

United Fitness Brands Ltd.

Annual Report and Financial Statements

For the year ended 31 December 2022

Company Registration No. 12949685 (England and Wales)

United Fitness Brands Ltd.

Company Information

Directors	A Handa	(Appointed 15 March 2023)
	P S Ahluwalia	
	S Rudmann	(Appointed 9 May 2022)
	R Convery	
Company number	12949685	
Registered office	115 Baker Street 4th Floor London W1U 6RT	
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP	

United Fitness Brands Ltd.

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United Fitness Brands Ltd.

Strategic Report

For the year ended 31 December 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The consolidated financial statements for the period ended 31 December 2022 show a significant increase in turnover (which the directors consider to be the Key Performance Indicator) of 109% from £4,353,629 in 2021 to £9,119,239 in 2022, largely driven by the fact that FY22 was the first full year of trading as the four brands under the United Fitness Brands umbrella. The group generated a gross profit of £5,838,638 in 2022, up by 86% from £3,145,972 in 2021.

The consolidated operating loss improved from (£9,277,989) in 2021 to (£7,442,991) in 2022, primarily driven by better sales performance and more efficient monitoring of costs and effective capital investment.

The group had a continued period of growth and development in the 12-month period to 31 December 2022. The group operating loss was lower than the previous period due to ongoing investment in internal resources, non-capital costs associated with rebranding, integration, and ramp-up of newly acquired brands. The group also operating more efficiently from a cost base perspective and grew revenue in each of the suite of brands.

Principal risks and uncertainties

The principal risks and uncertainties for the group include membership risk, price risk, liquidity risk, and investment impairment risk. The group actively monitors member numbers and seeks to engage in positive steps to retain customers and meet their expectations from both a quality and value perspective. The group is exposed to price risk due to normal inflationary pressures of goods and services in the UK. The group maintains a mixture of short and long term debt facilities that are designed to fund the capital investments of the business and to ensure that the business has sufficient cash for operations and expansion plans.

Customer retention:

To mitigate the membership risk, the group should continue to monitor member numbers and seek to engage in positive steps to retain customers and meet their expectations from both a quality and value perspective. The group will focus on customer satisfaction and experience to retain customers. The group aims to provide a suite of complimentary brands that will cater to all customers' fitness needs.

Price risk:

To mitigate the price risk, the group will proactively manage its cost base and seek to mitigate the impact of inflationary pressures on goods and services in the UK. The group will explore opportunities to reduce costs and optimise its pricing strategy.

Liquidity risk:

To mitigate liquidity risk, the group will continue to maintain a mixture of short and long term debt facilities to fund the capital investments of the business and to ensure that the business has sufficient cash for operations and expansion plans. The Group is also planning an equity raise from existing investors in FY23.

Future Development

The group is well-positioned to take advantage of opportunities in its fragmented marketplace and grow both through organic growth, acquisition and franchising over the coming 12-18 months. The group's buy and build strategy has shown robust potential for turnover growth. The group is also aiming to launch its own brand of reformer Pilates in FY24.

On behalf of the board

P S Ahluwalia
Director

19 April 2024

United Fitness Brands Ltd.

Directors' Report

For the year ended 31 December 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company and group continued to be that of operating fitness centres.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Handa	(Appointed 15 March 2023)
P S Ahluwalia	
S Rudmann	(Appointed 9 May 2022)
J E Cohen	(Resigned 5 September 2022)
J D N Cottam	(Appointed 15 March 2023 and resigned 29 September 2023)
D A Lloyd	(Resigned 22 July 2022)
R Rowland	(Resigned 9 May 2022)
J A Sattin	(Resigned 11 July 2022)
A D Wolfson	(Resigned 6 June 2022)
R Convery	

Results and dividends

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Going Concern

When assessing the foreseeable future, the directors have reviewed the budget for the financial year 2023 and 2024, along with the available detailed cashflow at the time of this report's approval. The current shareholder base's appetite to provide further equity funding was also considered. Based on this assessment, the board of directors are confident that the Company and the Group possess the capability to cover their activities and fulfill short- and medium-term financial obligations. Shareholders have also confirmed their commitment to provide resources to support the Company and Group in the future if and when required. Additional funding has been received in June 2023 and April 2024, post year end, confirming this statement of support.

