

# **QC Holdings Limited**

Report and Financial Statements

Year Ended

30 September 2021

Company Number 5647878

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# QC Holdings Limited

## Report and financial statements for the year ended 30 September 2021

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### Directors

B Anscomb (resigned 20 May 2021)  
J Bruce  
C Ginman-Horrell  
S Greenwell (appointed 24 March 2021)  
A Jansen  
A Lowenthal (Chairman re-appointed 24 March 2021)  
J Major  
N Mills (re-appointed 24 March 2021)  
C O'Donnell  
S Raphael  
D Taylor  
R Taylor  
R Wigley (resigned 24 March 2021)

### Secretary and registered office

P Dhanoa  
Palliser Road, West Kensington, London, W14 9EQ

### Company number

5647878

### Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

# QC Holdings Limited

## Strategic report for the year ended 30 September 2021

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The directors present their strategic report of the parent company, QC Holdings Limited, and its subsidiaries (the "Company" and, together, the "Group") for the year ended 30 September 2021.

### Business review and Coronavirus (COVID-19)

The business of the Group is operated by The Queen's Club Limited (the "Club"), which is run for the members through a board of directors elected by the members. QC Holdings Limited is the holding company for The Queen's Club Limited and holds all its issued ordinary shares. QC Ground Limited holds the 120-year leases of The Queen's Club premises and ancillary properties and The Queen's Club Limited holds all its issued ordinary shares.

### COVID-19 pandemic

There have been significant adverse effects due to the economic uncertainties created by the COVID-19 pandemic which over shadowed Brexit. Like all UK companies, the Club is subject to levels of uncertainty of outcomes, whilst the full range of possible effects of COVID-19 and Brexit are still unknown. The directors of the Club are concerned about UK retail and hospitality job cuts on the back of the COVID-19 crisis and hope to do as much as possible to retain staff in employment. The directors of the Club are also concerned about the increase in wage and cost inflation which will have an impact on retaining good staff and maintaining selling price of goods and services.

COVID-19 and the resulting UK lockdowns have impacted both the level of business and the year-end position of the Group. Significant income was lost in catering however with continued government assistance and having a June 2021 tournament revenues were recouped. In part some normality is returning with the rollout of vaccines.

The Group benefited from the business building rate relief, local restrictions support grant and during the lockdowns most staff were furloughed with the Club taking advantage of the Government Coronavirus Job Retention Scheme. No other grants or loans were taken from the government. Key staff, including senior managers, grounds and security teams were not fully furloughed. This was to maintain the site and bring back the Club to normality as soon as possible for the members once lockdown ended. Subscription fees levels were held and resignations were minimal. The Club continues to have a strong waiting list with the full membership category still suspended.

Future development considerations will focus on improvements to the facilities of the Club. At the end of the financial year the Club started its new two court air dome and alignment of the shale courts project.

### Going Concern

After taking into consideration the following the directors of the Group consider it appropriate to continue to prepare the financial statements on a going concern basis:

- The Debenture holders in QC Holdings Limited are due repayment of £6.9 million in September 2022. The Group is in a strong position to repay these amounts, which will be settled through the sale of the Group's current asset investments (sinking fund). The fair value of these investments, comprised of 3% bonds and 97% cash liquidity funds, at the year-end this was £6.9 million.
- The Group has significant cash balances producing an additional £0.9 million cash flow during the year despite the headwinds with £5.9 million held at the year end. This is in addition to the sinking fund.
- The directors have taken consideration of potential cost reduction programmes including capital expenditure deferral.
- The Club has budgeted for a full facility fee paying June tournament in 2022 and has considered business sensitivities for the tournament not taking place, however it is hoped positive vaccine news will alleviate this issue.
- The Group intends to continue to utilise the business building rate relief. Strict internal controls were put in place to ensure furlough rules were adhered to minimise the risk of any furlough fraud.
- The strength of the waiting list and resilient membership has minimised the share redemption cash outflow risk.

# QC Holdings Limited

## Strategic report for the year ended 30 September 2021 (*continued*)

### Going Concern (*continued*)

- The Company's most significant liability is a balance due to its subsidiary. The balance sheet of The Queens's Club Limited is sufficiently strong such that this loan will not be called for repayment in the foreseeable future.

On the basis of the above, the directors continue to prepare the accounts on a going concern basis.

### Key performance indicators

The Group's trading performance during the year improved with turnover and gross profit up by 7% and 9.5% respectively compared to 2020. The improvement mainly resulting from having the June tournament. Administrative expenses during the year were £7.5million (2020: £7.9 million) as the group cut back in expenditure due to COVID-19. The group produced an operating profit of £1.38 million (2020: £0.33 million). Gross profit margin is 93.1% (2020: 90.9%).

