

Clubsport Skechers Limited
Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31st December 2022

Just Audit Limited
Chartered Accountants
and Statutory Auditors
Strelley Hall
Main Street
Strelley
Nottingham
England
NG8 6PE

**Contents of the Financial Statements
for the Year Ended 31st December 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Income Statement	9
Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Cash Flow Statement	14
Notes to the Financial Statements	15

Clubsport Skechers Limited

**Company Information
for the Year Ended 31st December 2022**

DIRECTORS:

C R A Crook
S A Hussey
S P Mifflin
M T Powell

SECRETARY:

Mrs G M Hussey

REGISTERED OFFICE:

1-3 Church Street
Kington
Herefordshire
HR5 3AZ

REGISTERED NUMBER:

08647261 (England and Wales)

AUDITORS:

Just Audit Limited
Chartered Accountants
and Statutory Auditors
Strelley Hall
Main Street
Strelley
Nottingham
England
NG8 6PE

**Strategic Report
for the Year Ended 31st December 2022**

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

The principal activity of the company in the year under review was that of retailing shoes.

REVIEW OF BUSINESS

The directors are pleased to report another profitable period, resulting in the company falling within the definition of a medium sized company. The continued success of the company means that it is now subject to a statutory audit.

Profit before tax for the 12 months is reported at £1,061,706 compared with £1,907,727 for the previous 9 month period.

The net assets of the company stood at £3,387,546 at 31 December 2022 compared to £2,854,581 at 31 December 2021.

The company had no debt at 31 December 2022 other than trade creditors and lease contributions received in advance. It did though have lease commitments, details of which are shown in the notes to the financial statements.

On the basis of the company's finances at the accounting year end the directors believe that the financial statements should continue to be prepared on a going concern basis.

PRINCIPAL RISKS AND UNCERTAINTIES

In assessing the key business risks of the company, the directors consider that these relate to employee recruitment and retention, product availability, energy costs and the economic state of the country.

Profitability has been affected by the general economic downturn, but the directors remain confident that the company can continue to produce a healthy profit, and be in a good position when the economy picks up.

FUTURE DEVELOPMENTS

The directors are confident that current sales levels can be increased and that profit levels will at a minimum remain consistent, allowing the company to be competitive throughout the current year.

The directors are also confident that they will be able to address any adverse trading conditions as they arrive.

The company plans to continue with its programme to open more stores, working in conjunction with Skechers USA.

KEY PERFORMANCE INDICATORS (KPI'S)

In the opinion of the directors the following KPIs are relevant to understanding the performance of the business and to setting future development strategies:

Gross profit percentage, measuring the sales value of goods against their cost. This has reduced in the year from 57.9% to 54.5%, reflecting the effects of inflation in the cost of goods.

Target sales, being actual sales compared to targets as a measurement of success for individual stores. Overall sales came to £15,187,000 compared to a target of £17,932,000, largely matching general reduced consumer demand.

Conversion rate, being footfall to sales achieved as a measurement of converting interest to sales. The conversion rate this year came to 11.3%, compared to a target of 12%, again mirroring reduced consumer demand.

Refunds, measuring customer satisfaction with the goods. These amounted to £996,000 over the year, being a rate of 6.2%.

Mystery shopper survey results, measuring staff and store responsiveness to customers. The target result was 85%, with an actual result of 85.5% being achieved.

**Strategic Report
for the Year Ended 31st December 2022**

FINANCIAL RISK MANAGEMENT

To enable the business to operate effectively the company's cash flow remains a key financial risk. The directors have considered the need to obtain facilities for funding with the company bankers and have decided that currently this is not necessary.

Due to the important nature of the funding of the business the directors monitor debt and cash flow closely to mitigate any impact upon trading activities.

LIQUIDITY RISK

The directors review and maintain the company's debt structure to ensure that the company has funds available for its ongoing operations.

CREDIT RISK

No credit is given.

ON BEHALF OF THE BOARD:

S A Hussey - Director

7th September 2023

**Report of the Directors
for the Year Ended 31st December 2022**

The directors present their report with the financial statements of the company for the year ended 31st December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the retail sale of footwear under the Skechers brand.

DIVIDENDS

A dividend of £300,000 was declared in the year to 31 December 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2022 to the date of this report.

C R A Crook
S A Hussey
S P Mifflin
M T Powell

DISCLOSURE IN THE STRATEGIC REPORT

The required disclosure relating to the future developments, financial risk management and liquidity and credit risk have been included within the strategic report on pages 2 and 3 of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

Clubsport Skechers Limited (Registered number: 08647261)

**Report of the Directors
for the Year Ended 31st December 2022**

AUDITORS

The auditors, Just Audit Limited, were appointed as auditors to the company, 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.

