

REGISTERED NUMBER: 12005947

**MADDOX HOLDINGS LIMITED**  
**GROUP STRATEGIC REPORT,**  
**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**



**MADDOX HOLDINGS LIMITED**

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**MADDOX HOLDINGS LIMITED**

**COMPANY INFORMATION**  
**for the Year Ended 31 March 2021**

**DIRECTORS:**

D Whelan  
Mrs J A Best  
Mrs P M Whelan  
M J Sharpe  
S B Best  
A J Riley

**REGISTERED OFFICE:**

Whelco Place  
Enfield Industrial Estate  
Enfield Street  
Wigan  
Lancashire  
WN5 8DB

**REGISTERED NUMBER:**

12005947 (England and Wales)

**AUDITORS:**

Fairhurst  
Statutory Auditor  
Chartered Accountants  
Douglas Bank House  
Wigan Lane  
Wigan  
Lancashire  
WN1 2TB

**BANKERS:**

Barclays Bank PLC  
1st Floor  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3HF

HSBC Bank PLC  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

**SOLICITORS:**

DLA Piper UK LLP  
101 Barbirolli Square  
Manchester  
M2 3DL

## **MADDOX HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT for the Year Ended 31 March 2021**

The directors present their strategic report of the company and the group for the year ended 31 March 2021.

#### **REVIEW OF BUSINESS**

Turnover for the group was £23,349k (2020 £210,157k) resulting in losses after taxation of £79,200k (2020 loss of £23,241k). Within the 2021 financial year, the group has incurred restructuring and reorganisation costs of £4,138k and has written off its residual net asset balances in Dave Whelan Sports Limited and Liberalis Sports Limited, amounting to £34,987k of exceptional items. The current and prior year results have been split between continuing and discontinued operations to reflect the impact of Dave Whelan Sports Limited and Liberalis Sports Limited leaving the group in the year.

The group's operations were severely affected by the Covid-19 pandemic during the financial year ended 31 March 2021.

The government enforced closure of all of the group's retail stores and fitness clubs in March 2020, in response to the Covid-19 pandemic has had a direct and detrimental impact on both revenue and profitability. This impact has continued, with gyms being closed for approximately two thirds of the year ended 31 March 2021. The resultant reduction in revenue and cashflow culminated in Dave Whelan Sports Limited being placed into administration on 3<sup>rd</sup> August 2020. Around the same time, Liberalis Sports Limited ceased to trade and was placed into liquidation on 24<sup>th</sup> March 2021. On 23<sup>rd</sup> August 2020, the trade and certain assets of Dave Whelan Sports Limited were sold to a third party, allowing some group debt commitments and liabilities to be re-paid.

The group has made use of a number of Government support schemes throughout 2020/21 including the Coronavirus Job Retention Scheme, Business Rates Relief, Local Restrictions Support Grants, Closed Business Lockdown Payments and VAT deferral. These schemes have provided vital support during exceptionally difficult trading conditions and have enabled the group to continue to trade its Fitness First clubs portfolio.

The group operated for much of 2020/21 with reduced banking facilities and on 26 March 2021, the group agreed a new 3 year funding arrangement with its existing bankers, Barclays Bank plc and HSBC plc. This new funding arrangement provides the group with two £10million CLBILs loans and, together with continuing shareholder support, should ensure that the group has access to sufficient working capital during the forthcoming recovery period.

Since 31 March 2021, the group has focussed on rebuilding its membership base. The re-opening of gyms in April 2021 saw existing members able to return to training for the first time since the end of the 2020 calendar year and there has been a steady increase in member numbers throughout 2021/22, which is expected to continue into 2022/23.

On 22 March 2022, following a review of the existing gym portfolio, the group sold the trade and assets of three gyms to The Gym Limited for a total cash consideration of £5.5million. The sale of these three gyms has facilitated an early part repayment of the CLBILs debt and also provides additional funding to further strengthen our remaining sites.

#### **Development, Performance & Measurement**

Our existing gyms are well invested and the management's objectives are now to restore revenues and profitability by attracting new and former members and increasing membership retention.

#### **Key Performance Indicators**

The key performance indicators are turnover, membership numbers and EBITDA (adjusted).

Turnover for the current year was £23,349k (2020 £210,157k).

Number of gyms at year end 43 (2020 116).

EBITDA (adjusted) decreased by £33,059k to a loss of £24,941k (2020 profit £8,118k).

## **MADDOX HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT for the Year Ended 31 March 2021**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Principal Risks and Uncertainties**

The group has identified the following factors as potential risks to, and uncertainties concerning the successful operation of the business:

##### **Covid-19 and ongoing / future Government restrictions**

The Covid-19 pandemic and UK Government enforced restrictions have had a devastating effect on the leisure industry, and gym operators in particular. Any further developments in the pandemic and associated restrictions may pose a risk to the group.

##### **Membership numbers**

The return of city workers, especially in London, has been slower than anticipated and is considered to be an ongoing risk to the group.

##### **Liquidity Risk**

The group's objective is to maintain sufficient funding and liquidity to meet its trading requirements. However, the availability of adequate cash resources from bank facilities in the current economic climate could be viewed as a risk to the group in future years.

##### **Interest Risk**

The group has net borrowings which are linked to bank base rates. The group does not use financial instruments to hedge its exposure to interest rate movements.

##### **Credit Risk**

The directors consider the group's credit risk to be low due to the low level of trade debtors outside of the group, with the majority of turnover arising from cash sales or memberships paid in advance.

##### **Foreign Exchange Risk**

The group sources some of its products from outside of the United Kingdom and is therefore exposed to a foreign exchange risk. This risk is primarily linked to the US dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group's functional currency, as exchange rates move. The group does not use forward purchases of foreign currency to hedge its exposure to foreign exchange movements. However, the value of purchases in foreign currencies is not significant, hence the potential exposure is considered immaterial.

**GROUP STRATEGIC REPORT**  
for the Year Ended 31 March 2021

**SECTION 172(1) STATEMENT**

The directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole (having regard to the stakeholders and the matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken in the year ended 31 March 2021.

Customer engagement and satisfaction is at the heart of everything we do and any decision made by the directors is made with full consideration of the impact on the group's customers.

The group has a small number of key supplier partners with which directors and senior management maintain close relationships on an ongoing basis through regular dialogue, formal meetings and conferences.

The directors seek to promote a culture of environmental sustainability within the business which primarily focuses on an energy efficient approach to the design and management of our gyms and retail sites. This includes fitting out our sites with mechanical and electrical systems that comply with Government energy saving schemes, central timing controls, installing LED energy saving lighting, with the gyms also having water-saving bathroom and shower facilities, and using energy-efficient fitness equipment.