The financial statements show a profit of £1.43 million (2020: £0.32 million) before tax, interest payable and similar charges. It is therefore clear the impact of COVID-19 last year had on profit. After tax, interest payable and similar charges, including the Debenture finance charge, the Group produced a profit of £0.99 million (2020: loss £0.055 million). Capital expenditure during the year was £0.36 million (2020: £0.58 million). This reflects cut backs in expenditure due to COVID-19. Net proceeds from members joining and leaving the Club were £0.04 million (2020: loss £0.07 million).

The year-end cash balance was £5.9 million (2020: £5.0 million), resulting from strong cash management during the year.

### Principal risks and uncertainties

#### *Financial risk management*

The Group's operations expose it to a variety of financial risks, including credit, liquidity and interest-rate risks. The Group has in place a risk-management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and related finance charges.

#### *Credit risk*

The Group has implemented policies that require appropriate status checks and or/references as necessary.

#### *Liquidity risk*

The Group actively monitors the performance of the June tournament contract and the Club's subscription fees to ensure that it has sufficient available funds and capital in order to operate and meet its planned commitments.

#### *Market risk*

The approach to the investment risk is to place investments in the hands of specialist asset managers. Asset managers have previously been provided with guidelines with the aim of providing better returns than cash deposits without undue risk. Due to uncertainties created by COVID-19 the asset managers have been instructed to place investments into near cash deposits.

#### *Cash flow risk*

In managing its cash flows the Group seeks to obtain a return by holding deposits. The length of deposits is managed carefully to ensure that no short-term cash shortfall arises.

### Approval

This strategic report was approved by order of the Board on 31 January 2022.



A Lowenthal  
Chairman

# QC Holdings Limited

## Directors' report for the year ended 30 September 2021

The directors present their directors' report and financial statements, in addition to the strategic report on pages 1 and 2, for the Group for the year ended 30 September 2021.

### Principal activity

The principal activity of the Group continues to be to own and manage the Club that provides lawn tennis, rackets, real tennis, squash, fitness facilities and catering for Club members and for national and other events.

### Dividend

The directors cannot recommend the payment of a dividend (2020: £Nil). There are restrictions under the Articles of Association from paying any dividend.

### Directors

The directors who held office during the year were as follows:

B Anscomb (resigned 20 May 2021)  
J Bruce  
C Ginman-Horrell  
S Greenwell (appointed 24 March 2021)  
A Jansen  
A Lowenthal (Chairman re-appointed 24 March 2021)  
J Major  
N Mills (re-appointed 24 March 2021)  
C O'Donnell  
S Raphael  
D Taylor  
R Taylor  
R Wigley (resigned 24 March 2021)

### Political contributions

The Group made no political donations or incurred any political expenditure during the year (2020: £Nil).

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Other information

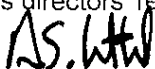
An indication of likely future developments in the business and particulars of significant events that have occurred since the end of the financial year have been included in the Strategic report.

### Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

### Approval

This directors' report was approved by order of the Board on 31 January 2022.



A Lowenthal  
Chairman

# QC Holdings Limited

## **Directors' responsibilities statement for the year ended 30 September 2021**

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The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going-concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# QC Holdings Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF QC HOLDINGS LIMITED

#### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30<sup>th</sup> September 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of QC Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30<sup>th</sup> September 2021 which comprise the Consolidated profit and loss account; the Consolidated balance sheet; the Consolidated statement of changes in equity; Consolidated cash flow statement; the Company Balance Sheet; the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland / FRS 101 *Reduced Disclosure Framework*] (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Director's report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

# QC Holdings Limited

## Independent auditor's report (*continued*)

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We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or 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; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

# QC Holdings Limited

## Independent auditor's report (continued)

- We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law, UK tax legislation and the relevant accounting standards, and we considered the extent to which non-compliance might have a material effect on the Company financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We reviewed minutes of Board meetings held during and subsequent to the year for any indicators of non-compliance and made enquiries of management as to the risks of non-compliance and any instances thereof. We also made similar enquiries of advisers to the Company, where information from that adviser has been used in the preparation of the financial statements.
- We addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.
- We designed audit procedures that specifically address the fraud risk due to improper revenue recognition.
- We have specifically reviewed an electronic copy of the bank statements for potentially high risk transactions.
- We have also identified overtime claims as being an area of particular fraud risk and have designed audit procedures to specifically test this balance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 auditor's report.

### Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Paul Clark*

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Paul Clark (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street

London

W1U 7EU

Date: 20 June 2022

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

# QC Holdings Limited

## Consolidated profit and loss account for the year ended 30 September 2021

	Note	2021 £	2020 £
Turnover	3	8,615,949	8,053,553
Cost of sales		(594,640)	(729,439)
<b>Gross profit</b>		<b>8,021,309</b>	<b>7,324,114</b>
Administrative expenses		(7,549,680)	(7,941,672)
Other income	4	909,097	947,721
<b>Operating profit</b>		<b>1,380,726</b>	<b>330,163</b>
Interest receivable and similar income	8	44,775	(10,903)
<b>Profit before adjustment to tax, interest payable and similar charges</b>		<b>1,425,501</b>	<b>319,260</b>
Interest payable and similar charges analysed as: Debentures - finance charge	9	(374,078)	(353,297)
<b>Profit / (loss) before taxation</b>		<b>1,051,423</b>	<b>(34,037)</b>
Tax on profit / (loss)	10	(60,250)	(21,325)
<b>Profit / (loss) for the financial year</b>		<b>991,173</b>	<b>(55,362)</b>

All the Group's operations are classed as continuing.

There were no recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 14 to 29 form part of these financial statements.

# QC Holdings Limited

## Consolidated balance sheet at 30 September 2021

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Negative goodwill	11		(15,363,326)		(15,508,406)
Tangible fixed assets	12		50,281,463		51,049,654
			<u>34,918,137</u>		<u>35,541,248</u>
<b>Current assets</b>					
Stocks	14	222,678		298,836	
Debtors	15	1,432,131		1,042,890	
Current asset investments	16	6,876,060		6,706,439	
Cash at bank and in hand		5,906,943		5,003,468	
		<u>14,437,812</u>		<u>13,051,633</u>	
<b>Creditors: amounts falling due within one year</b>	17	(9,534,744)		(3,192,591)	
		<u></u>		<u></u>	
<b>Net current assets</b>			4,903,068		9,859,042
<b>Creditors: amounts falling due after more than one year</b>	18		(1,470,761)		(8,122,905)
<b>Provisions for liabilities</b>	21		(478,723)		(440,137)
			<u></u>		<u></u>
<b>Net assets</b>			<u>37,871,721</u>		<u>36,837,248</u>
<b>Capital and reserves</b>					
Share capital	22		5,110		5,101
Share premium			15,973,519		14,986,028
Profit and loss account			21,893,092		21,846,119
			<u>37,871,721</u>		<u>36,837,248</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 January 2022.

*A. Lowenthal*

A Lowenthal  
Chairman

The notes on pages 14 to 29 form part of these financial statements.

# QC Holdings Limited

## Consolidated statement of changes in equity for the year ended 30 September 2021

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 October 2019	5,108	23,784,519	13,169,731	36,959,358
Movement for the year	-	(10,000,000)	10,000,000	-
Issue of redeemable shares	83	1,201,509	-	1,201,592
Redemption of redeemable shares	(90)	-	(1,268,250)	(1,268,340)
Loss for the year	-	-	(55,362)	(55,362)
<b>At 30 September 2020</b>	<b>5,101</b>	<b>14,986,028</b>	<b>21,846,119</b>	<b>36,837,248</b>
	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 October 2020	5,101	14,986,028	21,846,119	36,837,248
Issue of redeemable shares	68	987,491	-	987,559
Redemption of redeemable shares	(59)	-	(944,200)	(944,259)
Profit for the year	-	-	991,173	991,173
<b>At 30 September 2021</b>	<b>5,110</b>	<b>15,973,519</b>	<b>21,893,092</b>	<b>37,871,721</b>

Distributable reserves of £10 million arose from a capital reduction in 2020 and were used to redeem redeemable shares.

The notes on pages 14 to 29 form part of these financial statements.

# QC Holdings Limited

## Consolidated cash flow statement for the year ended 30 September 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit/loss for the year	991,173	(55,362)
Adjustments for:		
Depreciation, amortisation and impairment	987,519	1,228,802
Profit on sale of fixed assets	(3,333)	-
Interest receivable and similar income	(22,355)	(95,756)
Interest payable and similar charges	374,078	353,297
Taxation	35,266	6,759
Increase in trade and other debtors	(383,861)	46,584
Decrease in stocks	76,158	45,346
Increase in trade and other creditors	(680,700)	129,096
<b>Net cash from operating activities</b>	<b>1,373,945</b>	<b>1,658,766</b>
<b>Cash flows from investing activities</b>		
Interest received	22,355	95,756
Acquisition of tangible fixed assets	(364,408)	(576,009)
Proceeds from sale of tangible fixed asset	3,333	-
Current asset investment additions	(175,000)	(610,000)
<b>Net cash from investing activities</b>	<b>(513,720)</b>	<b>(1,089,253)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of redeemable shares	987,559	1,201,592
Repayment of share redemptions	(944,309)	(1,268,340)
<b>Net cash from financing activities</b>	<b>43,250</b>	<b>(66,748)</b>
Net increase in cash and cash equivalents	903,475	502,765
Cash and cash equivalents at beginning of year	5,003,468	4,500,703
<b>Cash and cash equivalents at end of year</b>	<b>5,906,943</b>	<b>5,003,468</b>

