

Company registration number 10098146 (England and Wales)

THE BIKE CLUB LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
PAGES FOR FILING WITH REGISTRAR

THE BIKE CLUB LIMITED

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THE BIKE CLUB LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		245,637		142,190
Tangible assets	5		8,979,795		5,029,760
			<u>9,225,432</u>		<u>5,171,950</u>
Current assets					
Stocks	6	34,147		8,892	
Debtors	7	984,136		2,452,413	
Cash at bank and in hand		316,541		618,922	
		<u>1,334,824</u>		<u>3,080,227</u>	
Creditors: amounts falling due within one year	8	<u>(10,670,473)</u>		<u>(7,139,293)</u>	
Net current liabilities			<u>(9,335,649)</u>		<u>(4,059,066)</u>
Total assets less current liabilities			<u>(110,217)</u>		<u>1,112,884</u>
Creditors: amounts falling due after more than one year	9		<u>(4,497,370)</u>		<u>(1,150,651)</u>
Net liabilities			<u>(4,607,587)</u>		<u>(37,767)</u>
Capital and reserves					
Called up share capital			191		191
Share premium account			1,422,891		1,413,832
Profit and loss reserves			<u>(6,030,669)</u>		<u>(1,451,790)</u>
Total equity			<u>(4,607,587)</u>		<u>(37,767)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 March 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

THE BIKE CLUB LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2022

The financial statements were approved by the board of directors and authorised for issue on 31 March 2023 and are signed on its behalf by:

J Symes
Director

Company Registration No. 10098146

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

The Bike Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Long Lane, London, SE1 4PG.

1.1 Reporting period

The company's accounts cover a period of 12 months, however the comparative amounts presented in the financial statements cover a period of 11 months, and therefore are not entirely comparable.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.3 Going concern

At the time of approving these financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company continues to be in a growth phase as it has sought to expand on its brand, customer awareness, product offering and relationships with suppliers. The company incurred a loss during the financial year ended 31 March 2022 and had net liabilities of £4,607,587 (2021: £37,767). This was in line with the company's growth plan to increase the scale of operations through continued investment in available assets, staff and infrastructure to support the ongoing success of the business. The residual impact of the Covid pandemic is unclear, however it is likely that consumer buying habits will return to normal in the near future.

The company raised additional funding in the year through the issuance of convertible loan notes, which were converted in April 2022. Alongside this the company successfully completed the Series B funding round from which an additional £16m of capital was raised through equity issued. Based on the projected performance of the business and the expected ability to raise future capital should it be required, the directors are satisfied that there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

The directors therefore have continued to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

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

Turnover from bike hire is recognised on a straight line basis over the period of hire. Once both the amount of turnover can be measured reliably and it is probable the company will receive the consideration due under the rental agreement.

Interest income is recognised in the statement of profit and loss using the effective interest method.

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

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

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

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

Software	5 years
Website	5 years

1.6 Tangible fixed assets

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

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

Plant and equipment	25% straight line
Office equipment	25% straight line
Computers	25% straight line
Fleet and other	20% reducing balance
Warehouse	Between 10% - 20% straight line

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

1.7 Borrowing costs related to fixed assets

All borrowing costs are recognised in the statement of profit and loss in the period which they are incurred.

1.8 Stocks

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

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

1.9 Cash and cash equivalents

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

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

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

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

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

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Convertible debt

Convertible debt meeting the definition of a non-basic financial liability is recognised initially at its fair value and subsequently held at fair value through profit or loss.

1.11 Taxation

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

Current tax

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

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Deferred tax

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

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

1.12 Retirement benefits

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

1.13 Leases

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

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

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

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective cost method.

When a sales and leaseback transaction results in an operating lease and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 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 amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Estimation of useful lives of assets:

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of tangible fixed assets:

The company assesses impairment of tangible fixed assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Classification of leases:

The company classifies the leases it holds, both as a lessee and lessor, as either operating or finance leases. The accounting policies for leases have been applied to these arrangements.

Convertible loan notes:

The most critical estimates and assumptions for convertible loan notes relate to the determination of fair value. In determining this amount, the company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology. The fair value is valued using a revenue multiple methodology.