**ON BEHALF OF THE BOARD:**



A J Riley - Director

Date: 30<sup>th</sup> March 2022

## **MADDOX HOLDINGS LIMITED**

### **REPORT OF THE DIRECTORS for the Year Ended 31 March 2021**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2021.

#### **PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the operation of a chain of fitness clubs. A number of the clubs had attached retail stores supplying sportswear and sporting equipment. The group also operated an online site retailing sportswear and equipment.

#### **RESULTS AND DIVIDENDS**

The group reported EBITDA (adjusted) loss of £9,872k (2020 - profit of £12,726k) from continuing activities, generated £1,086k cash inflow (2020 - £17,159k) from operating activities and invested £2,022k (net) (2020 - £10,069k) in its refurbishment programme.

The group reported an overall loss before taxation of £82,417k (2020 - £18,934k), taking into account the discontinued activities of Dave Whelan Sports Limited and Liberalis Sports Limited and the retained loss of £79,200k (2020 - £23,241k) is to be taken to reserves.

No dividends will be distributed for the year ended 31 March 2021 (2020 - £nil).

#### **GOING CONCERN**

The group has net liabilities of £44,589k with net current liabilities of £50,965k, and net debt of £44,838k. However, contained within net debt are Whelan Family loans of £37,798k. Whilst the Whelan Family loans are technically repayable on demand, the Whelan family have covenanted with the senior bank debt providers to subordinate their loans and restrict the drawings that can be made.

Trading has been significantly affected by Covid-19 and Government imposed restrictions in 2020/21 and 2021/22. Consequently, loss making subsidiary Dave Whelan Sports Limited, went into administration on the 3rd August 2020. Liberalis Sports Limited, which sourced its product from Dave Whelan Sports Limited, ceased to trade around the same time and entered liquidation on 24th March 2021.

During lockdown the directors and senior management have looked to reduce costs and overheads where possible, whilst also striving to maintain membership numbers in Fitness First Clubs Limited. Conservative estimates have been made for membership numbers returning in 2021/22 and beyond and the profit and loss projections and cash flow forecasts prepared for 4 years show a return to positive EBITDA during 2022/23.

The group meets its day-to-day working capital requirements through bank overdraft and loan facilities and cashflows have been managed within existing facilities in 2020/21 and 2021/22. A new 3 year bank loan facility was entered into in March 2021.

In March 2022, the group sold the trade and assets of three gyms to The Gym Limited for a total cash consideration of £5.5million. These monies have financed an early part repayment of the CLBILs debt, with the remainder providing additional funding to strengthen our remaining portfolio.

During the year £5million in new equity was injected by the shareholders, and the shareholders have confirmed their continuing support for the foreseeable future, including a commitment to inject additional working capital, should it be required.

On this basis, along with recent management accounts and projections, the directors believe the group can continue to operate as a going concern for the foreseeable future.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

D Whelan  
Mrs J A Best  
Mrs P M Whelan  
M J Sharpe  
S B Best  
A J Riley

## MADDOX HOLDINGS LIMITED

### REPORT OF THE DIRECTORS for the Year Ended 31 March 2021

#### EMPLOYEES

The group employs 1,230 (2020: 3,080) people throughout the United Kingdom and is proud of its record as a responsible and valued employer. Maddox Holdings Limited and its trading subsidiary, Fitness First Clubs Limited are both equal opportunities employers, and as such the following key values are respected throughout the group's operations:

- All employees should be treated fairly and equally and the workplace should be free from discrimination, harassment and intimidation;

- Recruitment, retention and progression of employees is based on personal ability and competency for the work in question; and

- Disabled persons should enjoy equal opportunities within the workplace. Applications by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons, should as far as possible, be identical to that of other employees.

#### Employee Training

Staff training and development is a major priority for Maddox Holdings Limited. Training is provided to many levels of staff in areas such as customer service and health and safety.

The group supports those employees wishing to obtain relevant professional qualifications whilst in its employment. Professional staff are also encouraged to attend training courses and seminars as and when necessary, in order that they keep up to date with developments relevant to their work and areas of expertise. Career progression is available to employees across the group.

#### Employee Engagement

The group places considerable value on the involvement of its employees in matters affecting them as employees. Maddox Holdings Limited keeps employees informed on such matters and on various factors affecting the performance of the group. This is achieved through regular meetings involving directors, managers and supervisory staff, to convey information about the business verbally or via notice boards located in every business location.

#### BUSINESS RELATIONSHIPS

Business relationships are discussed within the Strategic Report on page 3, in accordance with the provisions of s172(1)(c) of the Companies Act 2006.

#### STREAMLINED ENERGY AND CARBON REPORTING

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and 3 emissions. It contains an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and a summary of energy efficiency actions taken during the relevant financial year.

	Year to 31 March 2021	Year to 31 March 2020
Energy consumption used to calculate emissions (kWh)	8,575,896	21,082,653
Emissions from combustion of gas (Scope 1) tCO <sub>2</sub> e	663	1,336
Emissions from purchased electricity (Scope 2, location-based) tCO <sub>2</sub> e	1,065	3,489
Emissions from purchased electricity (Scope 2, market-based) tCO <sub>2</sub> e	0	0
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO <sub>2</sub> e	91	41
Total gross tCO <sub>2</sub> e based on above	1,819	4,866
Intensity ratio (tCO <sub>2</sub> e/area size in m <sup>2</sup> )	0.0286	0.0715

The above information is for the trading subsidiary Fitness First Clubs Limited only as the information for the trading subsidiary Dave Whelan Sports Limited was not available due to the company ceasing trade during the year.



**REPORT OF THE DIRECTORS**  
for the Year Ended 31 March 2021

**ENERGY EFFICIENCY ACTION SUMMARY**

Fitness First Clubs Limited continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including:

- Installation of EV charging points at our offices.
- Converted the lightbulbs to LED lights.
- Installation of more efficient gas boilers and comfort cooling units.

Additional indirect energy and carbon emission savings have also been achieved through a range of measures, including:

- We have monitored energy consumption during lock down periods and altered settings, setpoints.
- We have scheduled to minimise energy consumption during periods of non-operation.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

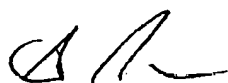
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



A J Riley - Director

Date: 30<sup>th</sup> March 2022

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MADDOX HOLDINGS LIMITED

### Qualified Opinion

We have audited the financial statements of Maddox Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 March 2021 and of the group loss 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 qualified opinion

We were not able to perform the counting of physical inventories held by Dave Whelan Sports Limited, a 100% subsidiary within the group, at the previous year end due to the restrictions imposed by the Government in response to the Covid-19 pandemic. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 March 2020, which were included in the balance sheet at £17.4m by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary. In addition, were any adjustment to the inventory balance to be required, this may have a material impact on related balances such as cost of sales in the comparative results and subsequently in the opening position for the year ended 31 March 2021.