The notes on page 14 to 29 form part of these financial statements.

# QC Holdings Limited

## Company balance sheet at 30 September 2021

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Investments	14		30,771,949		30,771,949
<b>Current assets</b>					
Debtors	16	60,667		98,269	
Current asset investments	17	6,876,060		6,706,439	
Cash at bank and in hand		2,989,704		2,852,411	
		<u>9,926,431</u>		<u>9,657,119</u>	
<b>Creditors: amounts falling due within one year</b>	18	(19,679,667)		(12,674,788)	
<b>Net current liabilities</b>			(9,753,236)		(3,017,669)
<b>Total assets less current liabilities</b>			<u>21,018,713</u>		<u>27,754,280</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(1,158,130)		(7,622,697)
			<u>19,860,583</u>		<u>20,131,583</u>
<b>Capital and reserves</b>					
Called up share capital	23		5,110		5,101
Share premium			15,973,519		14,986,028
Profit and loss account			(5,022,141)		(4,707,891)
Distributable reserves			8,904,095		9,848,345
			<u>19,860,583</u>		<u>20,131,583</u>
<b>Shareholders' funds</b>					
			<u>19,860,583</u>		<u>20,131,583</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 January 2022.



A Lowenthal  
Chairman

The notes on page 14 to 29 form part of these financial statements.

# QC Holdings Limited

## Company statement of changes in equity for the year ended 30 September 2021

	Share Capital £	Share premium £	Distributable reserves £	Profit and loss account £	Total equity £
<b>At 1 October 2019</b>	5,108	23,784,519	1,116,595	(4,327,895)	20,578,327
Loss for year	-	-	-	(379,996)	(379,996)
Movement for the year	-	(10,000,000)	10,000,000	-	-
Issue of redeemable shares	83	1,201,509	-	-	1,201,592
Redemption of redeemable shares	(90)	-	(1,268,250)	-	(1,268,340)
<b>At 30 September 2020</b>	<u>5,101</u>	<u>14,986,028</u>	<u>9,848,345</u>	<u>(4,707,891)</u>	<u>20,131,583</u>
	Share Capital £	Share premium £	Distributable reserves £	Profit and loss account £	Total equity £
<b>At 1 October 2020</b>	5,101	14,986,028	9,848,345	(4,707,891)	20,131,583
Loss for year	-	-	-	(314,250)	(314,250)
Issue of redeemable shares	68	987,491	-	-	987,559
Redemption of redeemable shares	(59)	-	(944,250)	-	(944,309)
<b>At 30 September 2021</b>	<u>5,110</u>	<u>15,973,519</u>	<u>8,904,095</u>	<u>(5,022,141)</u>	<u>19,860,583</u>

The £10 million distributable reserves arose from a capital reduction in 2020 and were used to redeem redeemable shares.

The notes on page 14 to 29 form part of these financial statements.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021

### 1 Accounting policies

QC Holdings Limited (the "Company" and, with its subsidiaries, the "Group") is a private company incorporated, domiciled and registered in the UK. The Company's registered number is 5647878 and its registered address is Palliser Road, London W14 9EQ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company's financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1 have not been included.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

Judgments made by the directors, in the application of those accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: redeemable shares and related options to acquire redeemable shares classified at fair value through the profit or loss.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2021. A subsidiary is an entity that is controlled by the parent.

The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 (the "Act"), the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 1 Accounting policies (continued)

#### *Going concern*

The directors recognise the economic and trading uncertainties resulting from COVID 19 pandemic and have put in place plans to mitigate potential risks. Considering different scenarios, detailed forecasts have been prepared for the next two years, including there being no June tournament for 2022.

The directors have considered the factors that impact the Group's future development performance, cash flow and financial position along with the Group's current liquidity in forming their opinion on the going-concern basis. The directors believe they have sufficient funds, through the current asset investment standing at £6.9m and cash balance of £5.9 million held in the Company and in the Club, to repay the £6.9 million to debenture holders in September 2022.