ON BEHALF OF THE BOARD:

S A Hussey - Director

7th September 2023

Report of the Independent Auditors to the Members of ClubSport Skechers Limited

Qualified Opinion

We have audited the financial statements of ClubSport Skechers Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Notes to the Cash Flow Statement 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' (United Kingdom Generally Accepted Accounting Practice).

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

With respect to opening stock having a carrying amount of £2,463,324 as at 31 December 2021, the audit evidence available to us was limited because the corresponding figures were unaudited and we were unable to obtain sufficient appropriate audit evidence regarding the stock quantity at that date using other audit procedures.

Consequently, we were unable to determine whether any adjustment to this amount was necessary or whether there was any consequential effect on cost of sales for either period. In addition, were any adjustment to the stock balance to be required, the strategic report would also need to be amended.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 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 matter

The prior period financial statements were unaudited.

Report of the Independent Auditors to the Members of Clubsport Skechers Limited

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

As described in the Basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the opening stock quantities with a carrying amount of £2,463,324 held at 31 December 2021. We have concluded that where the Other information refers to the stock balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Qualified Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

- returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Report of the Independent Auditors to the Members of Clubsport Skechers Limited

Auditors' responsibilities for the audit of the financial statements

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

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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, 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 or intentional misrepresentations, or through collusion. We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above 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 would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Fletcher BA BFP FCA (Senior Statutory Auditor)
for and on behalf of Just Audit Limited
Chartered Accountants
and Statutory Auditors
Strelley Hall
Main Street
Strelley
Nottingham
England
NG8 6PE

7th September 2023

Clubsport Skechers Limited (Registered number: 08647261)

**Income Statement
for the Year Ended 31st December 2022**

	Notes	Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
TURNOVER		15,187,044	9,440,874
Cost of sales		<u>6,917,203</u>	<u>3,973,697</u>
GROSS PROFIT		8,269,841	5,467,177
Administrative expenses		<u>7,438,179</u> 831,662	<u>3,771,716</u> 1,695,461
Other operating income		<u>228,387</u>	<u>218,154</u>
OPERATING PROFIT	4	<u>1,060,049</u>	<u>1,913,615</u>
Interest receivable and similar income		<u>1,657</u> 1,061,706	<u>99</u> 1,913,714
Interest payable and similar expenses	5	<u>-</u>	<u>5,987</u>
PROFIT BEFORE TAXATION		1,061,706	1,907,727
Tax on profit	6	<u>228,741</u>	<u>391,870</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>832,965</u></u>	<u><u>1,515,857</u></u>

The notes on pages 15 to 21 form part of these financial statements

Clubsport Skechers Limited (Registered number: 08647261)

**Other Comprehensive Income
for the Year Ended 31st December 2022**

	Notes	Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
PROFIT FOR THE YEAR		832,965	1,515,857
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>832,965</u>	<u>1,515,857</u>

The notes on pages 15 to 21 form part of these financial statements

Clubsport Skechers Limited (Registered number: 08647261)

**Balance Sheet
31st December 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	8		1,884,061		1,025,988
CURRENT ASSETS					
Stocks	9	3,972,339		2,463,324	
Debtors	10	440,123		391,435	
Cash at bank and in hand		<u>2,007,096</u>		<u>2,351,800</u>	
		6,419,558		5,206,559	
CREDITORS					
Amounts falling due within one year	11	<u>4,667,146</u>		<u>3,256,284</u>	
NET CURRENT ASSETS			<u>1,752,412</u>		<u>1,950,275</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,636,473		2,976,263
PROVISIONS FOR LIABILITIES	13		<u>248,927</u>		<u>121,682</u>
NET ASSETS			<u><u>3,387,546</u></u>		<u><u>2,854,581</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		1,000		1,000
Retained earnings	15		<u>3,386,546</u>		<u>2,853,581</u>
SHAREHOLDERS' FUNDS			<u><u>3,387,546</u></u>		<u><u>2,854,581</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 7th September 2023 and were signed on its behalf by:

S A Hussey - Director

**Statement of Changes in Equity
for the Year Ended 31st December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st April 2021	1,000	1,337,724	1,338,724
Changes in equity			
Total comprehensive income	-	1,515,857	1,515,857
Balance at 31st December 2021	<u>1,000</u>	<u>2,853,581</u>	<u>2,854,581</u>
Changes in equity			
Dividends	-	(300,000)	(300,000)
Total comprehensive income	-	832,965	832,965
Balance at 31st December 2022	<u>1,000</u>	<u>3,386,546</u>	<u>3,387,546</u>

Clubsport Skechers Limited (Registered number: 08647261)