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 group 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 qualified opinion.

### Material uncertainty relating to going concern

We draw your attention to note 2 in the financial statements, which details the impact of Covid-19 and Government enforced trading restrictions on the group and company during 2020/21 and 2021/22. As a consequence of these significant matters, loss-making subsidiary Dave Whelan Sports Limited was placed into administration in August 2020 and the trade and certain net assets were sold to a third party in September 2020, allowing certain debt obligations to be re-paid. Additionally, Liberalis Sports Limited ceased to trade at the end of July 2020 and entered into liquidation in March 2021.

There is continuing uncertainty relating to the recovery in membership numbers following the easing of lockdown measures in Spring 2021, interrupted by further Government restrictions imposed in December 2021 but now removed in March 2022. This will have a material effect on the turnover, profitability and cashflows for the group and company in 2021/22 and beyond.

Projections and forecasts have been compiled for 4 years to 2024/25, using currently available data and reasonable assumptions, which show a return to positive EBITDA during 2022/23.

A new 3-year bank loan facility has been entered into in March 2021, which has been amended following the receipt of £5.5 million in March 2022 which facilitated an early part repayment of the CLBILs loan. This facility, along with shareholder monies and support, both financial and management, should allow the group and company to continue to operate as a going concern for the foreseeable future.

Accordingly, because of the significant impact of Covid-19 and Government restrictions on gym opening and membership numbers and the consequent reduction in revenues, there exists a material uncertainty that the group and company may be unable to continue as a going concern. Our opinion is not modified in respect of this matter.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MADDOX HOLDINGS LIMITED**

### **Key audit matters**

Except for the matter described in the basis for qualified opinion section, we have determined that there are no key audit matters to be communicated in our report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors but does not include the financial statements and our Report of the Auditors 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £17.4m held at 31 March 2020. Were any adjustment to the inventory balance to be required, this may have a material impact on the comparative results and subsequently on the opening position for the year ended 31 March 2021.

### **Qualified opinions on other matters prescribed by the Companies Act 2006**

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MADDOX HOLDINGS LIMITED**

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 a Report of the Auditors 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 be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we identified the laws and regulations applicable to the group through discussions with directors and other management, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation, employment legislation and Health and Safety regulations.

- we enquired of the directors and reviewed correspondence with HMRC for evidence of non-compliance with laws and regulations. We also reviewed controls the directors have in place to ensure compliance.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;

- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

- we reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;

- we enquired of the directors about actual and potential litigation and claims.

Due to 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, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
MADDOX HOLDINGS LIMITED (REGISTERED NO: 12005947)**

**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 a Report of the Auditors 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.

John B S Fairhurst BA(Hons) FCA (Senior Statutory Auditor)  
for and on behalf of Fairhurst  
Statutory Auditor  
Chartered Accountants  
Douglas Bank House  
Wigan Lane  
Wigan  
Lancashire  
WN1 2TB



Date: 30 March 2022

**MADDOX HOLDINGS LIMITED**

**CONSOLIDATED  
INCOME STATEMENT  
for the Year Ended 31 March 2021**

		2021			2020		
	Notes	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations (as restated) £000	Discontinued operations (as restated) £000	Total £000
<b>TURNOVER</b>	3	9,743	13,606	23,349	53,579	156,578	210,157
Cost of sales		(91)	(10,529)	(10,620)	(544)	(47,126)	(47,670)
<b>GROSS PROFIT</b>		9,652	3,077	12,729	53,035	109,452	162,487
Administrative expenses		(25,712)	(24,883)	(50,595)	(40,540)	(115,176)	(155,716)
		(16,060)	(21,806)	(37,866)	12,495	(5,724)	6,771
<b>Other operating income</b>		6,188	6,737	12,925	231	1,116	1,347
<b>* EBITDA adjusted</b>		(9,872)	(15,069)	(24,941)	12,726	(4,608)	8,118
Onerous lease provision		(4,347)	-	(4,347)	-	-	-
Restructuring and reorganisation costs		(3,695)	(443)	(4,138)	(181)	(1,981)	(2,162)
Depreciation and amortisation		(8,375)	(4,276)	(12,651)	(8,581)	(12,180)	(20,761)
Loss on disposal of fixed assets		(795)	(16)	(811)	(404)	(1,300)	(1,704)
Impairment of intangible fixed assets		-	-	-	(867)	-	(867)
Write off assets of discontinued operations		-	(34,602)	(34,602)	-	-	-
Write off loans of discontinued operations		-	(385)	(385)	-	-	-
<b>OPERATING PROFIT/(LOSS)</b>		(27,084)	(54,791)	(81,875)	2,693	(20,069)	(17,376)
Interest receivable and similar income		-	-	-	2	-	2
Interest payable and similar expenses	5	(154)	(388)	(542)	(14)	(1,546)	(1,560)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	6	(27,238)	(55,179)	(82,417)	2,681	(21,615)	(18,934)
Tax on profit/(loss)	7	(3,187)	(30)	(3,217)	5,882	(1,575)	4,307
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(24,051)</u>	<u>(55,149)</u>	<u>(79,200)</u>	<u>(3,201)</u>	<u>(20,040)</u>	<u>(23,241)</u>
Loss attributable to: Owners of the parent				<u>(79,200)</u>			<u>(23,241)</u>

\* EBITDA adjusted excludes an onerous lease provision, restructuring and reorganisation costs, loss on disposal of fixed assets, impairment of intangible fixed assets and the write off of assets and loans of discontinued operations.

The notes form part of these financial statements

**MADDOX HOLDINGS LIMITED**  
**CONSOLIDATED**  
**OTHER COMPREHENSIVE INCOME**  
**for the Year Ended 31 March 2021**

Notes	2021 £'000	2020 £'000
<b>LOSS FOR THE YEAR</b>	(79,200)	(23,241)
<b>OTHER COMPREHENSIVE INCOME</b>	—	—
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<u>(79,200)</u>	<u>(23,241)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(79,200)</u>	<u>(23,241)</u>

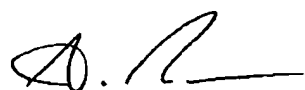
The notes form part of these financial statements

MADDOX HOLDINGS LIMITED (REGISTERED NUMBER: 12005947)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 March 2021

