The Queen's Club

Annual Report 2019

Annual Report
for the year ended 30 September 2019

Contents

1 Chairman's Report

Dear Shareholder and Member

On behalf of the Board of The Queen's Club, I am pleased to report on the year ending 30 September 2019.

Review of the Year

We were saddened to say goodbye to Andrew Stewart, our CEO, who retired after 11 years with the Club. Andrew joined Queen's at a very difficult time in 2008 after the Members had purchased the Club from the LTA. He steered us through that period admirably. We said farewell at a very well-attended drinks party and, at the EGM in September, Andrew was elected an Honorary Playing Member.

We were delighted to welcome Ross Niland as our new CEO, who started in August 2019. Ross is a former Club Member and past singles, men's doubles and mixed doubles Club tournament Champion.

This has been a wonderful year on many fronts, capped by two visits from our new Royal Patron, HRH The Earl of Wessex. He hosted a "thank you" reception for the chairs of all the Real Tennis courts in the country, following his challenge to play every active court in the world – some 48 in four countries and three continents – to raise funds for the Duke of Edinburgh's Award. He then joined us again to watch a day's play at the Fever-Tree.

This was the second year of the Tournament with Fever-Tree as our sponsor, and we again welcomed an outstanding field of top ATP players, including the exciting "next generation" players Stefanos Tsitsipas, Daniil Medvedev and Félix Auger-Aliassime. But it was the "old guard" who triumphed, with Feliciano Lopez winning the singles at the age of 37, only to then team up with a resurgent Andy Murray to win the doubles. It was the first time a player had won the singles and doubles since Mark Philippoussis in 1997. Despite losing the whole of Tuesday to rain, the week finished with a wonderful set of finals.

The Gentlemen's Dressing Room (GDR) refurbishment was completed in the first half of this financial year and since March 2019 the men have been able to enjoy the refurbished facilities. Following the completion of the GDR as well as the newly refurbished Games Room, Members have enjoyed the enhanced facilities.

Our plans for 2020 include the lowering of the Greyhound Road courts, which will provide us with one extra court and allow us to erect a new temporary bubble over two courts in the winter months. We are also examining the feasibility of realigning the shale courts to provide more space, potentially for padel courts, of resurfacing the courts under the old bubble and replacing it with a more modern bubble. There is also preparatory work being done to identify space for a doubles squash court.

Our terrific professionals led by Lee Childs, Ben Ronaldson, Ben Bomford and Yawar Islam have proactively and skilfully cajoled and encouraged more and higher levels of play, resulting in Club Members enjoying both internal and external success across all four sports.

In Lawn Tennis the Men's 1st Team were triumphant in the National Premier League Finals played at the end of April 2019. This competition has become the highest standard winter tennis league in Great Britain, so this really is a fantastic achievement. Our mixed team won the Middlesex Mixed Cup; the Men's Over 45s won a title at the National Inter-Club Championships and in the juniors our U14s won their Middlesex League. Our current Lawn Tennis Club Champions are Lewis Burton and Senka Softic who won their titles last November. Over the summer our Men's and Ladies 1st teams came 1st and 3rd in their respective Premier Divisions which is a great effort. In junior competitions, William Jansen won the National Boys U14 title.

In Real Tennis Lea Van Der Zwalmen was Runner Up in the Real Tennis British Open in only her third year of playing the sport. Rob Fahey continued his 2018 World Championship form by winning the British Open for the 13th time defeating Chris Chapman. Tara Lumley won the International Invitational. Freddie Bristowe, who is also an outstanding rackets player, became World Junior Champion and at the Club Finals Night on 29th April 2019 Jamie Giddins and Lea Van Der Zwalmen retained their Club Championship titles for the second year. During the summer John Prenn won the World Masters O65s and O60s in America, whilst Jamie Douglas, Jamie Giddins and Ed Kay won the Bathurst Cup for Team GB in Chicago. During the school holidays the Club hosted the British Junior Championships, which was another great event for some of our home-grown talent, as Club juniors Max Warner won the U12 title (at the age of 8!) and Bertie Vallat won the U14 title. Fellow junior Patrick Smart also reached the U18 final. James Rossiter had enviable success winning the U20 Tournament at Prested as well as the US U15 Championships.

James Coyne, Chairman of the Rackets Committee, became the Canadian Amateur Champion. Tom Billings won the British Open Singles and Doubles and Invitational Singles but was defeated by James Stout in the World Challenge. Following the announcement of Stout's retirement from Rackets, Tom will now face a challenge to become Singles World Champion later this year. Lea Van Der Zwalmen retained her British Open title and our own Ben Bomford won the Professional Championships. In May the Rackets fraternity was excited to see Lea Van Der Zwalmen back on court to defend and retain her Ladies World Singles title against challenger Georgie Willis. To publicly acknowledge and recognise the enormous contribution that David Norman has made to the sport of Rackets at Queen's the Board unanimously agreed that the viewing galleries for both the Championship and Bridgeman Courts and the 'Link Room' be named "The Norman Galleries". A drinks reception and dinner was held in September to celebrate the official naming.