3 Employees

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

	2022	2021
	Number	Number
Total	80	30
	<u> </u>	<u> </u>

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4 Intangible fixed assets

	Software £	Website £	Total £
Cost			
At 1 April 2021	-	167,507	167,507
Additions	61,320	100,798	162,118
At 31 March 2022	61,320	268,305	329,625
Amortisation and impairment			
At 1 April 2021	-	25,317	25,317
Amortisation charged for the year	8,299	50,372	58,671
At 31 March 2022	8,299	75,689	83,988
Carrying amount			
At 31 March 2022	53,021	192,616	245,637
At 31 March 2021	-	142,190	142,190

5 Tangible fixed assets

	Plant and machinery etc £	Fleet and other £	Total £
Cost			
At 1 April 2021	160,341	6,238,071	6,398,412
Additions	80,006	5,705,516	5,785,522
At 31 March 2022	240,347	11,943,587	12,183,934
Depreciation and impairment			
At 1 April 2021	31,004	1,337,648	1,368,652
Depreciation charged in the year	52,980	1,782,507	1,835,487
At 31 March 2022	83,984	3,120,155	3,204,139
Carrying amount			
At 31 March 2022	156,363	8,823,432	8,979,795
At 31 March 2021	129,337	4,900,423	5,029,760

The net carrying value of tangible fixed assets includes £809,949 in respect of assets held under finance leases or hire purchase contracts.

6 Stocks

	2022 £	2021 £
Stocks	34,147	8,892

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Debtors	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	375,981	165,554
Other debtors	189,129	1,456,835
Prepayments and accrued income	419,026	408,002
	<u>984,136</u>	<u>2,030,391</u>
Deferred tax asset	-	422,022
	<u>984,136</u>	<u>2,452,413</u>

8 Creditors: amounts falling due within one year	2022	2021
	£	£
Convertible loans	11 8,139,509	5,769,773
Bank loans and overdrafts	116,751	2,500
Obligations under finance leases	10 346,373	475,732
Other borrowings	100,000	112,448
Trade creditors	956,550	446,092
Taxation and social security	51,496	34,842
Other creditors	888,066	207,791
Accruals and deferred income	71,728	90,115
	<u>10,670,473</u>	<u>7,139,293</u>

Within convertible loans is a loan of £1.75m and £5.7m that is secured by a fixed charge and floating charge over all real property meaning any freehold, leasehold, buildings, fixtures and fittings.

The finance leases and loans are secured on the assets to which they relate.

9 Creditors: amounts falling due after more than one year	2022	2021
Notes	£	£
Shareholder loans	288,500	651,000
Bank loans and overdrafts	4,208,870	47,500
Obligations under finance leases	10 -	346,373
Other loans	-	105,778
	<u>4,497,370</u>	<u>1,150,651</u>

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Creditors: amounts falling due after more than one year (Continued)

In June 2020, the company took a variable rate, unsecured shareholder loan, accruing interest at 12% per annum until June 2023 and 15% per annum from June 2023 to June 2025. This is due for repayment between June 2023 and June 2025.

The finance leases and loans are secured on the assets to which they relate.

There are no creditors falling due after more than five years.

10 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	346,373	475,732
In two to five years	-	346,373
	<u>346,373</u>	<u>822,105</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average term of the lease is 1 year and 10 months. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

11 Convertible loan notes

	2022	2021
	£	£
Liability component of convertible loan notes	<u>8,139,509</u>	<u>5,769,773</u>

At the year end the Company had 2 convertible loan notes outstanding.

The first convertible loan note was issued on 27 August 2020 with a principal amount of £5,700,000 and an interest rate of 8% per annum. The conversion feature allowed the holder to serve a conversion notice at any time allowing for the notes to be converted into Preferred Shares, which rank equivalent to ordinary shares. The conversion price was determined by dividing a fixed value by the number of shares in issue.

The second convertible loan note was issued on 16 March 2022 with a principal amount of £1,750,000 and an interest rate of 16% per annum. The conversion feature allowed the holder to convert the loan within a period of 12 months or prior to an equity raise into Preferred Shares, which rank equivalent to ordinary shares. The conversion price was set at an amount equal to the equity raise inclusive of a 25% discount.

The liability component of the loan notes has been measured at amortised cost. The interest charged for the year is calculated by applying an effective interest rate to the liability amount. The conversion feature cannot be reliably measured at this stage of the Company's lifecycle however a £583,000 charge to the profit and loss account was made during the year, which was the determined fair value of the 25% discount feature for the second note. The fair value was calculated based on the share price of the Company determined as part of the equity raise.

Both loan notes were converted shortly after the yearend prior to the Series B funding.

THE BIKE CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, of £2,606,080 (2021: £2,000,472).

13 Related party transactions

Transactions with related parties

At 30 April 2021 other debtors due within one year included loans made to the directors by the company of £3,428. During the period, advances were made to the company totalling £28,041 and repayment and expenses paid by the company on behalf of the directors totalled £11,214. At the period end the directors owed the company £20,255. The loans are interest free and have no fixed date for repayment.

14 Post balance sheet events

In April 2022, as part of a series B fundraising round, £16m of equity capital was raised and the convertible loan note was converted into 16,695,598 shares.

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.