	Notes	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	3,550	7,644
Tangible assets	10	27,832	118,797
Investments	11	-	-
		31,382	126,441
<b>CURRENT ASSETS</b>			
Stocks	12	59	17,480
Debtors	13	11,053	16,188
Cash at bank and in hand		8,265	6,109
		19,377	39,777
<b>CREDITORS</b>			
Amounts falling due within one year	14	(70,342)	(123,995)
<b>NET CURRENT LIABILITIES</b>		(50,965)	(84,218)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(19,583)	42,223
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(19,233)	(6,421)
<b>PROVISIONS FOR LIABILITIES</b>	19	(5,773)	(6,191)
<b>NET (LIABILITIES)/ASSETS</b>		(44,589)	29,611
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	105	55
Share premium	21	9,901	4,951
Merger reserve	21	(11,205)	52,207
Retained earnings	21	(43,390)	(27,602)
<b>SHAREHOLDERS' FUNDS</b>		(44,589)	29,611

The financial statements were approved by the Board of Directors and authorised for issue on 30<sup>th</sup> March 2022 and were signed on its behalf by:



A J Riley - Director

The notes form part of these financial statements




MADDOX HOLDINGS LIMITED (REGISTERED NUMBER: 12005947)

COMPANY STATEMENT OF FINANCIAL POSITION  
31 March 2021

	Notes	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	18	23
Tangible assets	10	1,161	2,359
Investments	11	<u>68,207</u>	<u>68,207</u>
		69,386	70,589
<b>CURRENT ASSETS</b>			
Debtors	13	5,021	1,185
Cash at bank		<u>676</u>	<u>1,928</u>
		5,697	3,113
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(66,389)</u>	<u>(68,674)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(60,692)</u>	<u>(65,561)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,694</u>	<u>5,028</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	105	55
Share premium	21	9,901	4,951
Retained earnings	21	<u>(1,312)</u>	<u>22</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>8,694</u>	<u>5,028</u>
Company's (loss)/profit for the financial year		<u>(1,334)</u>	<u>22</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2022 and were signed on its behalf by:

  
A J Riley - Director

The notes form part of these financial statements

MADDOX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the Year Ended 31 March 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Total equity £'000
Balance at 1 April 2019	5	(4,361)	-	52,207	47,851
Changes in equity					
Issue of share capital	50	-	4,951	-	5,001
Total comprehensive loss	-	(23,241)	-	-	(23,241)
Balance at 31 March 2020	55	(27,602)	4,951	52,207	29,611
Changes in equity					
Issue of share capital	50	-	4,950	-	5,000
Total comprehensive loss	-	(15,788)	-	(63,412)	(79,200)
Balance at 31 March 2021	105	(43,390)	9,901	(11,205)	(44,589)

The notes form part of these financial statements

**MADDOX HOLDINGS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
for the Year Ended 31 March 2021

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
<b>Changes in equity</b>				
Issue of share capital	55	-	4,951	5,006
Total comprehensive income	-	22	-	22
<b>Balance at 31 March 2020</b>	<u>55</u>	<u>22</u>	<u>4,951</u>	<u>5,028</u>
<b>Changes in equity</b>				
Issue of share capital	50	-	4,950	5,000
Total comprehensive income	-	(1,334)	-	(1,334)
<b>Balance at 31 March 2021</b>	<u>105</u>	<u>(1,312)</u>	<u>9,901</u>	<u>8,694</u>

The notes form part of these financial statements

**MADDOX HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the Year Ended 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,598	18,719
Interest paid		(487)	(1,393)
Interest element of hire purchase payments paid		(55)	(167)
Taxation refund		<u>30</u>	<u>-</u>
<b>Net cash from operating activities</b>		<u>1,086</u>	<u>17,159</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(75)	-
Purchase of tangible fixed assets		(2,063)	(10,807)
Sale of tangible fixed assets		116	736
Interest received		<u>-</u>	<u>2</u>
<b>Net cash from investing activities</b>		<u>(2,022)</u>	<u>(10,069)</u>
<b>Cash flows from financing activities</b>			
New loans in year		15,364	3,500
Loan repayments in year		(10,000)	(11,309)
Capital repayments in year		(1,482)	(1,837)
Share issue		<u>5,000</u>	<u>5,000</u>
<b>Net cash from financing activities</b>		<u>8,882</u>	<u>(4,646)</u>
<b>Increase in cash and cash equivalents</b>		<u>7,946</u>	<u>2,444</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>319</u>	<u>(2,125)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>8,265</u></u>	<u><u>319</u></u>

The notes form part of these financial statements

**MADDOX HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the Year Ended 31 March 2021

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021 £'000	2020 £'000
Loss before taxation	(82,417)	(18,934)
Depreciation and amortisation charges	12,651	20,761
Loss on disposal of fixed assets	812	1,703
Impairment of intangible fixed assets	-	867
Impairment of fixed asset investments	34,602	-
Finance costs	542	1,560
Finance income	<u>-</u>	<u>(2)</u>
	(33,810)	5,955
Decrease in stocks	10,065	870
Decrease in trade and other debtors	1,725	631
Increase in trade and other creditors	<u>23,618</u>	<u>11,263</u>
Cash generated from operations	<u>1,598</u>	<u>18,719</u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 March 2021**

	31/3/21 £'000	1/4/20 £'000
Cash and cash equivalents	8,265	6,109
Bank overdrafts	<u>-</u>	<u>(5,790)</u>
	<u>8,265</u>	<u>319</u>

**Year ended 31 March 2020**

	31/3/20 £'000	1/4/19 £'000
Cash and cash equivalents	6,109	4,207
Bank overdrafts	<u>(5,790)</u>	<u>(6,332)</u>
	<u>319</u>	<u>(2,125)</u>

The notes form part of these financial statements

**MADDOX HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the Year Ended 31 March 2021

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1/4/20 £'000	Cash flow £'000	Transfer of subsidiary to investments £'000	Other non-cash changes £'000	At 31/3/21 £'000
<b>Net cash</b>					
Cash at bank and in hand	6,109	2,718	(562)		8,265
Bank overdrafts	<u>(5,790)</u>	<u>(723)</u>	<u>6,513</u>		<u>-</u>
	<u>319</u>	<u>1,995</u>	<u>5,951</u>		<u>8,265</u>
<b>Debt</b>					
Finance leases	(2,854)	1,482	1,313	(246)	(305)
Debts falling due within 1 year	(66,184)	9,136	18,750	-	(38,298)
Debts falling due after 1 year	<u>-</u>	<u>(14,500)</u>	<u>-</u>	<u>-</u>	<u>(14,500)</u>
	<u>(69,038)</u>	<u>(3,882)</u>	<u>20,063</u>	<u>(246)</u>	<u>(53,103)</u>
<b>Total</b>	<u>(68,719)</u>	<u>(1,887)</u>	<u>26,014</u>	<u>(246)</u>	<u>(44,838)</u>

The notes form part of these financial statements

## MADDOX HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the Year Ended 31 March 2021

#### 1. STATUTORY INFORMATION

Maddox Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

#### 2. ACCOUNTING POLICIES

##### Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In preparing the financial statements the Directors are required to assess the group and company's ability to continue to adopt the going concern basis of accounting.

