

REGISTERED NUMBER: 01234567 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
FOR  
TENNIS CLUB COMPANY LTD**

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**TENNIS CLUB COMPANY LTD**

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

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**DIRECTORS:** N Djokovic  
R Federer  
S Halerp  
S Willians

**SECRETARY:** R Federer

**REGISTERED OFFICE:** Tennis Club Place  
Bangor  
TE10 NIS

**REGISTERED NUMBER:** 01234567 (England and Wales)

**AUDITORS:** Auditor

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**STRATEGIC REPORT  
for the Year Ended 31 DECEMBER 2021**

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

**REVIEW OF BUSINESS**

The directors consider that the company has continued to trade satisfactorily during the year, given the continued difficult economic climate.

For the year, turnover decreased by 2.1% compared with 2020 and there was an increase in the net operating loss. The losses before tax for the year were £1,551,506.

As set forth in the review of 2020, the directors continue to take the necessary steps to ensure the company's continued return to profitability by addressing the need to change the business model.

The company adhered to its 5 year plan to focus the business on increased social events in the tennis club, good quality corporate tennis: increased membership sales and a controlled daily fee paying offering.

The company is reliant on bank facilities in order to operate its business. Due to the difficult trading conditions the company has experienced, it has breached the terms of its banking facilities and the financial covenants set by the lender. This apart, the lender has agreed to provide ongoing facilities subject to the provision of a set of information requirements and security requirements the company must meet. The facility is repayable on demand, but the lender has confirmed that at the present time it does not intend to take such action. The directors are working with the lender to ensure the company remains within the agreed facility going forward. As a result, the directors consider it appropriate to draw the accounts up on a going concern basis.

The directors are optimistic on the continued recovery of the business going forward.

**ON BEHALF OF THE BOARD:**

S Willians - Director

10 October 2022

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

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

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2021.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

N Djokovic  
R Federer  
S Halerp  
S Willians

**FINANCIAL INSTRUMENTS**

The company seeks to operate within its agreed overdraft facility with the bank. Most sales are to UK customers and all suppliers are UK based; the company has therefore not entered into any hedging arrangements in respect of risks relating to trade debtors or creditors.

The company is exposed to interest rate risk on its borrowings with the bank. Tennis Club Company Limited has provided part of the security for a bank loan for Tennis Club (Guernsey) Limited, a related company. Further details of the loan are provided within the notes to the accounts.

The company is currently reliant on overdraft facilities from the bank and therefore has a cash flow and liquidity risk. As explained in the review of business, the company has breached the terms of its borrowing facilities. The bank is at present continuing to provide facilities, and the directors are working with the bank to ensure the company remains within the agreed facilities going forward.

The company has tightened up controls over collection of trade debtors and has favourable payment terms with its suppliers.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). 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;
- 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.

**TENNIS CLUB COMPANY LTD (REGISTERED NUMBER: 01234567)**

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

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**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 company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

S Willians - Director

10 October 2022

For training purposes only

**[ABBREVIATED] REPORT OF THE INDEPENDENT AUDITORS TO  
TENNIS CLUB COMPANY LTD**

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**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its 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.

**Emphasis of Matter - Going Concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss before tax of £1,551,506 during the year ended 31 December 2021 and, at that date, the company had net liabilities of £3,446,222. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of an uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Signed by: Auditor

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**TENNIS CLUB COMPANY LTD (REGISTERED NUMBER: 01234567)**

**PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>		7,491,038	7,656,466
Cost of sales		1,477,749	1,350,278
<b>GROSS PROFIT</b>		6,013,289	6,306,188
Administrative expenses		7,481,416	7,287,224
		(1,468,127)	(981,036)
Other operating income	2	12,000	14,000
<b>OPERATING LOSS</b>	4	(1,456,127)	(967,036)
Interest payable and similar charges	5	95,379	74,314
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,551,506)	(1,041,350)
Tax on loss on ordinary activities	6		
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(1,551,506)</u>	<u>(1,041,350)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year.

TENNIS CLUB COMPANY LTD (REGISTERED NUMBER: 01234567)

**BALANCE SHEET**  
**31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	7		-		-
Tangible assets	8		2,660,815		2,987,531
			<u>2,660,815</u>		<u>2,987,531</u>
<b>CURRENT ASSETS</b>					
Stocks	9	145,514		137,899	
Debtors	10	8,554,469		8,102,944	
Cash at bank and in hand		131,733		35,765	
			<u>8,831,716</u>	<u>8,276,608</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	11	6,579,559		6,258,084	
			<u>2,252,157</u>	<u>2,018,524</u>	
<b>NET CURRENT ASSETS</b>					
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			4,912,972		5,006,055
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		8,359,194		6,900,771
			<u>(3,446,222)</u>	<u>(1,894,716)</u>	
<b>NET LIABILITIES</b>					
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		1,000,000		1,000,000
Profit and loss account	18		(4,446,222)		(2,894,716)
			<u>(3,446,222)</u>	<u>(1,894,716)</u>	
<b>SHAREHOLDERS' FUNDS</b>					

The financial statements were approved by the Board of Directors on 10<sup>th</sup> October 2022 and were signed on its behalf by: .....