On the squash courts, Kace Bartley, Aliza Sheikh and Yusuf Sheikh are all deserving beneficiaries of funding from the Richard Tur Foundation and are really making their mark. Kace was delighted to win her maiden PSA professional tour title at the Swedish Open, which saw her World Ranking rise to No.77. Alex Betts won the West of England Masters and Mike Ramsay won the Grampian Masters. Jamie Douglas became new Singles Champion, taking the title from Alex Portz who was a worthy Runner Up this year.

Off court our management and staff yet again excelled with their dedication to duty and service and I would like to pay tribute to the following staff members who during 2019 celebrated significant service anniversaries. At the end of March, Members and staff alike joined Tony Dhanoa, Finance Director, to celebrate 30 years of service to the Club, an amazing achievement. Close on his heels are both Gary Neal, Maintenance Manager, and Colin Dell, Maintenance Assistant, who in January and April respectively celebrated 25 years of service.

I would like to remind all Members of The Queen's Club Foundation, our official Club charity, whose aim is to provide grants to encourage and widen participation in communities and inspire individuals to reach their full potential in Lawn Tennis, Rackets, Real Tennis and Squash. Now firmly established, the Foundation has been able to boost its presence within Hammersmith and Fulham by recently launching its Community Club at Queen's. Held on Sunday mornings, on the back Plexi courts, the Community Club provides free weekly lessons to local Primary aged children. I would encourage all Members to support the Foundation in any way you can.

Financial Review

In 2018 our financial statements showed, for the first time, that the redeemable shares were for accounting purposes classified as debt rather than as equity. The technical reasons for this were explained in those financial statements and in last year's annual report.

We believed that it was neither the intention of the then board of the Company, nor the understanding of the original applicants for redeemable shares, that those shares would be treated as debt.

At an extraordinary general meeting of QC Holdings on 26 September 2019 the shareholders approved the technical amendments to the Articles of Association so that the redeemable shares could be treated as equity.

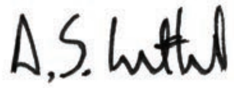
This has led to a one-off accounting adjustment of £25.5million in the consolidated profit and loss account and adjustments in the consolidated balance sheet to show the redeemable shares as equity. These are non-cash items and will not recur. Next year I think we will see a much more sensible set of accounts.

The group profit before the one-off adjustment, taxation and finance charges is £1.52 million. Whilst the Club's operating company, The Queen's Club Limited, produced a profit before taxation of £1.61 million.

I would like to stress that our cash position remains strong. During the year our capital expenditure, to upgrade and maintain the Club totalled £1.38 million. This was below budget and included the Gentlemen's Dressing Room (GDR) and the Games Room refurbishments. The Group generated £1.7 million of cash from operations and interest received in the year and our cash balance at September 2019 stood at £4.5million. In addition, the sinking fund investments that we have been accumulating each year to repay the A and B Debentures (requiring a repayment of £6.9 million in September 2022) totalled £6.2 million. Total cash and sinking fund investments at 30 September 2019 stood at £10.7 million.

The Club also continues to enjoy the security of our ten-year deal with the LTA for the running of the grass court Championships. The revenue from the Championship makes a significant contribution to our financial performance.

In summary, our great Club remains in the best of health. We will continue to manage the Club prudently and I have every confidence that Queen's will go from strength to strength.



Andrew Lowenthal
Chairman, The Queen's Club

2 Chief Executive's Report

It has been fantastic to be back at this great Club now as Chief Executive having previously been a Member several years ago. I would like to thank my predecessor Andrew Stewart for his openness during the handover and for leaving the Club on such solid footings and with such a wonderful workforce.

Last year will be remembered for the return to competitive tennis of Andy Murray who won the Doubles in the Fever-Tree Championships alongside our repeat Singles Champion Feliciano Lopez. How great it was to see him back on the lawn tennis courts at our Club and, of course, victorious as is so often the case with him here at Queen's.

As is necessary at a Club like Queen's we need to keep investing in the facilities and this year saw the refurbishment of the Gentlemen's Dressing Room which I hope has met every gentleman's expectations. Whilst it is similar in size it is a lot smarter and is fitting of a Club of this stature. At the same time we also refurbished the Games Room and this is a room we can now all be proud of. The next major project is likely to be work on the Greyhound Road lawn tennis courts. We have planning permission for an additional seasonal two court bubble as well as increasing the total number of courts in that area from three to four. Subject to cost and Board approval, this project is likely to be brought in front of the Members in the first half of 2020 for approval, with work potentially starting in the second half of 2020. This schedule would mean that we would expect the courts and bubble to be ready for use after the Tournament in 2021. More broadly, the Executive and Board are continuing to consider options for future estate development with the primary focus of improving the member offering at an acceptable cost.