The group's three trading subsidiaries during the year ended 31 March 2021 were Fitness First Clubs Limited (Fitness Club Operator), Dave Whelan Sports Limited (Fitness Club Operator and Sports Goods Retailer) and Liberalis Sports Limited (Online Sports Goods Retailer).

The Covid-19 pandemic and UK Government enforced restrictions have had a devastating effect on the leisure industry, and gym operators in particular. Despite continuing to trade online the ongoing rent commitments and other overheads, along with the need to service debt providers, pay suppliers, employees and HMRC meant that Dave Whelan Sports Limited was placed into Administration in August 2020. Subsequently the trade and certain net assets were sold to a third party, allowing some debt commitments and liabilities to be re-paid. Additionally, Liberalis Sports Limited ceased to trade at the end of July 2020 and entered liquidation on 24 March 2021.

The effect of closing down fitness clubs and retail outlets for much of 2020/21 has been to drastically reduce revenue for the period resulting in operating losses, despite management taking advantage of all Government schemes and initiatives, including furlough scheme, business rates freezes, grants and HMRC liability deferral.

Whilst the lockdown measures were eased in Spring 2021, gym members were again interrupted by further Government imposed restrictions in December 2021, caused by the Omicron variant, however all measures have now been removed from March 2022. Sensitised projections have been prepared for 4 years to March 2025 showing a return to positive EBITDA during 2022/23, with cautious assumptions surrounding membership numbers, costs and overheads and revenue streams. Senior management are confident that existing members will re-new and new members will be attracted in 2021/22 and beyond, but there will continue to be Covid related concerns surrounding the quantity and timing of these member numbers.

Despite the effects of Covid-19 the group and company operated within their bank/loan facilities during the year and ongoing discussions with the existing bankers has resulted in new, improved facilities for 3 years being entered into in March 2021. These facilities have been amended following the sale of certain trade and net assets in March 2022 for £5.5 million, which has facilitated an early part repayment of the CLBILs debt.

During the year £5million in new equity was injected by the shareholders. The group and company remains reliant upon the continued support, both financial and management, of its shareholder/directors. This has been confirmed for the foreseeable future, including a commitment to inject additional working capital during 2022/23 should this be required.

Taking into consideration the above factors, the directors believe that the group and company has adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to prepare the financial statements on the going concern basis.

## **MADDOX HOLDINGS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021**

#### **2. ACCOUNTING POLICIES - continued**

##### **Basis of consolidation**

The group financial statements consolidate the financial statements of Maddox Holdings Limited and its subsidiary undertakings, Fitness First Clubs Limited, Dave Whelan Sports Limited and Liberalis Sports Limited for the year to 31 March 2021. The consolidated financial statements include the results of the activities described in the Directors' Report, of which only Fitness First Clubs Limited was continuing as at 31 March 2021.

In accordance with FRS 102 section 9, Dave Whelan Sports Limited and Liberalis Sports Limited were excluded from the consolidated accounts at 31 March 2021 on the grounds of severe long term restrictions. Consequently the trade was included in the consolidated accounts for both companies up to the point of exclusion and the assets and liabilities remaining at the date on which control was lost were transferred to fixed asset investments. The carrying value of £34,602k was subsequently impaired to £Nil at the balance sheet date and £385k of irrecoverable group loans were written off.

Previously, in reviewing the scope of the merger and group formation, the directors have determined the selection of an accounting policy from FRS102 section 19 Business Combinations and Goodwill (merger accounting method) will provide the most relevant, reliable and representative accounting treatment, which reflects the economic substance of the transaction.

In applying merger accounting when preparing these consolidated financial statements, to the extent the carrying value of the assets and liabilities acquired under merger accounting is different to the cost of the investment, the difference is recorded in equity within other reserves (merger reserve). Under merger accounting the results of the group entities are combined from the beginning of the comparative period before the merger occurred. Comparatives are on a combined basis and adjustments made as necessary to achieve consistency of accounting principles.

The company has taken advantage of the exemption given in section 408 of the Companies Act 2006 not to produce its own profit and loss account.

##### **Investment in subsidiaries**

In the company's financial statements, investments in subsidiary undertakings are stated at cost less impairment.

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group using accounting policies consistent with those of the parent. All intra group transactions, balances, income and expenses are eliminated in full on consolidation.



**MADDOX HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the Year Ended 31 March 2021**

**2. ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**(a) Impairment of fixed assets**

The carrying amount of the group's and company's assets are reviewed annually to determine whether there is any indication of impairment. The recoverable amounts are determined based on a value in use calculation and then compared to the carrying amount. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

**(b) Provision for onerous property lease contracts**

The group makes provision against the cost of certain property lease contracts where it no longer operates a club on the site and the site is either vacant or sublet.

The value of the provision is determined based on the expected unavoidable future costs of the contract and the expected period during which these costs will continue to be incurred. Management estimates the expected period during which these costs will be incurred on a lease by lease basis, based on the current contract status, historical experience of resolving similar contracts, and knowledge of the local rental markets.

**(c) Deferred tax**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. In evaluating our ability to recover our deferred tax assets, we consider projected future taxable income and recent financial operations.

In projecting future taxable income, we begin with historical results and incorporate assumptions including the amount of future pre-tax operating income, the reversal of taxable temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgement about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying business.

**(d) Useful economic lives**

The useful economic lives of fixed assets are assessed on an annual basis based on the latest available information. Management believe that the useful economic lives being used currently are still appropriate.

## MADDOX HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

#### 2. ACCOUNTING POLICIES - continued

##### Turnover

Turnover comprises 3 main income streams being retail sales, fitness club membership and fitness club bar and vending machine sales.

Turnover represents the fair value of the consideration received or receivable for goods and services, net of value added tax and any trade discounts. In the case of goods sold through the retail stores, website and fitness clubs, revenue is recognised when goods are sold and the title has passed.

Income in respect of annual subscriptions is recognised over a membership year. Income in respect of non-refundable initial joining fees is recognised on a receipts basis to match against the associated costs of a new member joining. Corporate membership income is recognised on an accruals basis over the related membership period. In the case of goods sold through the fitness clubs, revenue is recognised when goods are sold and the title has passed.

##### Goodwill

Goodwill being the amount paid in connection with acquisitions within the group, is stated at cost net of amortisation and any impairment. Goodwill is being amortised evenly over its estimated useful life of 10 years in accordance with FRS 102.

##### Trademarks

Trademarks are stated at cost, net of amortisation and any impairment. Trademarks are being amortised evenly over their estimated useful life of 10 years.