The Club's waiting list is significant and the directors believe that the Company will therefore be able to redeem the shares held by members wishing to leave the Club through issuing new memberships. The net effect is therefore expected to be cash neutral.

The directors have received confirmation from The Queen's Club Limited that the liability of £11,615,132 will not be called for repayment until the resources of the Company permit.

Having considered these factors, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going-concern basis of accounting in preparing the annual financial statements.

#### *Classification of financial instruments issued by the Group*

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less impairment.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

### 1 Accounting policies (*continued*)

#### *Other financial instruments*

##### *Financial instruments not considered to be Basic Financial Instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

#### *Interest*

##### *Interest receivable*

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### *Expenses*

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective-interest method, less any impairment losses.

Interest payable and similar expenses include interest payable and finance expense on shares classified as liabilities.

#### *Taxation*

Taxation on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided on timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and, differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (*continued*)

### 1 Accounting policies (*continued*)

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets: for example, land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold land and buildings	-	Life of lease
Leasehold improvements	-	10 – 50 years
Plant and Equipment	-	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### *Negative goodwill*

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered, which is considered to be 120 years. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

#### *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

#### *Government grants*

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Group has not directly benefited from any other forms of government assistance.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 1 Accounting policies (continued)

#### *Impairment excluding stocks and deferred tax assets*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

#### *Provisions*

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### *Turnover*

Turnover represents income receivable from subscriptions, court fees, catering, tournament income and sales of sports goods. Subscriptions are invoiced annually or quarterly in advance and revenue is recognised as it accrues. All other revenue is recognised at the time of invoicing.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the key judgments that management have made in the process of applying the Company's accounting policies that have the most significant impact on the financial statements.

#### *Impairment of fixed assets*

The Company is required to review fixed assets for impairment if events or changes in circumstance indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations or the fair value (market value), which are prepared on the basis of management assumptions and estimates.

The Club produced a higher profit for the year ended 30 September 2021. The directors are not aware of any other events or material changes in value and have not identified any significant potential impairment triggers. Therefore, they do not consider an impairment review necessary.

#### *Taxation*

Tax benefits are not recognised unless it is probable that they will be obtained. Tax provisions are made if it is probable that a liability will arise. The Company reviews each significant tax liability or benefit to assess the appropriate accounting treatment.

### 3 Turnover

An analysis of the Group's turnover by class of business is set out below:

	2021 £	2020 £
Subscriptions	5,713,566	5,750,057
June tournament (2020: no tournament held)	1,265,431	(5,130)
Other revenue	1,636,952	2,308,626
	<hr/>	<hr/>
	8,615,949	8,053,553
	<hr/>	<hr/>

All turnover is derived from the UK.

Subscriptions includes released deferred income of £187,578 (2020: £187,578) that arises from memberships issued by the Club to debenture holders of QC Holdings Limited. 'A' and 'B' Debentures issued by QC Holdings Limited included membership rights over 15 years for 'B' Debenture holders and for lifetime (20 years) for 'A' debentures holders. The income received by the Club for these membership rights has been deferred over the period of membership entitlement. Other revenue includes court fees, catering, and sales of sports goods.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 4 Other income

	2021 £	2020 £
Rental income	349,306	424,727
Administrative fees charged on redeemable shares	36,563	55,625
Furlough Scheme rebate	523,228	467,369
	<hr/>	<hr/>
	909,097	947,721
	<hr/>	<hr/>

### 5 Expenses and auditor's remuneration

Included in profit and loss account are the following:

	2021 £	2020 £
Depreciation	1,132,599	1,373,882
Release of negative goodwill	(145,080)	(145,080)
Auditor's remuneration:	<b>2021</b> £	<b>2020</b> £
Audit of these financial statements	8,000	3,800
Audit of financial statements of subsidiaries of the Company	15,500	16,200
	<hr/>	<hr/>
	23,500	20,000
	<hr/>	<hr/>

### 6 Employees

	2021 £	2020 £
Staff costs consist of:		
Wages and salaries	3,753,536	3,538,088
Social security costs	363,732	378,135
Other pension costs	238,114	241,229
	<hr/>	<hr/>
	4,355,382	4,157,452
	<hr/>	<hr/>

The Group considers itself a London Living Wage employer.

The average number of employees (excluding directors) during the year was as follows:

	Number	Number
Administration	14	14
Club	43	46
Catering	30	33
Ground and maintenance	13	15
	<hr/>	<hr/>
	100	108
	<hr/>	<hr/>

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 *(continued)*

### 7 Directors' remuneration

There was no directors' remuneration, and none was borne by other group companies (2020: £Nil).