While the directors acknowledge the existence of material uncertainties, they remain optimistic that the Company and Group have sufficient access to resources to settle their liabilities as they become due for the next twelve months, as a minimum, starting from the date of the approval of these consolidated financial statements. Subsequently, the consolidated financial statements have been prepared on a going concern basis.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

United Fitness Brands Ltd.

Directors' Report (Continued)

For the year ended 31 December 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

P S Ahluwalia
Director

19 April 2024

United Fitness Brands Ltd.

Directors' Responsibilities Statement

For the year ended 31 December 2022

The directors are responsible for preparing the Annual 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 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 group and company, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ; and
- prepare the 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

United Fitness Brands Ltd.

Independent Auditor's Report

To the Members of United Fitness Brands Ltd.

Disclaimer of opinion

We were engaged to audit the financial statements of United Fitness Brands Limited (the 'parent company' and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group Profit and Loss account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group and Statement of Cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the financial statements of the group or the parent company. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the group or the parent company financial statements.

Basis for disclaimer of opinion on financial statements

The audit evidence available to us was limited because we were unable to obtain all the information and explanations that we considered necessary for the purpose of our audit in multiple areas across the financial statements of the group and the parent company. We understand this to be a consequence of limitations in the accounting records following a historic period of high staff turnover in the finance team, with an entirely new team now in place compared with the team during the period subject to audit.

As a further consequence of the issues described above, we have been unable to obtain sufficient appropriate audit evidence regarding the reliability of the forecasts and management accounts prepared by management in making their assessment of the appropriateness of the going concern basis of preparation of the financial statements. The group and parent company financial statements show a net liabilities position as at 31 December 2022 and the group is reliant on obtaining additional fund raising from shareholders, however we have been unable to obtain sufficient appropriate audit evidence as to the extent of additional funding required and whether any such fund raise will be sufficient to enable the group and parent company to continue to trade and meet their liabilities as they fall due. As a result of these issues, we have been unable to obtain sufficient appropriate audit evidence in respect of the appropriateness of the going concern basis of preparation of the financial statements.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion whether, based on the work undertaken in the course of the audit, in our opinion:

- 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.

United Fitness Brands Ltd.

Independent Auditor's Report (Continued)

To the Members of United Fitness Brands Ltd.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the directors' report.

Arising from the limitation of our work referred to above in the disclaimer section:

- 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 if, in our opinion:

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

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 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 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 responsibility is to conduct an audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. However, because of the matters described in the Basis for disclaimer of opinion section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

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

United Fitness Brands Ltd.

Independent Auditor's Report (Continued)

To the Members of United Fitness Brands Ltd.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Anna Matveeva (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

19 April 2024

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

United Fitness Brands Ltd.

Group Profit and Loss Account

For the year ended 31 December 2022

		2022	2021
	Notes	£	as restated £
Turnover	3	9,119,239	4,353,629
Cost of sales		(3,280,601)	(1,207,657)
Gross profit		<u>5,838,638</u>	<u>3,145,972</u>
Administrative expenses		(12,028,020)	(6,505,538)
Other operating income		191,107	1,275,150
Exceptional cost	4	(2,726,670)	(7,193,573)
Exceptional profit	4	1,281,954	-
Operating loss	5	<u>(7,442,991)</u>	<u>(9,277,989)</u>
Interest receivable and similar income	9	2,401	203
Interest payable and similar expenses	10	(216,297)	(180,424)
Other gains and losses		-	(1,548)
Loss before taxation		<u>(7,656,887)</u>	<u>(9,459,758)</u>
Tax on loss	11	-	(641,518)
Loss for the financial year		<u><u>(7,656,887)</u></u>	<u><u>(10,101,276)</u></u>

Loss for the financial year is all attributable to the owners of the parent company.

The notes on pages 16 to 39 form part of these financial statements.

United Fitness Brands Ltd.

Group Statement of Comprehensive Income

For the year ended 31 December 2022

	2022	2021
	£	as restated £
Loss for the year	(7,656,887)	(10,101,276)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(7,656,887)</u>	<u>(10,101,276)</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

The notes on pages 16 to 39 form part of these financial statements.