S Willians - Director



NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 DECEMBER 2021

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I. ACCOUNTING POLICIES

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Financial Reporting Standard number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

**Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Initiation fees are included in turnover when fully paid. Membership revenue is recognised evenly over the period of membership.

**Intangible fixed assets**

Preopening costs in connection with the acquisition of the business have been capitalised. These have been amortised over 5 years commencing from the date the company commenced operations.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to Leasehold land and buildings 2% - 10% straight line

Motor vehicles 20% straight line

Furniture and equipment 4% - 20% straight line

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Deferred tax**

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date. Deferred taxation is measured on a non-discounted basis at the rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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

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

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

**1. ACCOUNTING POLICIES - continued**

**Going concern**

As explained in the strategic report on page 2, the current economic climate continues to be challenging and the company has reported an operating loss of £1,551,506 for the year. The directors consider the outlook to be more positive for 2019 with the prospect of increasing sales and improving future trading results and cash flows.

As mentioned in the Financial Instrument review on page 3 and the Review of Business on page 2, the company is in breach of financial covenants in respect of its overdraft facility with the bank. The bank has concerns over the future solvency of the company, but it has agreed to provide ongoing facilities subject to the provision of a set of information requirements and security requests the company must meet. Consequently the bank may request immediate repayment of the facility but the bank has indicated that it does not intend to take such action at the present time. The company is working with the bank to ensure it remains within the agreed facility going forward.

As explained in note 20, The company operates its business from leasehold premises via a sub lease. Tennis Club (Guernsey) Limited have been served with a s.146 notice based on a dilapidations claim. The company's solicitors are dealing with this claim and the directors are confident they can successfully resolve it.

After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

**Operating leases**

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

**2. OTHER OPERATING INCOME**

	2021	2020
	£	£
Sundry receipts		2,000
Management services	12,000	12,000
	12,000	14,000
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**3. STAFF COSTS**

	2021	2020
	£	£
Wages and salaries	3,125,397	3,012,143
Social security costs	232,028	230,502
Other pension costs	7,187	6,010
	3,364,612	3,248,655

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

	2021	2020
Administration	26	25
Selling and distribution	150	150
	176	175

Selling and distribution staff numbers include 70 (2020: 73) temporary staff who are employed for events as required.

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

**4. OPERATING LOSS**

The operating loss is stated after charging:

	2021	2020
	£	£
Depreciation - owned assets	340,077	399,306
Auditors' remuneration	15,000	16,750
Auditors' remuneration for non audit work	10,000	15,000
Hire of plant and machinery - operating leases	36,669	38,429
Other operating lease rentals	860,514	886,702
Directors' remuneration	48,000	48,000
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**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2021	2020
	£	£
Bank interest	95,379	74,314

**6. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2020 nor for the year ended 31 December 2016.

**Factors affecting the tax charge**

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

	2021	2020
	£	£
Loss on ordinary activities before tax	(1,551,506)	(1,041,350)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2012 - 20%)	(310,301)	(208,270)
Effects of:		
Expenses not deductible for tax purposes	35,089	38,143
Depreciation for the period in excess of capital allowances	47,966	54,298
Losses carried forward	227,246	115,829
Current tax charge	-	-

**TENNIS CLUB COMPANY LTD (REGISTERED NUMBER: 01234567)**

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

**7. INTANGIBLE FIXED ASSETS**

	Pre opening expenditure £
<b>COST</b>	
At 1 January 2021 and 31 December 2021	276,971
<b>AMORTISATION</b>	
At 1 January 2021 and 31 December 2021	276,971
<b>NET BOOK VALUE</b>	
At 31 December 2021	-
At 31 December 2020	-

**8. TANGIBLE FIXED ASSETS**

	Improvements to Leasehold land and buildings £	Furniture and equipment £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 January 2021	4,605,180	5,073,501	182,993	9,861,674
Additions	-	13,361	-	13,361
At 31 December 2021	4,605,180	5,086,862	182,993	9,875,035
<b>DEPRECIATION</b>				
At 1 January 2021	2,279,051	4,428,347	166,745	6,874,143
Charge for year	183,062	151,853	5,162	340,077
At 31 December 2021	2,462,113	4,580,200	171,907	7,214,220
<b>NET BOOK VALUE</b>				
At 31 December 2021	2,143,067	506,662	11,086	2,660,815
At 31 December 2020	2,326,129	645,154	16,248	2,987,531

**9. STOCKS**

	2021 £	2020 £
Goods for resale	145,514	137,899

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

10. DEBTORS

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	150,650	162,633
Other debtors	3,150	3,150
Prepayments and accrued income	291,757	260,094
	<u>445,557</u>	<u>425,877</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	8,108,912	7,677,067
	<u>8,554,469</u>	<u>8,102,944</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans and overdrafts (see note 13)	1,785,738	2,474,452
Trade creditors	1,401,019	938,360
Social security and other taxes	925,101	574,441
Accruals and deferred income	2,467,701	2,270,831
	<u>6,579,559</u>	<u>6,258,084</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Other creditors	189,418	189,418
Amounts owed to group undertakings	2,316,944	1,609,259
Directors loan account	1,985,283	1,885,313
Deferred income	3,867,549	3,216,781
	<u>8,359,194</u>	<u>6,900,771</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,785,738</u>	<u>2,474,452</u>