### 8 Interest receivable and similar income

	2021 £	2020 £
Bank interest received	16,442	42,976
Investment and similar income	5,913	52,780
Investment – fair value losses	(2,961)	(95,226)
Other income	25,381	(11,433)
	<hr/>	<hr/>
	44,775	(10,903)
	<hr/>	<hr/>

### 9 Interest payable and similar charges

	2021 £	2020 £
Debentures – finance and options charge	374,078	353,297
	<hr/>	<hr/>

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity comprised:

	2021 £	2020 £
<i>UK corporation tax</i>		
Current tax on income for the period	70,424	23,932
Adjustment in respect of prior periods	-	(50,354)
	<hr/>	<hr/>
Total current tax	70,424	(26,422)
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 19)	(10,174)	47,747
	<hr/>	<hr/>
Total taxation	60,250	21,325
	<hr/>	<hr/>
<i>Reconciliation of effective tax rate</i>		
	2021 £	2020 £
Profit / (loss) before taxation	1,051,424	(34,037)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2020: 19%)	199,771	(6,467)
Effects of:		
Release of negative goodwill or amortisation	(27,565)	(27,565)
Expenses (deductible) for tax purposes	144,220	147,192
Effect of non-taxable income	(78)	(5,306)
Effect of revaluation of investment	563	39,885
Depreciation in excess of capital allowances	(67,183)	(86,406)
Other tax adjustments	(1,133)	767
Profits from members' activities not taxable	(255,394)	(160,381)
Capital allowances on assets	67,645	132,918
Effect of timing differences	(476)	-
Profit on disposal	(120)	(21,792)
Chargeable gain	-	8,480
Losses carried back	-	50,354
Adjustment in relation to prior years	-	(50,354)
	<hr/>	<hr/>
Total tax expense included in profit or loss	60,250	21,325
	<hr/>	<hr/>

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

11 Negative goodwill	£
Group	
<i>Cost</i>	
At 1 October 2020	(17,408,945)
	<hr/>
At 30 September 2021	(17,408,945)
	<hr/>
<i>Amortisation</i>	
At 1 October 2020	1,900,539
Amortisation for the year	145,080
	<hr/>
At 30 September 2021	2,045,619
	<hr/>
<i>Net book value</i>	
At 30 September 2021	(15,363,326)
	<hr/>
At 30 September 2020	(15,508,406)
	<hr/>

In May 2007, a 120-year lease agreement for the Club's premises, including the net assets of the Club, were acquired at a discount. The discount on purchase of the Club was £17,408,945. This is described as negative goodwill and is amortised over the 120-year lease period.

12 Tangible fixed assets	Leasehold land and buildings £	Leasehold improvements £	Plant and equipment £	Total £
Group				
<i>Cost</i>				
At 1 October 2020	49,060,888	6,262,291	7,904,149	63,227,328
Acquisitions	-	-	364,408	364,408
Disposals	-	-	(205,493)	(205,493)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	49,060,888	6,262,291	8,063,064	63,386,243
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation and impairment</i>				
At 1 October 2020	5,063,964	1,567,295	5,546,415	12,177,674
Depreciation charge for the year	408,640	153,215	570,744	1,132,599
Disposals	-	-	(205,493)	(205,493)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	5,472,604	1,720,510	5,911,666	13,104,780
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 2021	43,588,284	4,541,781	2,151,398	50,281,463
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2020	43,996,924	4,694,996	2,357,734	51,049,654
	<hr/>	<hr/>	<hr/>	<hr/>

The directors are not aware of any material change in the value of the Club and leasehold land and buildings and therefore determine that the cost as set out above reflects the true and fair value of the assets held.

# QC Holdings Limited

Notes forming part of the financial statements  
for the year ended 30 September 2021 (continued)

## 13 Fixed asset investments

Company

Shares in  
group  
undertakings  
£

Cost and net book value

At 1 October 2020 and 30 September 2021

30,771,949

The Company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2021	Ownership 2020
The Queen's Club Limited	UK	Ordinary	100%	100%
QC Ground Limited	UK	Ordinary	100%	100%

The Queen's Club Limited and QC Ground Limited are wholly owned subsidiaries and sub-subsidiaries respectively of QC Holdings Limited.

## 14 Stocks

Group

2021  
£

2020  
£

Raw materials and consumables

65,386

45,058

Finished goods and goods for resale

157,292

253,778

222,678

298,836

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £594,640 (2020: £729,439). The write-down of stocks to net realisable value amounted to £13,944 (2020: £59,459).