United Fitness Brands Ltd.

Group Balance Sheet

As at 31 December 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	14		-	2,351,759	
Other intangible assets	14		143,790	118,012	
Total intangible assets			143,790	2,469,771	
Tangible assets	15		2,467,860	5,626,344	
			2,611,650	8,096,115	
Current assets					
Stocks	18	152,663		128,425	
Debtors	19	1,309,027		1,732,472	
Cash at bank and in hand		2,136,201		797,553	
			3,597,891	2,658,450	
Creditors: amounts falling due within one year	20	(9,020,572)		(10,680,989)	
Net current liabilities			(5,422,681)	(8,022,539)	
Total assets less current liabilities			(2,811,031)	73,576	
Creditors: amounts falling due after more than one year	21		(377,583)	(523,322)	
Provisions for liabilities					
Provisions	25	(1,189)		(26,189)	
			(1,189)		(26,189)
Net liabilities			(3,189,803)	(475,935)	

United Fitness Brands Ltd.

Group Balance Sheet (Continued)

As at 31 December 2022

		2022		2021	
	Notes	£	£	as restated £	£
Capital and reserves					
Called up share capital	27	248,793		76,217	
Share premium account		14,319,567		9,549,124	
Profit and loss reserves		(17,758,163)		(10,101,276)	
Total equity		<u>(3,189,803)</u>		<u>(475,935)</u>	

The notes on pages 16 to 39 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 19 April 2024 and are signed on its behalf by:

P S Ahluwalia
Director

United Fitness Brands Ltd.

Company Balance Sheet

As at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Intangible assets	14	107,878	25,650
Tangible assets	15	12,933	4,479
Investments	16	-	1,579,303
		<u>120,811</u>	<u>1,609,432</u>
Current assets			
Debtors	19	4,010,475	38,217
Cash at bank and in hand		1,735,159	265,036
		<u>5,745,634</u>	<u>303,253</u>
Creditors: amounts falling due within one year	20	<u>(7,775,372)</u>	<u>(1,184,971)</u>
Net current liabilities		<u>(2,029,738)</u>	<u>(881,718)</u>
Total assets less current liabilities		<u>(1,908,927)</u>	<u>727,714</u>
Creditors: amounts falling due after more than one year	21	-	(250,035)
Net (liabilities)/assets		<u><u>(1,908,927)</u></u>	<u><u>477,679</u></u>
Capital and reserves			
Called up share capital	27	248,793	76,217
Share premium account		14,319,567	9,549,124
Profit and loss reserves		<u>(16,477,287)</u>	<u>(9,147,662)</u>
Total equity		<u><u>(1,908,927)</u></u>	<u><u>477,679</u></u>

The notes on pages 16 to 39 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £7,329,625 (2021 - £9,147,662 loss).

The financial statements were approved by the board of directors and authorised for issue on 19 April 2024 and are signed on its behalf by:

P S Ahluwalia
Director

Company Registration No. 12949685 (England and Wales)

United Fitness Brands Ltd.

Group Statement of Changes in Equity For the year ended 31 December 2022

		Share capital	Share premium	Profit and loss reserves	Total
	Notes	£	account £	£	£
As restated for the period ended 31 December 2021:					
Balance at 1 January 2021		-	-	3,706,518	3,706,518
Effect of prior year restatement	18	-	-	(3,706,518)	(3,706,518)
As restated		-	-	-	-
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(10,101,276)	(10,101,276)
Issue of share capital	27	76,217	9,549,124	-	9,625,341
Balance at 31 December 2021		76,217	9,549,124	(10,101,276)	(475,935)
Year ended 31 December 2022:					
Loss and total comprehensive income for the year		-	-	(7,656,887)	(7,656,887)
Issue of share capital	27	172,576	4,770,443	-	4,943,019
Balance at 31 December 2022		248,793	14,319,567	(17,758,163)	(3,189,803)

The notes on pages 16 to 39 form part of these financial statements.

United Fitness Brands Ltd.

