

Precor Fitness Limited

Financial statements

For the year ended 30 June 2022

Registered number: 12409708

Statement of financial position

As at 30 June 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Intangible assets	4	739	5,203
Tangible assets	5	4,005	22,084
		<u>4,744</u>	<u>27,287</u>
Current assets			
Stocks	6	4,989,610	7,386,376
Debtors: amounts falling due within one year	7	11,212,335	4,316,586
Cash at bank and in hand	8	3,159,019	6,315,114
		<u>19,360,964</u>	<u>18,018,076</u>
Creditors: amounts falling due within one year	9	(22,494,003)	(5,390,943)
Net current (liabilities)/assets		<u>(3,133,039)</u>	<u>12,627,133</u>
Total assets less current liabilities		<u>(3,128,295)</u>	<u>12,654,420</u>
Creditors: amounts falling due after more than one year	10	(15,634,635)	(15,078,641)
Provisions for liabilities			
Other provisions	11	(97,854)	(1,873,205)
		<u>(97,854)</u>	<u>(1,873,205)</u>
Net liabilities		<u>(18,860,784)</u>	<u>(4,297,426)</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		(18,860,884)	(4,297,526)
		<u>(18,860,784)</u>	<u>(4,297,426)</u>

Statement of financial position (continued)

As at 30 June 2022

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board on 2023.

were signed on its behalf by: 8 November

D L Grosz

Director

The notes on pages 4 to 12 form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	100	(10,574)	(10,474)
Comprehensive income for the period			
	-	(4,286,952)	(4,286,952)
Loss for the period			
Total comprehensive income for the period	-	(4,286,952)	(4,286,952)
At 1 July 2021 (as restated)	100	(4,297,526)	(4,297,426)
Comprehensive income for the year			
	-	(14,563,358)	(14,563,358)
Loss for the year			
Total comprehensive income for the year	-	(14,563,358)	(14,563,358)
At 30 June 2022	<u>100</u>	<u>(18,860,884)</u>	<u>(18,860,784)</u>

The notes on pages 4 to 12 form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2022

1. General information

Precor Fitness Limited is a private limited company, incorporated in England & Wales. Its company registration number is 12409708 and its registered office is Quatro House Lyon Way, Frimley, Camberley, England, GU16 7ER.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the current economic climate and its continuing impact on the company's operations, with a particular focus on its effect on the company's customers, supplier, members and employees.

The company is in net liability position of £18,860,784 as at 30 June 2022, however, the company has received confirmation from the ultimate controlling party (note 15) and its key supplier, Precor Inc. that the supply agreement will not be terminated and financial support will continue to be provided as required, for a period of at least 12 months from the date of signature of the financial statements.

The directors do not consider this to be cause for material uncertainty in respect of the company's ability to continue as a going concern, as not only are they continuing to monitor working capital requirements regularly and in preparing forecasts for the company, but there is no evidence that this group support will not be forthcoming for a period of at least 12 months.

The directors consider that the company has sufficient financial resources to continue for the foreseeable future, therefore, the financial statements have been prepared on a going concern basis.

Notes to the financial statements

For the year ended 30 June 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Notes to the financial statements

For the year ended 30 June 2022

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Notes to the financial statements

For the year ended 30 June 2022

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Motor vehicles	-	25%
Fixtures and fittings	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 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 cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock 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.

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 30 June 2022

2. Accounting policies (continued)

2.13 Provisions

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.14 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

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

	2022 No.	2021 No.
Employees	<u>48</u>	<u>45</u>

Notes to the financial statements

For the year ended 30 June 2022

4. Intangible assets

	Computer software	Goodwill	Total
	£	£	£
Cost			
At 1 July 2021	7,444	1,735,171	1,742,615
Disposals	-	(1,735,171)	(1,735,171)
At 30 June 2022	7,444	-	7,444
Amortisation			
At 1 July 2021	2,241	1,735,171	1,737,412
Charge for the year	4,464	-	4,464
On disposals	-	(1,735,171)	(1,735,171)
At 30 June 2022	6,705	-	6,705
Net book value			
At 30 June 2022	739	-	739
At 30 June 2021	5,203	-	5,203