## 15 Debtors

Amounts falling due within one year

Group  
2021  
£

Group  
2020  
£

Company  
2021  
£

Company  
2020  
£

Trade debtors

789,888

339,914

-

-

Other debtors

498,727

465,579

1,749

1,749

Prepayments and accrued income

143,516

237,397

58,918

96,520

1,432,131

1,042,890

60,667

98,269

Other debtors include the Richard Tur Fund (note 21) and its short-term cash and investments of £478,723 (2020: £440,137).

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 16 Current asset investments

#### Group and Company

Current asset investments are held at fair value, the movement in the year being:

	2021 £	2020 £
At 1 October	6,706,439	6,157,290
Capital invested	175,000	610,000
Management fees	560	(18,323)
Investment and other income reinvested	2,979	52,698
Change in market value	(2,960)	(95,226)
	<hr/>	<hr/>
At 30 September	6,876,060	6,706,439
	<hr/>	<hr/>

At 30 September 2021 (and 30 September 2020) the current asset investments comprised of 3% bonds and 97% cash liquidity funds.

### 17 Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	281,196	287,590	-	-
Amounts owed to group undertakings	-	-	11,615,178	11,004,775
Taxation and social security	155,072	226,157	8,982	23,932
Accruals and deferred income	889,540	690,957	-	-
Deferred tax liability (note 19)	30,150	40,324	-	-
Other creditors	1,384,898	1,947,563	1,261,619	1,646,081
Debenture loans (note 20)	6,478,888	-	6,478,888	-
Debenture holder share options	315,000	-	315,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	9,534,744	3,192,591	19,679,667	12,674,788
	<hr/>	<hr/>	<hr/>	<hr/>

Included in 'Other creditors' for both the Group and Company are amounts totalling £877,500 (2020: £1,268,250) payable to members who had expressed a wish to redeem their shares as at 30 September 2021.

Also included in 'Other creditors' for both the Group and Company are amounts totalling £55,875 (2020: £113,792) due to certain members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment will be repaid by QC Holdings without interest.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 18 Creditors: amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other creditors	1,470,761	1,703,095	1,158,130	1,202,888
Debenture loans (note 20)	-	6,104,810	-	6,104,810
Debenture holder share options - liability	-	315,000	-	315,000
	<u>1,470,761</u>	<u>8,122,905</u>	<u>1,158,130</u>	<u>7,622,698</u>

Other creditors are amounts due to certain members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment will be repaid by QC Holdings without interest. At the year-end date, an amount of £791,280 (2020: £909,879) may be due after more than five years, for both the Group and Company, to these members who are under 22 years old.

### 18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Decelerated capital allowances	-	-	(36,887)	(48,945)	(36,887)	(48,945)
Other timing differences	6,737	8,621	-	-	6,737	8,621
	<u>6,737</u>	<u>8,621</u>	<u>(36,887)</u>	<u>(48,945)</u>	<u>(30,150)</u>	<u>(40,324)</u>
Tax assets/(liabilities)	6,737	8,621	(36,887)	(48,945)	(30,150)	(40,324)

The movement in the year comprised:

At 1 October	(40,324)	7,423
(Credit)/ charge for the year	10,174	(47,747)
	<u>(30,150)</u>	<u>(40,324)</u>
At 30 September	(30,150)	(40,324)

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 20 Loans and borrowings

This note provides information about the contractual terms of the Group's and Company's borrowings, which are measured at amortised cost. The Group and Company had no interest-bearing loans.

	Group 2021 £	Group 2020 £
<b>Creditors falling due within one year:</b>		
11 'A' debentures due in September 2022	2,750,000	2,750,000
33 'B' debentures due in September 2022	4,125,000	4,125,000
	<hr/>	<hr/>
Total	6,875,000	6,875,000
Less finance costs and deferred revenue	(396,112)	(770,190)
	<hr/>	<hr/>
Total	6,478,888	6,104,810
	<hr/>	<hr/>

### 21 Loans and borrowings (continued)

The above debentures are included at amortised cost, and interest is being charged at 6 per cent per annum. 'A' debentures are in denominations of £250,000 and 'B' debentures are in denominations of £125,000. In addition to the right to redemption, the debentures carry certain benefits.

- Option to subscribe for a redeemable share at a price of £1;
- Exemption from paying an annual subscription;
- Participation in a priority court-booking system;
- Benefits relating to the June championship;
- Designation on an honourees' board.

The Company had no interest-bearing loans and borrowings (2020: £Nil).