Company Statement of Changes in Equity

For the year ended 31 December 2022

		Share capital	Share premium	Profit and loss reserves	Total
	Notes	£	account £	£	£
Balance at 1 January 2021		-	-	-	-
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(9,147,662)	(9,147,662)
Issue of share capital	27	76,217	9,549,124	-	9,625,341
Balance at 31 December 2021		76,217	9,549,124	(9,147,662)	477,679
Year ended 31 December 2022:					
Loss and total comprehensive income for the year		-	-	(7,329,625)	(7,329,625)
Issue of share capital	27	172,576	4,770,443	-	4,943,019
Balance at 31 December 2022		248,793	14,319,567	(16,477,287)	(1,908,927)

The notes on pages 16 to 39 form part of these financial statements.

United Fitness Brands Ltd.

Group Statement of Cash Flows

For the year ended 31 December 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	31	(2,983,186)		(4,662,548)	
Interest paid		(148,803)		(180,424)	
Income taxes paid		-		(553,373)	
Net cash outflow from operating activities		(3,131,989)		(5,396,345)	
Investing activities					
Purchase of intangible assets		(387,430)		(27,670)	
Proceeds from disposal of intangible fixed assets		74,345		-	
Purchase of tangible fixed assets		(466,077)		(231,197)	
Proceeds from disposal of tangible fixed assets		-		50,175	
Purchase of investments		-		(7,958,951)	
Interest received		2,401		203	
Cash acquired on acquisition of subsidiaries		-		3,889,327	
Net cash used in investing activities		(776,761)		(4,278,113)	
Financing activities					
Proceeds from issue of shares		4,943,019		9,625,341	
Issue of convertible loans		-		806,951	
Payment of finance leases obligations		(9,493)		39,719	
Net cash generated from financing activities		4,933,526		10,472,011	
Net increase in cash and cash equivalents		1,024,776		797,553	
Cash and cash equivalents at beginning of year		797,553		-	
Cash and cash equivalents at end of year		1,822,329		797,553	
Relating to:					
Cash at bank and in hand		2,136,201		797,553	
Bank overdrafts included in creditors payable within one year		(313,872)		-	

The notes on pages 16 to 39 form part of these financial statements.

United Fitness Brands Ltd.

Notes to the Group Financial Statements

For the year ended 31 December 2022

1 Accounting policies

Company information

United Fitness Brands Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 115 Baker Street Baker Street, 4th Floor United Fitness Brands, London, W1U 6RT.

The group consists of United Fitness Brands Ltd and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The parent company has elected not to include the company cash flow statement as permitted under FRS 102.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company United Fitness Brands Ltd together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.4 Going concern

Notwithstanding the loss for the year of £7,656,887 (2021: £10,101,276) and net liabilities at 31 December 2022 of £3,189,803 (2021: £475,935), at the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

When assessing the foreseeable future, the directors have reviewed the budget for the financial year 2023 and 2024, along with the available detailed cashflow at the time of this report's approval. The current shareholder base's appetite to provide further equity funding was also considered. Based on this assessment, the board of directors are confident that the Company and the Group possess the capability to cover their activities and fulfill short- and medium-term financial obligations. Shareholders have also confirmed their commitment to provide resources to support the Company and Group in the future if and when required. Additional funding has been received in June 2023 and April 2024, post year-end, confirming this statement of support.

While the directors acknowledge the existence of material uncertainties, they remain optimistic that the Company and Group have sufficient access to resources to settle their liabilities as they become due for the next twelve months, as a minimum, starting from the date of the approval of these consolidated financial statements. Subsequently, the consolidated financial statements have been prepared on a going concern basis.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.7 Intangible fixed assets other than goodwill

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

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

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

Software	Straightline over 3 years
Patents & licences	Straightline over 5 and 10 years
Development costs	Straightline over 5 years
Website development	Straightline over 2 and 5 years

1.8 Tangible fixed assets

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

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

Leasehold land and buildings	Over the period of the lease
Leasehold improvements	Straightline over 3 and 5 years
Plant and equipment	Straightline over 3 and 5 years
Fixtures and fittings	Straightline over 3 and 5 years
Computers	Straightline over 5 years
Motor vehicles	Straightline over 4 years

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

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.10 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

1.11 Stocks

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

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

1.12 Cash and cash equivalents

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

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.13 Financial instruments

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

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

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

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

1.15 Taxation

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

Current tax

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

Deferred tax

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

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

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.16 Provisions

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

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

1.17 Employee benefits

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

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

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

1.18 Retirement benefits

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

1.19 Leases

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

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

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

1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.21 Subsidiary companies audit exemption

The Company's active subsidiaries (note 16) are exempt from the requirements of the Companies Act 2006 relating to the audit of their individual accounts by virtue of section 479A of the Companies Act 2006.