Notes to the financial statements

For the year ended 30 June 2022

5. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 July 2021	23,825	5,088	28,913
At 30 June 2022	23,825	5,088	28,913
Depreciation			
At 1 July 2021	5,375	1,454	6,829
Charge for the year	14,445	3,634	18,079
At 30 June 2022	19,820	5,088	24,908
Net book value			
At 30 June 2022	4,005	-	4,005
At 30 June 2021	18,450	3,634	22,084

6. Stocks

	2022 £	2021 £
Raw materials and spare parts	1,072,680	1,579,327
Finished goods and goods for resale	3,916,930	5,807,049
	<u>4,989,610</u>	<u>7,386,376</u>

7. Debtors

	2022 £	2021 £
Trade debtors	1,394,715	1,662,948
Amounts owed by group undertakings	9,695,094	2,568,186
Prepayments and accrued income	122,526	85,452
	<u>11,212,335</u>	<u>4,316,586</u>

Notes to the financial statements

For the year ended 30 June 2022

8. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	3,159,019	6,315,114
	<u>3,159,019</u>	<u>6,315,114</u>

9. Creditors: Amounts falling due within one year

	2022 £	As restated 2021 £
Trade creditors	1,037,960	404,918
Amounts owed to group undertakings	19,538,679	2,576,566
Other taxation and social security	69,269	209,781
Other creditors	9,377	20,350
Accruals and deferred income	1,838,718	2,179,328
	<u>22,494,003</u>	<u>5,390,943</u>

10. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Lease liabilities	5,482	7,334
Amounts owed to group undertakings	15,629,153	15,071,307
	<u>15,634,635</u>	<u>15,078,641</u>

11. Provisions

	Other provisions £	Warranty provision £	Total £
At 1 July 2021	1,749,980	123,225	1,873,205
Charged to profit or loss	(1,749,980)	(25,371)	(1,775,351)
At 30 June 2022	<u>-</u>	<u>97,854</u>	<u>97,854</u>

Notes to the financial statements

For the year ended 30 June 2022

12. Prior year adjustment

The transfer pricing policy for group sales was not applied correctly for the 6 month period ended 30 June 2021, as was shown in financial statements for the company as filed with Companies House on 6 June 2023. As such the FY21 figures have been restated in the financial statements for the year ended 30 June 2022; consequently, since the prior reporting period, cost of sales for the period ended 30 June 2021 has increased £1,025,236, creditors, amounts due to related parties has increased £1,025,236, accruals and deferred income has increased £28,631 and trade debtors has increased £28,631. As at 1 July 2022 retained earnings have decreased by £1,025,236. This supplementary note revises the financial statements for the period ended 30 June 2021 as at the date of the original annual accounts (being 30 June 2021) and not as at the date of this revision and accordingly it does not deal with events between those dates. This supplementary note was approved on the date of signature of these 30 June 2022 financial statements.

13. Commitments under operating leases

At 30 June 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	2,065,764	2,019,979
Later than 1 year and not later than 5 years	2,348,889	4,351,347
	<u>4,414,653</u>	<u>6,371,326</u>

14. Controlling party

The smallest and largest company preparing consolidated financial statements, which include the company, is Peloton Interactive Inc, a company incorporated in the United States. These consolidated financial statements can be obtained from their website. Peloton Interactive Inc. is the ultimate controlling party of the company.

15. Auditor's information

The auditor's report on the financial statements for the year ended 30 June 2022 was qualified.

The qualification in the audit report was as follows:

We were unable to attend the company's stock count at 30 June 2022, as we were not appointed until after this date and we were unable to satisfy ourselves by alternative means concerning the stock quantities of £4,989,610 held at 30 June 2022, or of stock quantities of £7,386,376 held at 30 June 2021 in the comparative Statement of financial position by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount at 30 June 2022 or at 30 June 2021 was necessary or whether there was any consequential effect on the cost of sales or reported profits or losses for the year ended 30 June 2022.

The audit report was signed on 8 November 2023 by Simon Wax (Senior statutory auditor) on behalf of Buzzacott LLP.

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.