### 22 Provisions for liabilities

Group	The Richard Tur Foundation £
At 1 October 2020	440,137
Interest received	(124)
Grants paid	(16,306)
Gains on investments	55,016
	<hr/>
At 30 September 2021	478,723
	<hr/>

A court order obtained on 14 December 2006 required the Queen's Club Limited to pay £470,000 into a separate fund called "The Richard Tur Fund" for two reasons:

- 1) To compensate former shareholders of The Queens Club Limited for loss of certain land development rights, (This has been satisfied and the time limit has expired) and
- 2) Any surplus remaining to be utilised for the Company's tennis outreach programme or any such other sporting outreach programme.

Other debtors include the Richard Tur Fund (note 15) and its short-term cash and investments.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 23 Share capital and reserves

Company

	2021 £	2020 £
<i>Authorised</i>		
2,000 (2020: 2,000) ordinary shares of £1 each	2,000	2,000
5,000 (2020: 5,000) redeemable shares of £1 each	5,000	5,000
1 special share of £1	1	1
	<hr/>	<hr/>
	7,001	7,001
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1,795 (2020: 1,795) ordinary shares of £1 each	1,795	1,795
3,314 (2020: 3,305) redeemable shares of £1 each	3,314	3,305
1 special share of £1	1	1
	<hr/>	<hr/>
	5,110	5,101
	<hr/>	<hr/>

In May 2007, The All England Lawn Tennis Ground Plc ("AELTG") was issued one special share in each of QC Holdings Limited, The Queen's Club Limited, QC Ground Limited and QC Trustees Limited. The rights attaching to the special shares are set out in full in the articles of association of each company. These special shares do not carry any voting rights or rights to dividends. The special shares give AELTG a right of first refusal to acquire the companies' assets and liabilities in the event of a proposed asset sale or share sale and, subject to certain exceptions, at a market price discounted by 10 percent.

There are restrictions under the Articles of Association from making any dividend distributions to ordinary shareholders.

### 24 Redeemable Shares

68 redeemable shares of £1 each were issued by QC Holdings during the year ended 30 September 2021, raising £987,491. 59 Members have expressed a wish to redeem their share as of 30 September 2021 for £944,250. The charge of £944,250 includes £66,750 in respect of shares redeemed at 30 September 2020.

The redemption price of a redeemable share and number of shares to be redeemed shall be determined by the board of directors of QC Holdings Limited from time to time. On or at any time after the date a person ceases to be a Club Member, the board of directors of QC Holdings Limited may serve notice on the former Club Member requiring such former Club Member to redeem his/her redeemable share. At present the redemption is at 95% of the share price. This includes a 5% administration charge which a former Club Member pays at the time of redemption.

The redeemable shares issued by QC Holdings Limited rank *pari passu* with each ordinary share of QC Holdings and each redeemable share carries a voting right. At 30 September 2021 3,314 (2020: 3,305) redeemable shares of £1 each had been issued by QC Holdings limited.

# QC Holdings Limited

## Notes forming part of the financial statements for the year ended 30 September 2021 (continued)

### 25 Net debt reconciliation

	1 October 2020 £	Cash flows £	Non-cash changes £	20 September 2021 £
Cash at bank and in hand	5,003,468	903,475	-	5,906,943
Debenture loans	(6,104,810)	-	(374,078)	(6,478,888)
Other creditors	(2,178,129)	509,349	-	(1,688,780)
Net debt	(3,279,471)	1,412,824	(374,078)	(2,240,725)

Non-cash movements relate to accrued interest on debenture loan notes.

### 26 Pension schemes

Staff have the option to join the defined-contribution private pension scheme. All eligible staff are auto-enrolled on the Group's pension scheme. The pension cost charge represents contributions payable by the Group to individual pension schemes and amounted to £238,114 (2020: £241,229). Included within the figure was a pension accrual of £Nil (2020: £Nil).

### 27 Related parties

At 30 September 2021 the Company held the following balances due to to/from fellow group companies:

	2021 £	2020 £
Amounts owed by QC Trustees Limited	1,749	1,749
Amounts owed to The Queen's Club Limited	(11,615,131)	(11,004,725)
	(11,613,382)	(11,002,976)

These balances are all interest-free and repayable on demand.

The subsidiary undertaking listed below is exempt from the requirements of the Act relating to the audit of its individual accounts by virtue of section 479A of the Act as this Company has guaranteed the subsidiary company under section 479C of the Act.

Company	Country of incorporation	Registered number	Class of shares held	Ownership 2021	2020
QC Ground Limited	UK	5724660	Ordinary	100%	100%