The parent company guaranteed all existing liabilities of these entities at the year end, and this guarantee will remain in force until those liabilities are settled.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of goodwill

The directors consider the goodwill to be fully impaired in the year, having reviewed the performance of the subsidiaries it related to. Should this improve going forward, this impairment will be reversed.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Total sales	9,119,239	4,353,629
	<u> </u>	<u> </u>
	2022 £	2021 £
Turnover analysed by geographical market		
UK	9,119,239	4,353,629
	<u> </u>	<u> </u>
	2022 £	2021 £
Other revenue		
Interest income	2,401	203
Grants received	10,668	1,144,035
	<u> </u>	<u> </u>

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

4 Exceptional items

	2022	2021
	£	£
Goodwill impairment	2,591,328	7,193,573
Disposal of subsidiary	(1,281,954)	-
Other exceptional costs	135,342	-
	<u>1,444,716</u>	<u>7,193,573</u>

The other exceptional costs of £135,342 (2021: £nil) predominantly relate to redundancy and recruitment costs.

5 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	571	653
Government grants	(10,668)	(1,144,035)
Depreciation of owned tangible fixed assets	614,384	957,555
Loss/(profit) on disposal of tangible fixed assets	496,769	(3,315)
Amortisation of intangible assets	47,738	48,619
Impairment of goodwill	2,591,328	7,765,876
Operating lease charges	151,047	36,239
	<u>1,444,716</u>	<u>7,193,573</u>

6 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	55,000	50,000
For other services		
All other non-audit services	34,000	12,000

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

7 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administrative staff	23	2	19	2
Studio employees	171	413	-	-
Total	194	415	19	2

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	3,735,032	2,152,494	949,352	458,054
Social security costs	264,848	125,617	122,191	47,528
Pension costs	47,305	19,484	12,790	5,407
	4,047,185	2,297,595	1,084,333	510,989

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	43,333	113,333

9 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	2,401	203
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	2,401	203

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

10 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	215,845	178,301
Other finance costs:		
Interest on finance leases and hire purchase contracts	452	2,123
Total finance costs	<u>216,297</u>	<u>180,424</u>

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	-	88,145
Deferred tax		
De-recognition of historical deferred tax asset	-	553,373
Total tax charge	<u>-</u>	<u>641,518</u>

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Loss before taxation	<u>(7,656,887)</u>	<u>(9,459,758)</u>
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i>	(1,454,809)	(1,797,354)
Tax effect of expenses that are not deductible in determining taxable profit	251,935	-
Unutilised tax losses carried forward	1,281,826	2,738,639
Effect of change in corporation tax rate	(327,572)	-
Group relief	-	(299,767)
Tax effects of deconsolidation	248,620	-
Taxation charge	<u>-</u>	<u>641,518</u>

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

12 Disposal of subsidiary

Triyoga (UK) Limited

On 23 September 2022 Triyoga (UK) Limited transferred its trade and assets to Dalai Holdings Limited, a fellow subsidiary, and appointed administrators to deal with the company's affairs. The company has been removed from the consolidated balance sheet of the the group, and due to company being in the net liabilities position at the date of administration this created a profit on disposal of £5,697,527 as none of the liabilities are now part of the group and the company is under the control of its administrators.

As part of the disposal, the parent company made a provision for the loan due to them of £4,415,573, making the net profit on disposal £1,281,954.

