingham
NG5 1AZ

28 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Performance Cycling Holdings Limited

Statement of Profit or Loss and Other Comprehensive Income for the period ended 3 April 2020

During the current and prior period the Company did not trade. Consequently, during the current and prior period the Company made neither a profit or loss and there were no items of other comprehensive income.

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

Performance Cycling Holdings Limited

Balance Sheet

as at 3 April 2020

(Registration number: 10182074)

	Note	3 April 2020 £ 000	29 March 2019 £ 000
Fixed assets			
Investments	2	24,395	24,395
Current assets			
Debtors	3	<u>266</u>	<u>266</u>
Net assets		<u>24,661</u>	<u>24,661</u>
Capital and reserves			
Called up share capital	4	24,604	24,604
Profit and loss account		<u>57</u>	<u>57</u>
Shareholders' funds		<u>24,661</u>	<u>24,661</u>

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

The financial statements on pages 9 to 15 were approved by the Board of Directors on 28 August 2020 and signed on its behalf by:



L Woodhouse
Director

Performance Cycling Holdings Limited

Statement of Changes in Equity for the period ended 3 April 2020

	Called up share capital £ 000	Profit And Loss Account £ 000	Total Equity £ 000
At 29 March 2019	<u>24,604</u>	<u>57</u>	<u>24,661</u>
At 3 April 2020	<u>24,604</u>	<u>57</u>	<u>24,661</u>

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

Performance Cycling Holdings Limited

Notes to the Financial Statements for the period ended 3 April 2020

1 Accounting policies

The following accounting policies have been used in dealing with items, which are considered material in relation to the financial statements.

Basis of preparation

The accounts are prepared under the historical cost convention, on the going concern basis, in accordance with the Companies Act 2006, applicable accounting standards and specifically in accordance with the accounting policies set out below which have been consistently applied.

Performance Cycling Holdings Limited ("the Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 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 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Halfords Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Halfords Group plc are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from Icknield Street Drive, Washford West, Redditch, Worcestershire, B98 0DE.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Financial instruments disclosures as required by IFRS 7 Financial Instruments: Disclosures; and
- Disclosures in respect of the compensation of Key Management Personnel.

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

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgement in applying the company's accounting policies. The Directors do not consider that there is any judgement in the application of these accounting policies that may have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

The financial statements are prepared for the period up to the Friday closest to 31 March. Consequently, the financial statements for the current period cover the 53 week period to 3 April 2020, whilst the comparative period covered the 52 week period ended 29 March 2019.

Performance Cycling Holdings Limited

Notes to the Financial Statements for the period ended 3 April 2020 (continued)

Going concern

The going concern basis is considered appropriate based on the assessment made by the Directors.

The financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Halfords Group plc, the Company's ultimate parent. Halfords Group plc has indicated that for at least 12 months from the date of approval of these financial statements ("going concern assessment period"), it will continue to make available such funds as are needed by the Company, and in particular will not seek repayment of the amounts currently made available unless the Company has the means to pay. The Directors consider that this will enable the Company to continue in operational existence for the going concern assessment period by meeting its liabilities as they fall due for payment.

On the basis of the availability of the Group banking facility, the Directors assessment of the Company's financial position and of the enquiries made of the Directors of Halfords Group Plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the going concern assessment period.

The Directors of Halfords Group PLC reviewed the rapidly evolving situation relating to COVID-19 and modelled a series of scenarios at the outset of the pandemic that covered the period to 31 August 2021 and beyond in order to assess not only the Going Concern status of the Group but also longer-term viability. The scenarios considered the impact of reduced sales as well as the mitigating cost saving initiatives and government support schemes available to the Group. Further details of these reviews can be found in the Principal Risk and Uncertainty Report and Viability Report in the Group's annual report, which does not form part of this report. On the basis of the scenarios modelled and the banking facilities available to the Group, the Directors have a reasonable expectation that Halfords Group Plc will continue to provide the financial support required through the Group banking facilities and that the Company will be able 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.

Investments

Investments in subsidiary undertakings are stated at the original cost of the investment. Provision is made against cost where, in the opinion of the Directors, the carrying value of the investments has been impaired.

Financial assets

Debtors are assets with fixed or determined payments that are not quoted on an active market. These are initially recognised at fair value plus transaction costs, and subsequently quoted at amortised cost.

Performance Cycling Holdings Limited

Notes to the Financial Statements for the period ended 3 April 2020 (continued)

2 Investments

Shares in group undertakings	£ 000
Cost	
At 3 April 2020	<u>24,395</u>
At 29 March 2019	<u>24,395</u>

Details of the subsidiaries as at 3 April 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	% ownership of ordinary equity shares
Tredz Limited	Non-trading	Icknield Street Drive, Redditch, Worcestershire, B98 0DE England & Wales	100%
Performance Cycling Limited (formerly Wheelies Direct Limited)	Retailing of cycles and cycle accessories	Icknield Street Drive, Redditch, Worcestershire, B98 0DE England & Wales	100%
Giant (Wales) Limited	Non-trading	Icknield Street Drive, Redditch, Worcestershire, B98 0DE England & Wales	100%
Wheelies Direct Limited	Dormant	Icknield Street Drive, Redditch, Worcestershire, B98 0DE	100%

In the opinion of the Directors the value of the investment in the subsidiary undertakings is not less than the amount shown above.

3 Debtors

	3 April 2020 £ 000	29 March 2019 £ 000
Falling due with one year:		
Amounts owed by group undertakings	<u>266</u>	<u>266</u>

All amounts owed by group undertakings are repayable on demand, however of amounts shown above £nil is expected to be repaid within 12 months of the balance sheet date.

Performance Cycling Holdings Limited

Notes to the Financial Statements for the period ended 3 April 2020 (continued)

4 Share capital

Allotted, called up and fully paid shares

	3 April 2020		29 March 2019	
	Number of shares	£	Number of shares	£
Ordinary shares of £1 each	<u>24,603,948</u>	<u>24,603,948</u>	<u>24,603,948</u>	<u>24,603,948</u>

5 Reserves

Reserve	Description and purpose
Share capital	Nominal value of share capital prescribed for.
Profit and loss account	All other net gains and losses and transactions with owners not recognised elsewhere.

6 Contingent liabilities

The Group's banking arrangements include the facility for the bank to provide a number of guarantees in respect of liabilities owed by the Group during the course of its trading. In the event of any amount being immediately payable under the guarantee, the bank has the right to recover the sum in full from the Group. The total amount of guarantees in place at 3 April 2020 amounted to £1,500,000 (2019: £4,000,000). The company is also a guarantor of the Group's borrowing facility (a five year £200m revolving credit facility which began on 4 September 2017 and expires on 3 September 2022).

7 Parent and ultimate parent undertaking

The Company's immediate holding company is Halfords Limited. The Company's ultimate holding company and its ultimate controlling party is Halfords Group plc, a company incorporated in Great Britain and registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The results of the Company are included in the group financial statements of Halfords Group plc.

Copies of the group financial statements may be obtained from the Company Secretary at Icknield Street Drive, Washford West, Redditch, Worcestershire, B98 0DE.

The Company has taken advantage of the exemption given by FRS101.8(k) to subsidiary undertakings, 100% of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the Group.