**Cash Flow Statement
for the Year Ended 31st December 2022**

		Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
Cash flows from operating activities			
Cash generated from operations	1	1,375,914	3,320,206
Interest paid		-	(5,987)
Tax paid		(306,604)	(42,224)
Net cash from operating activities		<u>1,069,310</u>	<u>3,271,995</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,125,709)	(564,536)
Sale of tangible fixed assets		13,800	17,000
Interest received		1,657	99
Net cash from investing activities		<u>(1,110,252)</u>	<u>(547,437)</u>
Cash flows from financing activities			
Capital repayments in year		-	(1,369,999)
Amount introduced by directors		254,592	-
Amount withdrawn by directors		(258,354)	(33,950)
Equity dividends paid		(300,000)	-
Net cash from financing activities		<u>(303,762)</u>	<u>(1,403,949)</u>
(Decrease)/increase in cash and cash equivalents		<u>(344,704)</u>	<u>1,320,609</u>
Cash and cash equivalents at beginning of year	2	2,351,800	1,031,191
Cash and cash equivalents at end of year	2	<u>2,007,096</u>	<u>2,351,800</u>

The notes on pages 15 to 21 form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31st December 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.12.22 £	Period to 31.12.21 £
Profit before taxation	1,061,706	1,907,727
Depreciation charges	253,838	110,541
Finance costs	-	5,987
Finance income	(1,657)	(99)
	<u>1,313,887</u>	<u>2,024,156</u>
Increase in stocks	(1,509,015)	(516,748)
(Increase)/decrease in trade and other debtors	(48,688)	165,109
Increase in trade and other creditors	<u>1,619,730</u>	<u>1,647,689</u>
Cash generated from operations	<u><u>1,375,914</u></u>	<u><u>3,320,206</u></u>

2. CASII AND CASII EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2022

	31.12.22 £	1.1.22 £
Cash and cash equivalents	<u>2,007,096</u>	<u>2,351,800</u>

Period ended 31st December 2021

	31.12.21 £	1.4.21 £
Cash and cash equivalents	<u>2,351,800</u>	<u>1,031,191</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22 £	Cash flow £	At 31.12.22 £
Net cash			
Cash at bank and in hand	<u>2,351,800</u>	<u>(344,704)</u>	<u>2,007,096</u>
	<u>2,351,800</u>	<u>(344,704)</u>	<u>2,007,096</u>
Total	<u><u>2,351,800</u></u>	<u><u>(344,704)</u></u>	<u><u>2,007,096</u></u>

**Notes to the Financial Statements
for the Year Ended 31st December 2022**

1. STATUTORY INFORMATION

Clubsport Skechers Limited is a private company limited by shares, registered in England and Wales. The company's registered number is 08647261 and its registered office address is 1-3 Church Street, Kington, Herefordshire HR5 3AZ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The previous accounting period was shortened from 31 March 2022 to 31 December 2021 to better fit the company's seasonal activities.

The comparative amounts, including related notes, are therefore not entirely comparable.

The presentation currency is Pound Sterling.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the period. The nature of estimation means, however, that actual outcomes could differ from those estimates.

Tangible assets are depreciated over their anticipated useful lives. The actual lives of the assets are assessed annually, and may vary depending on a number of factors. In assessing asset lives, factors such as technological development and usage are taken into account.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the sale of goods and is recognised at the point of sale.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Improvements to property	- Over the term of the lease
Plant and machinery	- 15% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

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

Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the weighted average cost basis.

At each reporting date, stocks are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements - continued
for the Year Ended 31st December 2022

2. ACCOUNTING POLICIES - continued

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

3. EMPLOYEES AND DIRECTORS

	Year Ended 31.12.22	Period 1.4.21 to 31.12.21
	£	£
Wages and salaries	3,053,000	1,695,841
Social security costs	195,060	95,753
Other pension costs	45,161	24,603
	<u>3,293,221</u>	<u>1,816,197</u>

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

	Year Ended 31.12.22	Period 1.4.21 to 31.12.21
Administration	1	1
Managers	58	34
Sales staff	179	137
	<u>238</u>	<u>172</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2022

3. EMPLOYEES AND DIRECTORS - continued

	Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
Hire of plant and machinery	10,036	-
Other operating leases	1,480,828	1,006,763
Depreciation - owned assets	253,836	110,542
Auditors remuneration	<u>16,056</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
Interest	<u>-</u>	<u>5,987</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
Current tax:		
UK corporation tax	101,496	306,607
Deferred tax	<u>127,245</u>	<u>85,263</u>
Tax on profit	<u>228,741</u>	<u>391,870</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2022

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
Profit before tax	<u>1,061,706</u>	<u>1,907,727</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	201,724	362,468
Effects of:		
Depreciation in excess of capital allowances	<u>27,017</u>	<u>29,402</u>
Total tax charge	<u><u>228,741</u></u>	<u><u>391,870</u></u>

Factors affecting future tax charges:

The corporation tax main rate for non-ring-fenced profits has increased to 25% with effect from 1 April 2023, applying to profits over £250,000.