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
In respect of:			
Goodwill	14	2,591,328	7,765,876
Recognised in:			
Exceptional Item		2,591,328	7,765,876

The impairment losses in respect of financial assets are recognised in administrative expenses in the profit and loss account.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

14 Intangible fixed assets

Group	Goodwill	Software	Patents & licences	Development costs	Total
	£	£	£	£	£
Cost					
At 1 January 2022 (as restated)	7,978,096	32,685	1,967	230,113	8,242,861
Additions	239,569	38,960	-	108,901	387,430
Disposals	-	(32,685)	(1,967)	(83,633)	(118,285)
	<u>8,217,665</u>	<u>38,960</u>	<u>-</u>	<u>255,381</u>	<u>8,512,006</u>
At 31 December 2022	8,217,665	38,960	-	255,381	8,512,006
Amortisation and impairment					
At 1 January 2022 (as restated)	5,626,337	27,777	-	118,976	5,773,090
Amortisation charged for the year	-	8,308	151	39,279	47,738
Impairment losses	2,591,328	-	-	-	2,591,328
Disposals	-	(31,555)	(151)	(12,234)	(43,940)
	<u>8,217,665</u>	<u>4,530</u>	<u>-</u>	<u>146,021</u>	<u>8,368,216</u>
At 31 December 2022	8,217,665	4,530	-	146,021	8,368,216
Carrying amount					
At 31 December 2022	-	34,430	-	109,360	143,790
	<u>2,351,759</u>	<u>4,908</u>	<u>1,967</u>	<u>105,897</u>	<u>2,469,771</u>
At 31 December 2021	2,351,759	4,908	1,967	105,897	2,469,771

More information on impairment movements in the year is given in note 13.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

14 Intangible fixed assets (Continued)

Company	Development costs £
Cost	
At 1 January 2022	27,000
Additions	104,080
	<hr/>
At 31 December 2022	131,080
	<hr/>
Amortisation and impairment	
At 1 January 2022	1,350
Amortisation charged for the year	21,852
	<hr/>
At 31 December 2022	23,202
	<hr/>
Carrying amount	
At 31 December 2022	107,878
	<hr/>
At 31 December 2021	25,650
	<hr/>

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

15 Tangible fixed assets

Group	Leasehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2022 (as restated)	6,851,361	3,309,182	620,286	1,754,117	14,815	16,593	12,566,354
Additions	50,000	354,634	5,032	41,333	15,078	-	466,077
Disposals	(5,225,108)	(522,197)	-	(969,823)	-	(16,593)	(6,733,721)
At 31 December 2022	1,676,253	3,141,619	625,318	825,627	29,893	-	6,298,710
Depreciation and impairment							
At 1 January 2022 (as restated)	3,114,780	1,807,298	538,878	1,458,391	7,873	12,790	6,940,010
Depreciation charged in the year	226,454	263,839	24,090	92,776	5,841	1,384	614,384
Eliminated in respect of disposals	(2,844,230)	(25,866)	-	(839,272)	-	(14,174)	(3,723,544)
At 31 December 2022	497,004	2,045,269	562,968	711,895	13,714	-	3,830,850
Carrying amount							
At 31 December 2022	1,179,249	1,096,350	62,350	113,732	16,179	-	2,467,860
At 31 December 2021	3,736,581	1,501,884	81,408	295,726	6,942	3,803	5,626,344

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

15 Tangible fixed assets Company

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 January 2022	-	5,616	5,616
Additions	3,628	9,234	12,862
At 31 December 2022	3,628	14,850	18,478
Depreciation and impairment			
At 1 January 2022	-	1,137	1,137
Depreciation charged in the year	328	4,080	4,408
At 31 December 2022	328	5,217	5,545
Carrying amount			
At 31 December 2022	3,300	9,633	12,933
At 31 December 2021	-	4,479	4,479

16 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	17	-	-	-	1,579,303
Movements in fixed asset investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 January 2022 and 31 December 2022					1,579,303
Impairment					
At 1 January 2022					-
Impairment losses					1,579,303
At 31 December 2022					1,579,303
Carrying amount					
At 31 December 2022					-
At 31 December 2021					1,579,303

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

17 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Dalai Holdings Limited	England & Wales	Ordinary	-	100.00
Cyclebeat Limited	England & Wales	Ordinary	100.00	-
Boom Spin Limited	England & Wales	Ordinary	100.00	-
Boom Cycle Waterloo Limited	England & Wales	Ordinary	100.00	-
Barrecore Limited	England & Wales	Ordinary	100.00	-
Kobox Limited	England & Wales	Ordinary	100.00	-
Kobox Chelsea Limited	England & Wales	Ordinary	100.00	-
Kobox City Limited	England & Wales	Ordinary	100.00	-
Kobox Marylebone Limited	England & Wales	Ordinary	100.00	-
Kobox Waterloo Limited	England & Wales	Ordinary	100.00	-
Everyone Triyoga Limited	England & Wales	Ordinary	100.00	-

Triyoga (UK) Limited, which was 100% owned, transferred its trade and assets to Dalai Holdings Limited in September 2022, and subsequently entered administration.