##### Computer software

Computer software is stated at cost, net of amortisation and any impairment. Computer software is being amortised evenly over its estimated useful life of 3 - 10 years.

##### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any impairment.

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold property	- over the remaining term of the lease, at varying lengths
Long leasehold property	- over the remaining term of the lease
Website design	- 10% on cost and 10 years
Plant and machinery	- 25% on cost, at varying rates on cost and over the life of the lease
Fixtures and fittings	- 5%-10% on cost or 10%-20% on cost or over the life of the lease
Motor vehicles	- 5% on cost and straight line over 7 years
Computer equipment	- 10%-20% on cost or 33% on cost

##### Impairment of fixed assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in the profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the profit or loss.

## MADDOX HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

#### 2. ACCOUNTING POLICIES - continued

##### **Stocks**

Stocks are valued at the lower of cost and selling price less costs to sell, after making due allowance for obsolete and slow moving items.

##### **Financial instruments**

Short term financial assets, including trade debtors and loans due from group and associated companies are measured at transaction price less any impairment.

Short term financial liabilities, including trade creditors are measured at transaction price. Family loans (being repayable on demand) are measured at the undiscounted amount due.

Financial assets and liabilities payable after one year are initially measured at fair value and are measured subsequently at amortised cost using the effective interest rate method.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

##### **Leases**

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

Assets held under finance leases are recognised initially at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to the profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term and for certain leases over a period of two to five years from the trade commencement date, which, in the opinion of the directors, is a more representative time pattern in which the benefit from the leased asset is receivable.

##### **Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

##### **Government income**

Government income comprises grants and subsidies provided as a direct result of the Covid-19 pandemic and the effect of closing retail stores and fitness clubs in the UK, and is recognised in the period to which it relates.

## MADDOX HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

#### 2. ACCOUNTING POLICIES - continued

##### Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are non-recurring material items of income or expense that have been shown separately due to the significance of their nature or amount. Examples of items included within exceptional items are restructuring and reorganisation costs, and impairment of fixed assets, tangible or intangible. Management consider, on a case by case basis, whether costs are exceptional based on the specific circumstances.

##### Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the 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 end of the reporting 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 using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### Onerous lease provisions

A provision for an onerous lease is recognised by the group when the unavoidable costs of meeting the obligations under the lease exceed the economic benefits expected to be received under it. This usually occurs when the group no longer operates a club or store and the site is vacant or sublet. The provision is measured at the lower of the cost of fulfilling the lease and any compensation or penalties arising from terminating the lease.

##### Lease restoration provisions

Provision is made for cost of restoration to reinstate lease sites to their original condition at the end of the lease term where there is a contractual or constructive obligation and it is probable that the costs will be incurred.

#### 3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2021 £'000	2020 £'000
Fitness clubs	11,211	133,792
Retail stores	12,138	76,365
	<u>23,349</u>	<u>210,157</u>

#### 4. EMPLOYEES AND DIRECTORS

	2021 £'000	2020 £'000
Wages and salaries	20,064	48,046
Social security costs	805	2,934
Other pension costs	227	643
	<u>21,096</u>	<u>51,623</u>

**MADDOX HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 March 2021

**4. EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	2021	2020
Office and management	145	244
Operations staff	<u>1,085</u>	<u>2,836</u>
	<u>1,230</u>	<u>3,080</u>

	2021 £	2020 £
Directors' remuneration	141,052	161,539
Directors' pension contributions to money purchase schemes	<u>12,804</u>	<u>8,289</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021 £'000	2020 £'000
Bank and loan interest	457	1,367
Other loan interest	30	26
Hire purchase	<u>55</u>	<u>167</u>
	<u>542</u>	<u>1,560</u>

**6. LOSS BEFORE TAXATION**

The loss before taxation is stated after charging:

	2021 £'000	2020 £'000
Rentals under operating leases - equipment	37	557
- buildings	23,541	41,124
Government income	(12,886)	(761)
Depreciation - owned assets	11,032	16,743
Depreciation - assets on hire purchase contracts	393	2,231
Loss on disposal of fixed assets	811	1,703
Goodwill amortisation	1,212	1,783
Intangible assets amortisation	14	4
Impairment of intangible fixed assets	-	867
Impairment of fixed asset investments	34,602	-
Restructuring and reorganisation costs	4,138	2,162
Auditors' remuneration - audit services	50	64
- taxation services	<u>10</u>	<u>20</u>

# MADDOX HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

### 7. TAXATION

#### Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2021 £'000	2020 £'000
Current tax:		
Prior year over provision	<u>(30)</u>	<u>-</u>
Deferred tax:		
Deferred tax - current year	(3,187)	4,093
Deferred tax - prior year	<u>-</u>	<u>214</u>
Total deferred tax	<u>(3,187)</u>	<u>4,307</u>
Tax on loss	<u>(3,217)</u>	<u>4,307</u>

#### Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Loss before tax	<u>(82,417)</u>	<u>(18,934)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(15,659)	(3,597)
Effects of:		
Expenses not deductible for tax purposes	47	41
Income not taxable for tax purposes	-	(43)
Fixed asset differences	427	877
Deferred tax not recognised	5,350	6,812
Prior period deferred tax	-	1,032
Remeasurement of deferred tax for changes in tax rates	-	(815)
Prior period current tax	(30)	-
Other permanent differences	<u>6,648</u>	<u>-</u>
Total tax (credit)/charge	<u>(3,217)</u>	<u>4,307</u>

### 8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

MADDOX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 March 2021

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000	Trademarks £'000	Computer software £'000	Totals £'000
<b>COST</b>				
At 1 April 2020	23,140	41	818	23,999
Additions	-	-	75	75
Disposals	(10,061)	-	-	(10,061)
At 31 March 2021	<u>13,079</u>	<u>41</u>	<u>893</u>	<u>14,013</u>
<b>AMORTISATION</b>				
At 1 April 2020	15,520	17	818	16,355
Amortisation for year	1,212	6	8	1,226
Eliminated on disposal	(7,118)	-	-	(7,118)
At 31 March 2021	<u>9,614</u>	<u>23</u>	<u>826</u>	<u>10,463</u>
<b>NET BOOK VALUE</b>				
At 31 March 2021	<u>3,465</u>	<u>18</u>	<u>67</u>	<u>3,550</u>
At 31 March 2020	<u>7,620</u>	<u>24</u>	<u>-</u>	<u>7,644</u>

Company

	Trademarks £'000
<b>COST</b>	
At 1 April 2020 and 31 March 2021	<u>26</u>
<b>AMORTISATION</b>	
At 1 April 2020	3
Amortisation for year	<u>5</u>
At 31 March 2021	<u>8</u>
<b>NET BOOK VALUE</b>	
At 31 March 2021	<u>18</u>
At 31 March 2020	<u>23</u>