7. DIVIDENDS

	Year Ended 31.12.22 £	Period 1.4.21 to 31.12.21 £
Ordinary shares of £1 each		
Interim	<u>300,000</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2022

8. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1st January 2022	812,375	-	565,881
Additions	832,880	875	223,708
Disposals	-	-	-
At 31st December 2022	<u>1,645,255</u>	<u>875</u>	<u>789,589</u>
DEPRECIATION			
At 1st January 2022	143,227	-	337,360
Charge for year	122,769	131	84,472
Eliminated on disposal	-	-	-
At 31st December 2022	<u>265,996</u>	<u>131</u>	<u>421,832</u>
NET BOOK VALUE			
At 31st December 2022	<u>1,379,259</u>	<u>744</u>	<u>367,757</u>
At 31st December 2021	<u>669,148</u>	<u>-</u>	<u>228,521</u>

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1st January 2022	114,145	131,828	1,624,229
Additions	-	68,246	1,125,709
Disposals	(17,145)	(1,497)	(18,642)
At 31st December 2022	<u>97,000</u>	<u>198,577</u>	<u>2,731,296</u>
DEPRECIATION			
At 1st January 2022	9,960	107,694	598,241
Charge for year	19,758	26,706	253,836
Eliminated on disposal	(3,345)	(1,497)	(4,842)
At 31st December 2022	<u>26,373</u>	<u>132,903</u>	<u>847,235</u>
NET BOOK VALUE			
At 31st December 2022	<u>70,627</u>	<u>65,674</u>	<u>1,884,061</u>
At 31st December 2021	<u>104,185</u>	<u>24,134</u>	<u>1,025,988</u>

9. STOCKS

	2022 £	2021 £
Goods for resale	<u>3,972,339</u>	<u>2,463,324</u>

Notes to the Financial Statements - continued
for the Year Ended 31st December 2022

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

	2022	2021
	£	£
Trade debtors	1,010	950
Other debtors	-	103,020
Prepayments	439,113	287,465
	<u>440,123</u>	<u>391,435</u>

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

	2022	2021
	£	£
Trade creditors	1,904,272	1,568,014
Tax	101,496	306,604
Social security and other taxes	40,497	20,591
VAT	221,312	84,374
Other creditors	1,897,898	1,027,685
Directors' current accounts	2,636	6,398
Accrued expenses	499,035	242,618
	<u>4,667,146</u>	<u>3,256,284</u>

12. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	1,460,083	1,093,333
Between one and five years	3,959,748	3,014,818
In more than five years	153,159	451,492
	<u>5,572,990</u>	<u>4,559,643</u>

Where there is a minimum rental due that has been shown within the commitments above.

The company has entered into certain leases under which rentals are wholly or partly determined by the turnover generated at that location. The percentage of turnover payable as rent varies between 9% and 17%. No commitment has been shown for any turnover related liabilities as values are impossible to assess.

13. **PROVISIONS FOR LIABILITIES**

	2022	2021
	£	£
Deferred tax	<u>248,927</u>	<u>121,682</u>
		Deferred tax
		£
Balance at 1st January 2022		121,682
Provided during year		<u>127,245</u>
Balance at 31st December 2022		<u>248,927</u>

**Notes to the Financial Statements - continued
for the Year Ended 31st December 2022**

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

15. RESERVES

	Retained earnings
	£
At 1st January 2022	2,853,581
Profit for the year	832,965
Dividends	<u>(300,000)</u>
At 31st December 2022	<u>3,386,546</u>

16. GOING CONCERN

At the time of approving the financial statements, the directors have a reasonable expectation that the company 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.

17. TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

A dividend of £299,100 was declared and paid to the directors during the year to 31 December 2022 (31 December 2021: £nil).

No interest has been charged (31 December 2021: £nil) on the directors loan account balance included within creditors.

Included within debtors at 31 December 2022 £1,010 is due from other companies under common control (31 December 2021: £100,950)

Included within creditors at 31 December 2022 £3,755 is due to other companies under common control (31 December 2021: £14,115)

During the year to 31 December 2022 there were management charges of £665,667 with other companies under common control (31 December 2021: £190,447)

During the year to 31 December 2022 carriage of £151,280 was recharged to other companies under common control (31 December 2021: £87,017)

Remuneration is paid to the directors through other companies under common control.

A company under common control has given a guarantee to Skechers SARL, with whom Clubsport Skechers Limited has a licence agreement, for all payments owed to Skechers SARL and all obligations required to be performed by Clubsport Skechers Ltd under the licence agreement.

18. CONTROLLING PARTY

The controlling party is S A Hussey.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.