Subsequent to the year end Boom Cycle Waterloo Limited appointed a voluntary liquidator on 11 July 2023.

Subsequent to the year end Boom Spin Limited appointed an administrator on 5 February 2024.

18 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	152,663	128,425	-	-

19 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	314,870	365,284	10,119	-
Amounts owed by group undertakings	-	-	3,872,862	-
Other debtors	610,640	1,063,501	96,595	32,202
Prepayments and accrued income	383,517	303,687	30,899	6,015
	<u>1,309,027</u>	<u>1,732,472</u>	<u>4,010,475</u>	<u>38,217</u>

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

20 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Convertible loans	24	1,090,000	806,951	1,090,000	806,951
Bank loans and overdrafts	22	384,520	170,648	-	-
Trade creditors		4,294,590	3,741,081	406,861	18,920
Amounts owed to group undertakings		-	-	5,584,607	-
Corporation tax payable		88,145	88,145	-	-
Other taxation and social security		1,449,104	1,939,826	667,588	284,651
Deferred income		61,431	799,863	-	-
Other creditors		342,067	1,194,792	9,743	4,199
Accruals and deferred income		1,310,715	1,939,683	16,573	70,250
		<u>9,020,572</u>	<u>10,680,989</u>	<u>7,775,372</u>	<u>1,184,971</u>

21 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Convertible loans	24	-	250,035	-	250,035
Bank loans and overdrafts	22	343,357	229,568	-	-
Obligations under finance leases	23	30,226	39,719	-	-
Other creditors		4,000	4,000	-	-
		<u>377,583</u>	<u>523,322</u>	<u>-</u>	<u>250,035</u>

22 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	414,005	400,216	-	-
Bank overdrafts	313,872	-	-	-
	<u>727,877</u>	<u>400,216</u>	<u>-</u>	<u>-</u>
Payable within one year	384,520	170,648	-	-
Payable after one year	343,357	229,568	-	-

As of 31 December 2022, the Group's bank loans primarily comprise the UK Government's COVID support loans. These loans are structured to be repaid over a period of 5 to 6 years and carry an interest rate ranging from 2.5% and 3.5% per annum.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

23 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	30,226	39,719	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

24 Convertible loan notes

	Group 2022 £	2021 £	Company 2022 £	2021 £
Liability component of convertible loan notes	1,090,000	1,056,986	1,090,000	1,056,986

The net proceeds received from the issue of the convertible loan notes have been included as a the financial liability due to there being no equity component representing the fair value of the embedded option to convert the financial liability into equity.

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Balance Sheet represents the effective interest rate less interest paid to that date.

The effective rate of interest is 8%.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

25 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Other provisions	1,189	26,189	-	-

Movements on provisions:

Group	Other provisions £
At 1 January 2022	26,189
Other movements	(25,000)
At 31 December 2022	1,189

26 Retirement benefit schemes

Defined contribution schemes	2022 £	2021 £
Charge to profit or loss in respect of defined contribution schemes	47,305	19,484

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

27 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 1p each	18,020,441	7,621,654	180,204	76,217
Series A shares of 1p each	6,858,872	-	68,589	-
	24,879,313	7,621,654	248,793	76,217

On 12 January 2022 10,167,525 ordinary shares were issued with nominal value of £101,675. Consideration received for this allotment of shares was £2,021,436.

On 15 March 2022 231,262 ordinary shares were issued with nominal value of £2,313. Consideration received for this allotment of shares was £500,000.