**MADDOX HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 March 2021

**10. TANGIBLE FIXED ASSETS**

Group	Short leasehold property £'000	Long leasehold property £'000	Website design £'000	Plant and machinery £'000
<b>COST</b>				
At 1 April 2020	104,404	1,571	1,782	47,510
Additions	992	-	139	566
Disposals	<u>(25,650)</u>	<u>(1,571)</u>	<u>(1,577)</u>	<u>(37,250)</u>
At 31 March 2021	<u>79,746</u>	<u>-</u>	<u>344</u>	<u>10,826</u>
<b>DEPRECIATION</b>				
At 1 April 2020	66,344	343	408	28,065
Charge for year	5,889	10	192	2,148
Eliminated on disposal	<u>(15,974)</u>	<u>(353)</u>	<u>(309)</u>	<u>(21,699)</u>
At 31 March 2021	<u>56,259</u>	<u>-</u>	<u>291</u>	<u>8,514</u>
<b>NET BOOK VALUE</b>				
At 31 March 2021	<u>23,487</u>	<u>-</u>	<u>53</u>	<u>2,312</u>
At 31 March 2020	<u>38,060</u>	<u>1,228</u>	<u>1,374</u>	<u>19,445</u>
	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
<b>COST</b>				
At 1 April 2020	105,042	334	11,750	272,393
Additions	396	-	216	2,309
Disposals	<u>(97,996)</u>	<u>(334)</u>	<u>(3,445)</u>	<u>(167,823)</u>
At 31 March 2021	<u>7,442</u>	<u>-</u>	<u>8,521</u>	<u>106,879</u>
<b>DEPRECIATION</b>				
At 1 April 2020	48,897	172	9,367	153,596
Charge for year	2,502	20	664	11,425
Eliminated on disposal	<u>(45,226)</u>	<u>(192)</u>	<u>(2,221)</u>	<u>(85,974)</u>
At 31 March 2021	<u>6,173</u>	<u>-</u>	<u>7,810</u>	<u>79,047</u>
<b>NET BOOK VALUE</b>				
At 31 March 2021	<u>1,269</u>	<u>-</u>	<u>711</u>	<u>27,832</u>
At 31 March 2020	<u>56,145</u>	<u>162</u>	<u>2,383</u>	<u>118,797</u>

The net book value of tangible fixed assets includes £294k (2020 - £4,354k) in respect of assets held under hire purchase contracts.



MADDOX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
for the Year Ended 31 March 2021

10. TANGIBLE FIXED ASSETS - continued

Company

	Website design £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
<b>COST</b>					
At 1 April 2020	34	98	562	2,052	2,746
Additions	34	-	-	-	34
Disposals	(10)	-	-	(894)	(904)
At 31 March 2021	<u>58</u>	<u>98</u>	<u>562</u>	<u>1,158</u>	<u>1,876</u>
<b>DEPRECIATION</b>					
At 1 April 2020	2	12	31	342	387
Charge for year	4	25	63	560	652
Eliminated on disposal	(1)	-	-	(323)	(324)
At 31 March 2021	<u>5</u>	<u>37</u>	<u>94</u>	<u>579</u>	<u>715</u>
<b>NET BOOK VALUE</b>					
At 31 March 2021	<u>53</u>	<u>61</u>	<u>468</u>	<u>579</u>	<u>1,161</u>
At 31 March 2020	<u>32</u>	<u>86</u>	<u>531</u>	<u>1,710</u>	<u>2,359</u>

11. FIXED ASSET INVESTMENTS

Group

	Shares in group undertakings £'000
<b>COST</b>	
Transfer of subsidiary net assets	34,602
Impairments	(34,602)
At 31 March 2021	<u>-</u>
<b>NET BOOK VALUE</b>	
At 31 March 2021	<u>-</u>

# MADDOX HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

### 11. FIXED ASSET INVESTMENTS - continued

#### Company

	Shares in group undertakings £'000
<b>COST</b>	
At 1 April 2020 and 31 March 2021	<u>68,212</u>
<b>PROVISIONS</b>	
At 1 April 2020 and 31 March 2021	<u>5</u>
<b>NET BOOK VALUE</b>	
At 31 March 2021	<u>68,207</u>
At 31 March 2020	<u>68,207</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary	Principal Activity	% Holding	Direct/Indirect Holding
Fitness First Clubs Limited	Fitness clubs	100%	Direct
Fitness First (Curzons) Limited	Dormant	100%	Direct
Mike Corby Holdings Limited	Dormant	100%	Direct
Curzons (Berkeley Square House) Limited	Dormant	100%	Indirect
Curzons (Embankment) Limited	Dormant	100%	Indirect
Curzons Liverpool Street Limited	Dormant	100%	Indirect
Mike Corby Group Limited	Dormant	100%	Indirect
The Fitness Exchange at Thomas More Square Limited	Dormant	100%	Indirect

All of the companies are registered in England and Wales.

### 12. STOCKS

	Group	
	2021 £'000	2020 £'000
Goods for resale	<u>59</u>	<u>17,480</u>

**MADDOX HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 March 2021

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	663	1,350	4,633	965
Amounts owed by group undertakings	-	-	-	20
Other debtors	840	1,562	-	-
Deferred tax asset	6,837	3,650	-	-
Prepayments and accrued income	<u>2,713</u>	<u>9,626</u>	<u>388</u>	<u>200</u>
	<u>11,053</u>	<u>16,188</u>	<u>5,021</u>	<u>1,185</u>

Deferred tax asset

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Decelerated capital allowances	<u>6,837</u>	<u>3,650</u>	<u>-</u>	<u>-</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 16)	500	34,540	-	-
Other loans (see note 16)	37,798	37,434	37,798	37,434
Hire purchase contracts (see note 17)	115	1,461	-	-
Trade creditors	10,287	18,528	298	223
Amounts owed to group undertakings	-	-	13,803	19,080
Social security and other taxes	736	4,630	634	912
Other creditors	11,772	9,199	11,071	8,161
Deferred income	4,072	8,416	2,785	2,864
Accrued expenses	<u>5,062</u>	<u>9,787</u>	<u>-</u>	<u>-</u>
	<u>70,342</u>	<u>123,995</u>	<u>66,389</u>	<u>68,674</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group	
	2021	2020
	£'000	£'000
Bank loans (see note 16)	14,500	-
Hire purchase contracts (see note 17)	190	1,393
Other creditors	<u>4,543</u>	<u>5,028</u>
	<u>19,233</u>	<u>6,421</u>

**MADDOX HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 March 2021

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Bank overdrafts	-	5,790	-	-
Bank loans	500	28,750	-	-
Whelan family loans	<u>37,798</u>	<u>37,434</u>	<u>37,798</u>	<u>37,434</u>
	<u>38,298</u>	<u>71,974</u>	<u>37,798</u>	<u>37,434</u>
Amounts falling due between one and two years:				
Bank loans	<u>2,500</u>	-	-	-
Amounts falling due between two and five years:				
Bank loans	<u>12,000</u>	-	-	-

The Whelan family loans are unsecured and have no fixed repayment date.

