

Precor Fitness Limited

Financial statements

For the year ended 30 June 2024

Registered number: 12409708

Statement of financial position

As at 30 June 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	6	24,442	1,770
		<u>24,442</u>	<u>1,770</u>
Current assets			
Stocks		5,815,881	6,453,289
Debtors: amounts falling due within one year	7	24,352,507	11,693,423
Cash at bank and in hand		138,519	300,643
		<u>30,306,907</u>	<u>18,447,355</u>
Creditors: amounts falling due within one year	8	(58,455,661)	(36,474,247)
Net current liabilities		<u>(28,148,754)</u>	<u>(18,026,892)</u>
Total assets less current liabilities		<u>(28,124,312)</u>	<u>(18,025,122)</u>
Creditors: amounts falling due after more than one year	9	(16,811,567)	(16,209,988)
Provisions for liabilities			
Other provisions	10	(88,759)	(111,310)
		<u>(88,759)</u>	<u>(111,310)</u>
Net liabilities		<u>(45,024,638)</u>	<u>(34,346,420)</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		(45,024,738)	(34,346,520)
		<u>(45,024,638)</u>	<u>(34,346,420)</u>

Statement of financial position (continued)

As at 30 June 2024

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The financial statements were approved and authorised for issue by the board on 25 March 2025. and were signed on its behalf by: 25 March 2025.

D L Grosz

Director

The notes on pages 3 to 10 form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2024

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and 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 (see note 3).

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 made a loss for the year of £10,759,249 and was in a net liability position of £45,102,669 as at 30 June 2024. However, the company has received confirmation from the ultimate controlling party (note 13), Peloton Interactive Inc. 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 company, and region, is also actively seeking a growth in external sales contracts and opportunities, to reduce its reliance on this group support.

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, having reviewed the business plans of the company within the context of the wider group's business plan and have satisfied themselves that there are no reasons to expect that 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 2024

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 2024

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 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.

2.6 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.

2.7 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.

Notes to the financial statements

For the year ended 30 June 2024

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

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%
Computer equipment	-	33%

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.

2.8 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 weighted average cost 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.

2.9 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.

2.10 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.

2.11 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.

Notes to the financial statements

For the year ended 30 June 2024

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors review stock items on a regular basis for impairment or damage and damaged items are recognised in profit or loss. The lifespan of stock is considered by directors periodically and provisions are made against specific stock items which are considered to be obsolete.

The warranty provision is reviewed at the end of each reporting period in light of expenses incurred during the year on warranty repairs and the warranty terms applied to equipment. Provisions are recognised in profit or loss, based on the best estimate of future costs under warranty claims.

Material judgements and estimates made by the directors in relation to going concern are discussed at 2.2.

4. Employees

The average monthly number of employees, excluding directors, during the year was 36 (2023 - 43).

5. Intangible assets

	Computer software £
Cost	
At 1 July 2023	7,444
At 30 June 2024	7,444
Amortisation	
At 1 July 2023	7,444
At 30 June 2024	7,444
Net book value	
At 30 June 2024	-
At 30 June 2023	-

Notes to the financial statements

For the year ended 30 June 2024

6. Tangible fixed assets

	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 July 2023	23,824	5,088	-	28,912
Additions	19,823	-	6,711	26,534
At 30 June 2024	43,647	5,088	6,711	55,446
Depreciation				
At 1 July 2023	22,054	5,088	-	27,142
Charge for the year	2,184	-	1,678	3,862
At 30 June 2024	24,238	5,088	1,678	31,004
Net book value				
At 30 June 2024	19,409	-	5,033	24,442
At 30 June 2023	1,770	-	-	1,770

7. Debtors

	2024	2023
	£	£
Trade debtors	2,748,886	1,172,921
Amounts owed by group undertakings	21,492,476	10,401,663
Other debtors	101,076	66,362
Prepayments and accrued income	10,069	52,477
	<u>24,352,507</u>	<u>11,693,423</u>

Notes to the financial statements

For the year ended 30 June 2024

8. Creditors: Amounts falling due within one year

	2024 £	2023 £
Trade creditors	1,189,896	1,027,493
Amounts owed to group undertakings	55,484,250	34,150,687
Other taxation and social security	377,007	-
Other creditors	51,906	11,232
Accruals and deferred income	1,352,602	1,284,835
	<u>58,455,661</u>	<u>36,474,247</u>

Amounts owed to group are interest free and repayable on demand.

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

	2024 £	2023 £
Lease liabilities	2,341	2,341
Amounts owed to group undertakings	16,809,226	16,207,647
	<u>16,811,567</u>	<u>16,209,988</u>

Amounts owed to group undertakings incur interest at 3.59% and are repayable in March 2028.

10. Provisions

	Warranty provision £
At 1 July 2023	111,310
Charged to profit or loss	(22,551)
At 30 June 2024	<u>88,759</u>

Notes to the financial statements

For the year ended 30 June 2024

11. Commitments under operating leases

At 30 June 2024 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024 £	2023 £
Not later than 1 year	1,763,417	2,086,894
Later than 1 year and not later than 5 years	3,724,449	497,766
	<u>5,487,866</u>	<u>2,584,660</u>

12. 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.

13. Auditor's information

The auditor's report on the financial statements for the year ended 30 June 2024 was unqualified.

The audit report was signed on 26 March 2025 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.