On 15 September 2022 6,858,872 series A shares were issued with nominal value of £68,589. Consideration received for this allotment of shares was £2,500,029.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

28 Operating lease commitments

Lessee

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
		as restated		as restated
Within one year	1,869,626	1,225,834	151,000	45,000
Between two and five years	6,692,240	4,052,240	295,250	71,500
In over five years	5,632,116	3,688,137	62,667	-
	<u>14,193,982</u>	<u>8,966,211</u>	<u>508,917</u>	<u>116,500</u>

29 Related party transactions

The company has taken advantage of the exemption conferred by section 33.1A of FRS102 to not disclose transactions with entities that are 100% owned by United Fitness Brands Limited, the ultimate parent company.

A loan with a year end balance of £1,090,000 is provided by the controlling party of The Business, Nectar Capital LLP. Please refer to note 24 for more detail on this loan agreement.

30 Controlling party

The controlling party is Nectar Capital LLP by virtue of its shareholding in the group.

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

31 Cash absorbed by group operations

	2022 £	2021 as restated £
Loss for the year after tax	(7,656,887)	(10,101,276)
Adjustments for:		
Taxation charged	-	641,518
Finance costs	216,297	180,424
Investment income	(2,401)	(203)
(Gain)/loss on disposal of tangible fixed assets	-	1,548
Gain on disposal of business	(1,281,954)	-
Amortisation and impairment of intangible assets	2,639,066	7,814,495
Depreciation and impairment of tangible fixed assets	614,384	957,555
Non-cash movement on disposal of subsidiary	1,281,954	-
Non-cash movement on business combinations	-	(12,591,757)
(Decrease)/increase in provisions	(25,000)	26,189
Movements in working capital:		
Increase in stocks	(24,238)	(128,425)
Decrease/(increase) in debtors	65,960	(1,732,472)
Increase in creditors	1,928,065	9,469,633
(Decrease)/increase in deferred income	(738,432)	799,863
Cash absorbed by operations	(2,983,186)	(4,662,908)

32 Analysis of changes in net funds/(debt) - group

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	797,553	1,338,648	2,136,201
Bank overdrafts	-	(313,872)	(313,872)
	<u>797,553</u>	<u>1,024,776</u>	<u>1,822,329</u>
Borrowings excluding overdrafts	(400,216)	(13,789)	(414,005)
Obligations under finance leases	(39,719)	9,493	(30,226)
Convertible loan notes	(1,056,986)	(33,014)	(1,090,000)
	<u>(699,368)</u>	<u>987,466</u>	<u>288,098</u>

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

33 Prior period adjustment

During the preparation of these financial statements the directors identified a number of issues in the prior periods which required restatement. Several issues have been noted and resolved by way of prior year adjustment as follows:

Goodwill - Incorrect figures had been used for the fair value of net assets at the date of acquisition with a consequent impact on the calculation of goodwill.

Adjustments to Profit and Loss - The consolidated financial statements previously included amounts in consolidated profit or loss which related to periods prior to acquisition of the relevant subsidiaries.

In addition corrections to comparative retained earnings were required to correct an imbalance on the consolidated balance sheet.

Reconciliation of changes in equity - group

	1 January 2021 £	31 December 2021 £
Adjustments to prior year		
Goodwill restatement	-	772,268
Equity as previously reported	-	(1,248,203)
Equity as adjusted	-	(475,935)
Analysis of the effect upon equity		
Profit and loss reserves	-	772,268

Reconciliation of changes in loss for the previous financial period

	2021 £
Adjustments to prior year	
Revenue	(534,222)
Cost of Sales	(55,782)
Administrative expenses	169,429
Other Operating income	(981,233)
Other gains and losses	(1,548)
Exceptional items	6,538,429
Finance costs	(14,769)
Taxation	(641,518)
Total adjustments	4,478,786
Loss as previously reported	(14,580,062)
Loss as adjusted	(10,101,276)

United Fitness Brands Ltd.

Notes to the Group Financial Statements (Continued)

For the year ended 31 December 2022

33 Prior period adjustment

(Continued)

Reconciliation of changes in equity - company

The prior period adjustments do not give rise to any effect upon equity.

Reconciliation of changes in loss for the previous financial period

	2021 £
Adjustments to prior year	
Total adjustments	-
Loss as previously reported	(9,147,662)
Loss as adjusted	<u>(9,147,662)</u>

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