

Registration number: 11011183

**LUIGI MIDCO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

LUIGI MIDCO LIMITED

Contents

Company Information	<u>1</u>
Directors' Report	<u>2</u>
Statement of Directors' Responsibilities	<u>3</u>
Independent Auditor's Report	<u>4 to 6</u>
Profit and Loss Account	<u>7</u>
Balance Sheet	<u>8</u>
Statement of Changes in Equity	<u>9</u>
Notes to the Financial Statements	<u>10 to 14</u>

LUIGI MIDCO LIMITED

Company Information

Directors	D Gaynor M A Brayford S P Evans D Wilkinson
Registered office	C1 Endeavour Place Coxbridge Business Park Farnham GU10 5EH
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

LUIGI MIDCO LIMITED

Directors' Report for the Year Ended 30 June 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Directors of the company

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

D Gaynor

M P Delany (ceased 21 December 2020)

M A Brayford

S P Evans

D Wilkinson

Principal activity

The principal activity of the company is that of a holding company.

Going concern

In accordance with the Financial Reporting Council's Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009¹ the Directors of all companies are now required to provide disclosures regarding the going concern basis of accounting.

Following our refinancing completed in July 2020, we have ensured that we have secured access to additional liquidity. As part of this refinancing, we ran significant downside scenarios to assess the impact on our long term cash position.

Whilst we experienced an extended lockdown being forced to shut in November 2020, and again from January 2021 to 17th May 2021 (excluding our Scottish tracks), when open we have traded strongly. For the 14 months since refinancing we are trading ahead of plan (12 months audited, 2 months unaudited).

We produce detailed short term cash flows to monitor our cash spend, ensuring that we maintain appropriate levels of cash.

The Directors believe that Group has sufficient financial resources available to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 27 October 2021 and signed on its behalf by:

D Gaynor
Director

LUIGI MIDCO LIMITED

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

LUIGI MIDCO LIMITED

Independent Auditor's Report to the Members of Luigi Midco Limited

Opinion

We have audited the financial statements of Luigi Midco Limited (the 'company') for the year ended 30 June 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its loss 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 original financial statements were authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

We have nothing to report in this regard.

LUIGI MIDCO LIMITED

Independent Auditor's Report to the Members of Luigi Midco Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 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.

Auditor's responsibilities for the audit of the financial statements

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

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 obtained an understanding of the legal and regulatory frameworks applicable to the group financial statements or that had a fundamental effect on the operations of the group. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws;

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included challenging assumptions and judgments made by management in its significant accounting estimates and identifying and testing journal entries, in particular any journal entries posted with unusual characteristics.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

LUIGI MIDCO LIMITED

Independent Auditor's Report to the Members of Luigi Midco Limited

Use of this 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Morter (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

29 October 2021

LUIGI MIDCO LIMITED

Profit and Loss Account for the Year Ended 30 June 2021

	Note	2021 £	2020 £
Turnover		-	-
Administrative expenses		<u>(26,766)</u>	<u>(18,643)</u>
Operating loss		(26,766)	(18,643)
Interest payable and similar charges	<u>3</u>	<u>(4,982,015)</u>	<u>(4,003,650)</u>
Loss before tax		<u>(5,008,781)</u>	<u>(4,022,293)</u>
Loss for the financial year		<u><u>(5,008,781)</u></u>	<u><u>(4,022,293)</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

LUIGI MIDCO LIMITED**(Registration number: 11011183)
Balance Sheet as at 30 June 2021**

	Note	2021 £	2020 £
Fixed assets			
Investments	<u>6</u>	704,416	704,416
Current assets			
Debtors	<u>7</u>	<u>36,330,676</u>	<u>32,039,782</u>
Total assets less current liabilities		<u><u>37,035,092</u></u>	<u><u>32,744,198</u></u>
Creditors: Amounts falling due after more than one year		<u>51,240,955</u>	<u>41,945,440</u>
Capital and reserves			
Called up share capital	<u>9</u>	7,044	7,044
Share premium reserve		701,531	697,371
Profit and loss account		<u>(14,914,438)</u>	<u>(9,905,657)</u>
Total equity		<u><u>(14,205,863)</u></u>	<u><u>(9,201,242)</u></u>
Total equity and long term liabilities		<u><u>37,035,092</u></u>	<u><u>32,744,198</u></u>

Approved and authorised by the Board on 27 October 2021 and signed on its behalf by:

D Wilkinson
Director

LUIGI MIDCO LIMITED**Statement of Changes in Equity for the Year Ended 30 June 2021**

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2019	7,044	697,371	(5,883,364)	(5,178,949)
Loss for the year	-	-	(4,022,293)	(4,022,293)
At 30 June 2020	<u>7,044</u>	<u>697,371</u>	<u>(9,905,657)</u>	<u>(9,201,242)</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2020	7,044	697,371	(9,905,657)	(9,201,242)
Loss for the year	-	-	(5,008,781)	(5,008,781)
New share capital subscribed	-	4,160	-	4,160
At 30 June 2021	<u>7,044</u>	<u>701,531</u>	<u>(14,914,438)</u>	<u>(14,205,863)</u>

The notes on pages 10 to 14 form an integral part of these financial statements.