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

14. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2021	2020	2021	2020
	£	£	£	£
Expiring:				
Between one and five years			41,948	29,158
In more than five years	860,514	860,514		6,455
	<u>860,514</u>	<u>860,514</u>	<u>41,948</u>	<u>35,613</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Bank overdrafts	1,785,738	2,474,452
	<u>1,785,738</u>	<u>2,474,452</u>

The hire purchase contracts are secured on the assets concerned.

The bank overdraft is secured by:

A composite company unlimited multilateral guarantee dated 31 January 2013 given by Tennis Club (Guernsey) Limited, Tennis Club Company Limited.

A company unlimited multilateral guarantee dated 3 August 2015 given by Tennis Club Company Limited, Tennis Club (Guernsey) Limited, ABC Property Holding Company Limited, Manchester Investment Company Limited, Newcastle Investment Company Limited, Birmingham Investment Company Limited, County UK Investments Limited.

Debenture including fixed charge over all present freehold and leasehold property, first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and first floating charge over all assets and undertaking both present and future dated 31 January 2013.

A standby letter of credit from UBS for £1,250,000 has been provided in support of the bank borrowings.

16. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax		
Accelerated Capital Allowances	(16,937)	(28,291)
Losses carried forward	16,937	28,291
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17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
1,000,000	Ordinary	£1	1,000,000	1,000,000

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

18. RESERVES

	Profit and loss account £
At 1 January 2021	(2,894,716)
Deficit for the year	(1,551,506)
At 31 December 2021	<u>(4,446,222)</u>

19. ULTIMATE PARENT COMPANY

Tennis Club Company Limited is a wholly owned subsidiary of Newcastle Investment Company Ltd, a company incorporated in the United Kingdom. The ultimate parent company is XYZ Holdings Ltd, a company incorporated in the Cayman Islands.

20. CONTINGENT LIABILITIES

Tennis Club (Guernsey) Limited have a bank loan and Tennis Club Company Limited have provided part of the security. The bank have:

First mortgage dated 31 January 2013 over leasehold property known as Tennis Club Place, Bangor, TE10 NIS.

A composite company limited multilateral guarantee dated 31 January 2013 given by Tennis Club (Guernsey) Limited, Tennis Club Company Limited.

A company unlimited multilateral guarantee dated 3 August 2015 given by Tennis Club Company Limited, Tennis Club (Guernsey) Limited, ABC Property Holding Company Limited, Manchester Investment Company Limited, Newcastle Investment Company Limited, Birmingham Investment Company Limited, County UK Investments Limited.

Debenture including fixed charge over all present freehold and leasehold property, first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and first floating charge over all assets and undertaking both present and future dated 31 January 2013.

A standby letter of credit from UBS for £1,250,000.

At 31 December 2021 the loan outstanding amounted to £16,509,427 (2020: £16,509,427).

There is a group set off arrangement in place with HSBC.

The company operates its business from leasehold premises via a sub lease. Tennis Club (Guernsey) Limited have been served with a s.146 notice based on a dilapidations claim. The company's solicitors are dealing with this claim and the directors are confident they can successfully resolve it.

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

As at 31 December 2021 there is an outstanding amount owed to Mr N Djokovic, a director of the company, for £1,985,283 (2020 : £1,885,313). Mr N Djokovic has confirmed that he will continue to support the company for the foreseeable future.

22. **RELATED PARTY DISCLOSURES**

The company has paid management fees of £142,996 (2020: £128,932), received management fees of £12,000 (2020: £12,000) and paid rent amounting to £860,514 (2020: £886,702) to group companies. The fees were charged on a commercial basis.

The amounts owing from group companies amounted to £8,108,912 (2020: £7,677,067) and the amounts owing to group companies amounted to £2,316,944 (2020: £1,609,259). The group companies are:

Manchester Investment Company Ltd; Tennis Club Development Co. Ltd; Tennis Club (Guernsey) Ltd; Tennis Club (Europe) Ltd; Tennis Clubs Company GmbH., ABC Investment Hong Kong and Tennis Clubs Intl. Ltd.

Included within other creditors are amounts due to related companies. These amounted to £189,418 (2020: £189,418). The related companies are:

Tennis & Squash Clubs Ltd and Squash Holding Co. Ltd.

In the opinion of the directors, Mr N Djokovic has ultimate control of the company.

23. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2021	2020
	£	£
Loss for the financial year	(1,551,506)	(1,041,350)
<b>Net reduction of shareholders' funds</b>	<b>(1,551,506)</b>	<b>(1,041,350)</b>
Opening shareholders' funds	(1,894,716)	(853,366)
<b>Closing shareholders' funds</b>	<b>(3,446,222)</b>	<b>(1,894,716)</b>