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Hire purchase contracts</b>	
	2021	2020
	£'000	£'000
Net obligations repayable:		
Within one year	115	1,461
Between one and five years	<u>190</u>	<u>1,393</u>
	<u>305</u>	<u>2,854</u>

**Group**

	<b>Non-cancellable operating leases</b>	
	2021	2020
	£'000	£'000
Within one year	8,242	43,474
Between one and five years	30,445	157,490
In more than five years	<u>34,642</u>	<u>254,666</u>
	<u>73,329</u>	<u>455,630</u>

**MADDOX HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
for the Year Ended 31 March 2021

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	Group	
	2021	2020
	£'000	£'000
Bank overdraft	-	5,790
Bank loans	15,000	28,750
Hire purchase contracts	<u>305</u>	<u>2,854</u>
	<u>15,305</u>	<u>37,394</u>

The bank loans are secured by debentures, including a first legal mortgage, assignments and fixed and floating charges in favour of Barclays Bank PLC and HSBC Bank PLC, which are secured over all present and future assets of the company and the subsidiary company Fitness First Clubs Limited.

The hire purchase contracts are secured on the assets concerned.

**19. PROVISIONS FOR LIABILITIES**

	Group	
	2021	2020
	£'000	£'000
Other provisions		
Other provisions	113	110
Onerous lease provision	4,721	3,539
Lease restoration provision	<u>939</u>	<u>2,542</u>
	<u>5,773</u>	<u>6,191</u>
Aggregate amounts	<u>5,773</u>	<u>6,191</u>

**Group**

	Deferred tax £'000
Balance at 1 April 2020	(3,650)
Provided during year	<u>(3,187)</u>
Balance at 31 March 2021	<u>(6,837)</u>

# MADDOX HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

### 19. PROVISIONS FOR LIABILITIES - continued

Group	Other Provision £'000	Onerous lease provision £'000	Lease restoration provision £'000	Total provisions £'000
Balance at 1 April 2020	110	3,539	2,542	6,191
Provided during year	13	4,347	100	4,460
Unwinding of discount amount	-	-	19	19
Utilised during year	(10)	-	-	(10)
Released during year	-	(3,165)	(1,722)	(4,887)
Balance at 31 March 2021	<u>113</u>	<u>4,721</u>	<u>939</u>	<u>5,773</u>

The other provision represents an estimate of the group's liability for outstanding third party claims based on historical trends and minor legal claims, all of which are individually insignificant and expected to be utilised over the next 12 months.

The onerous lease provision represents amounts recognised in connection with property commitments relating to certain fitness clubs which are considered onerous in line with the group policy. These will differ on a club by club basis according to the tenant's optional break date of the lease term or the lease end date.

The lease restoration provision represents the group's obligations in relation to contractual lease requirements to reinstate lease sites to their original condition at the end of the lease term. Cashflows will be incurred at the end of the lease term.

### 20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2021 £'000	2020 £'000
Number:	Class:			
5,273	Ordinary	£1	5	5
19,250,000	B Ordinary	£0.00000001	-	-
5,000,532	C Ordinary	1p	50	50
5,000,000	D Ordinary	1p	<u>50</u>	<u>-</u>
			<u>105</u>	<u>55</u>

The following shares were issued during the year:

5,000,000 D Ordinary shares of 1p for £1 each.

### 21. RESERVES

Group	Retained earnings £'000	Share premium £'000	Merger reserve £'000	Totals £'000
At 1 April 2020	(27,602)	4,951	52,207	29,556
Deficit for the year	(79,200)	-	-	(79,200)
Share issue	-	4,950	-	4,950
Transfer between reserves	<u>63,412</u>	<u>-</u>	<u>(63,412)</u>	<u>-</u>
At 31 March 2021	<u>(43,390)</u>	<u>9,901</u>	<u>(11,205)</u>	<u>(44,694)</u>

# MADDOX HOLDINGS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

### 21. RESERVES - continued

Company	Retained earnings £'000	Share premium £'000	Totals £'000
At 1 April 2020	22	4,951	4,973
Deficit for the year	(1,334)	-	(1,334)
Share issue	-	4,950	4,950
At 31 March 2021	<u>(1,312)</u>	<u>9,901</u>	<u>8,589</u>

The retained earnings reserve includes all current and prior period retained profits and losses.

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of the shares are deducted from share premium.

The merger reserve represents the difference between the fair value of the cost of investment and the nominal value of the shares acquired under merger accounting, together with the other reserves of the acquired subsidiaries. The transfer between reserves during the year relates to the reserves associated with the excluded subsidiaries.

### 22. PENSION COMMITMENTS

The group operates a defined contribution pension scheme for its directors, senior management and other eligible employees. The assets of the scheme are held separately from those of the group in independently administered funds. Contributions to the scheme for the year amounted to £227k (2020 - £643k) and as at the year end there were £76k (2020 - £111k) unpaid contributions.

### 23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

## MADDOX HOLDINGS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the Year Ended 31 March 2021

#### 23. RELATED PARTY DISCLOSURES - continued

Included in other loans are amounts introduced by Mr D Whelan, a director, and Mr D Whelan's family members, as follows:

**Director**

Mr D Whelan £217k (2020: £nil)

**Director**

Mrs J Best £10,526k (2020: £8,706k)

**Mr D Whelan's grandchildren**

Whelan Family Bare Trust £27,055k (2020: £28,729k)

These Whelan family loans are unsecured, interest free and have no fixed repayment date.

During the year 5,000,000 D Ordinary shares of 1p each have been issued for £1 each to Mr D Whelan and Mr D Whelan's family members.

During the year the group was charged expenses of £3k (2020: £253k) from associated companies. £nil (2020: £34k) is included in trade creditors at the year end.

In addition the group recharged expenses of £30k (2020: £529k) to associated companies. £nil (2020: £340k) is included in trade and other debtors at the year end.

During the year the group received loans of £nil (2020: £13,750k) from an associated company and repaid loans of £nil (2020 - £15,750k). An amount of £8,118k (2020: £8,118k) was included in other creditors at the year end.

#### 24. ULTIMATE CONTROLLING PARTY

The group and company is under the control of Mrs J Best.