LUIGI MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

C1 Endeavour Place
Coxbridge Business Park
Farnham
GU10 5EH

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

As a qualifying entity, the Company has taken advantage of the following disclosure exemptions from FRS 102:

- the requirements to prepare a cash flow statement; and
- the requirements in relation to financial instruments of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), and 12.29A, where equivalent disclosure is given in consolidated financial statements.

Name of parent of group

These financial statements are consolidated in the financial statements of Luigi Topco Limited.

The financial statements of Luigi Topco Limited may be obtained from the company's registered office.

Group accounts not prepared

The Company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is included in UK group accounts of a larger group.

Going concern

As noted in the Directors Report, after reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

LUIGI MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2021

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Dividends on equity securities are recognised in income when receivable.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial Instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

LUIGI MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2021

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets:

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets:

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Interest payable and similar expenses

	2021 £	2020 £
Interest expense on loan notes payable	4,918,289	3,974,924
Other finance costs	63,726	28,726
	<u>4,982,015</u>	<u>4,003,650</u>

4 Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Average number of employees	<u>4</u>	<u>5</u>

5 Auditors' remuneration

Audit fees are borne by Go Karting For Fun Limited, a fellow subsidiary of Luigi Topco Limited, and are not recharged. The group audit fee is £34,000 (2020 - £30,000)

LUIGI MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2021

6 Investments

	2021 £	2020 £
Investments in subsidiaries	704,416	704,416

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Luigi Debtco Limited	England and Wales	Ordinary	100%	100%
Luigi Bidco Limited	England and Wales	Ordinary	100%	100%
Teamsport Holdings Limited	England and Wales	Ordinary	100%	100%
Teamsport Investments Limited	England and Wales	Ordinary	100%	100%
Teamsport Racing Limited	England and Wales	Ordinary	100%	100%
Go Karting For Fun Limited	England and Wales	Ordinary	100%	100%
Go Karting For Fun (Crawley) Limited	England and Wales	Ordinary	100%	100%
Linfix Limited	England and Wales	Ordinary	100%	100%
Teamsport Indoor Karting (London) Limited	England and Wales	Ordinary	100%	100%
Teamsport Indoor Karting (Brighton) Limited	England and Wales	Ordinary	100%	100%

Luigi Debtco Limited is held directly by the company, all other subsidiaries are indirect holdings.

Principal activity

The following companies principal activity is that of an intermediate parent company; Luigi Debtco Limited, Luigi Bidco Limited, Teamsport Holdings Limited, Teamsport Investments Limited and Teamsport Racing Limited.

With the exception of Go Karting For Fun (Crawley) Limited which is dormant and Teamsport Indoor Karting (London) Limited which ceased trading in 2020, the remaining subsidiaries' principal activity is the operation of indoor go karting tracks.

On 1 March 2021, Linfix Limited transferred their trade and assets to Go Karting For Fun Limited at cost and immediately ceased trading.

LUIGI MIDCO LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2021

7 Debtors

	Note	2021 £	2020 £
Amounts owed by related parties	11	36,330,676	32,039,782

8 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Other borrowings	51,240,955	41,945,440

Other borrowings

Shareholder "Series A" loan notes are denominated in GB£ with a nominal interest rate of 10%, and the final instalment is due on 18 October 2027. The carrying amount at year end is £46,532,032 (2020 - £42,155,729).

Associated debt costs of £181,603 (2020 - £210,289) are included in the liability above and are being released over the term of the loan against the liability

Shareholder "Series B" loan notes are denominated in GB£ with a nominal interest rate of 10%, and the final instalment is due on 18 October 2027. The carrying amount at year end is £5,147,573 (2020 - £Nil).

Associated debt costs of £257,047 (2020 - £Nil) are included in the liability above and are being released over the term of the loan against the liability

9 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.01 each	704,417	7,044	704,416	7,044

New shares allotted

During the year, the company issued 1 new Ordinary share with a nominal value of £0.01 for which consideration of £4,160 was received.

10 Contingent liabilities

The company is party to a cross guarantee arrangement with other group companies totalling £25,146,294 (2020 - £23,637,040).

11 Related party transactions

The company has taken advantage of the exemption from disclosing transactions with other members of the group.

12 Parent and ultimate parent undertaking

The company's immediate and ultimate parent is Luigi Topco Limited, incorporated in England and Wales.

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.