Having relocated our Head of Lawn Tennis, Lee Childs, into the same office as the other professionals we now have a central hub for all four sports by the main entrance to the Club. We have also employed an additional member of staff for lawn tennis to ensure that we have seven day coverage of our major sport. The sporting team continues to be supported by Alison Quinlan, our Sports Administrator, who works tirelessly to make sure that everything runs as smoothly as it can in such a busy environment. We are continually striving to raise the standards of the service we provide to Members and the successes of the Head Pros Lee Childs, Ben Ronaldson, Ben Bomford and Yawar Islam and their teams can be seen in the level of activity across all sports. In some ways we have become a victim of our own success and have seen issues around court congestion in all sports, particularly in lawn tennis. To address this we have started a consultation with Members to see what, if anything, we can do about this and will come back to the Members on this in due course.

One of the key priorities at the Club is to ensure that we provide a first class food and beverage offering to members and their guests and the feedback we get from you all is that we are continuing to raise the standards. Many thanks to our Food & Beverage Service Manager, Paul Ioannou whose team, including Head Chef Kadir Konuk, work unstintingly to deliver for you in this area. All of this is done with a view to keeping the catering deficit in check which we have successfully achieved this year.

End-of-year Members resignations remain low, which is very good news for the Club, but much less so for those wishing to join. As you are aware the Board decided to suspend the Waiting List for Full membership earlier this year as the waiting time for Full Adult membership was at least 15 years. We know that these waiting times for Membership are frustrating, especially for juniors, and so the Membership Committee is taking a hard look at how this might be alleviated and has come up with some initial proposals. There are no easy answers, but we shall keep you informed as things progress.

This year will see another programme of top level sporting occasions at Queen's, headed by the Fever-Tree Championships which in 2020 takes place from 15th to 21st June. For the first time we will also see the Club Finals for all four sports take place on the same weekend at the end of April. We expect this to be a hugely popular weekend at the Club and a celebration of top class play.

Thank you for using the Club so regularly. If you have any recommendations, please send them to **feedback@queensclub.co.uk** or drop in to see me or our General Manager, Giles Helbert.

Ross Niland
Chief Executive, The Queen's Club

3 Queen's Club Trustees, Board and Committees

31 December 2019

Trustees

Chairman: Robin Edwards *(2015)*
Andrew Beeson *(2017)*
Howard Rudebeck *(2016)*

Exec: Ross Niland, Tony Dhanoa

Board of Directors

Chairman: Andrew Lowenthal *(2018)*
Peter Begg *(2014)*
James Bruce *(2019)*
Libby Pierpont Engstrom *(2014)*
Charlotta Ginman-Horrell *(2019)*
Alexander Jansen *(2016)*
Joan Major *(2019)*
Nigel Mills *(2018)*
Charles O'Donnell *(2017)*
Dan Taylor *(2017)*
Annabel Watson *(2014)*
Robert Wigley *(2015)*

Exec: Ross Niland, Tony Dhanoa

Committees

Fever-Tree

Tony Dhanoa
Ross Niland
Annabel Watson

LTA Representatives:
Chairman: Scott Lloyd
Stephen Farrow
Simon Steele

Audit

Chairman: Tristan Hillgarth
Frederick Graham
Rupert Lowe
Kyriacos Pittalis

Exec: Ross Niland, Tony Dhanoa

Rules

Chairman: Michael Thomas
Graham Defries
James Hanham
Howard Rudebeck
Paul Highett
Audrey Yeung
Joan Major

Exec: Tony Dhanoa, Anthony Wagstaff

Finance

Chairman: James Bruce
Nigel Mills
Matthias Stingelin
Jan Weber

Exec: Ross Niland, Tony Dhanoa, Giles Helbert

Estates

Chairman: Robert Wigley
David Henderson-Williams
Charlotte Thomas
Justin Turner
Dan Taylor

Exec: Ross Niland, Tony Dhanoa

Disciplinary

Chairman: Simon Mansfield
Conor Boden
Jon Halse
Selva Ramasamy

Note: Year in brackets signifies when first elected by Members

House

Chairman: Christopher Kurkjian
Felix Clarke
Charlotta Ginman-Horrell
Jane Power
Karishma Sha-Tanna
Anna Allen- Jones
Leone Watson

Exec: Jessica Oldham, Giles Helbert, Paul Ioannou

Membership

Chairman: Nabeel Malik
Libby Pierpont Engstrom
Sebastian Mullin
Joan Major
Justin Hughes
Giles Rowbotham
Nicholas Thurlow
Anthony Wilson

Exec: Anthony Wagstaff

Lawn Tennis

Chairman: Alex Jansen
Tara Jameson
Enrico Mezan
Jane Collins
Bart Homan
Simon Drezden

Exec: Lee Childs, Ross Niland, Alison Quinlan

Rackets

Chairman: James Coyne
James Marshall
Rory Sutton
Dom Wright

Exec: Ben Bomford, Ross Niland, Alison Quinlan

Real Tennis

Chairman: Alan Giddins
Graham Defries
Astrid Drayson
Tim Hall
Corin Jenkins
James Bruce

Exec: Ben Ronaldson, Ross Niland, Alison Quinlan

Squash

Chairman: Alex Betts
Rina Einy
Ahmed El-Refee
Libby Pierpont Engstrom
Tom O'Neill
Adrian Pepper
Rod Shephard
David Tarsh

Exec: Ross Niland, Yawar Islam, Alison Quinlan

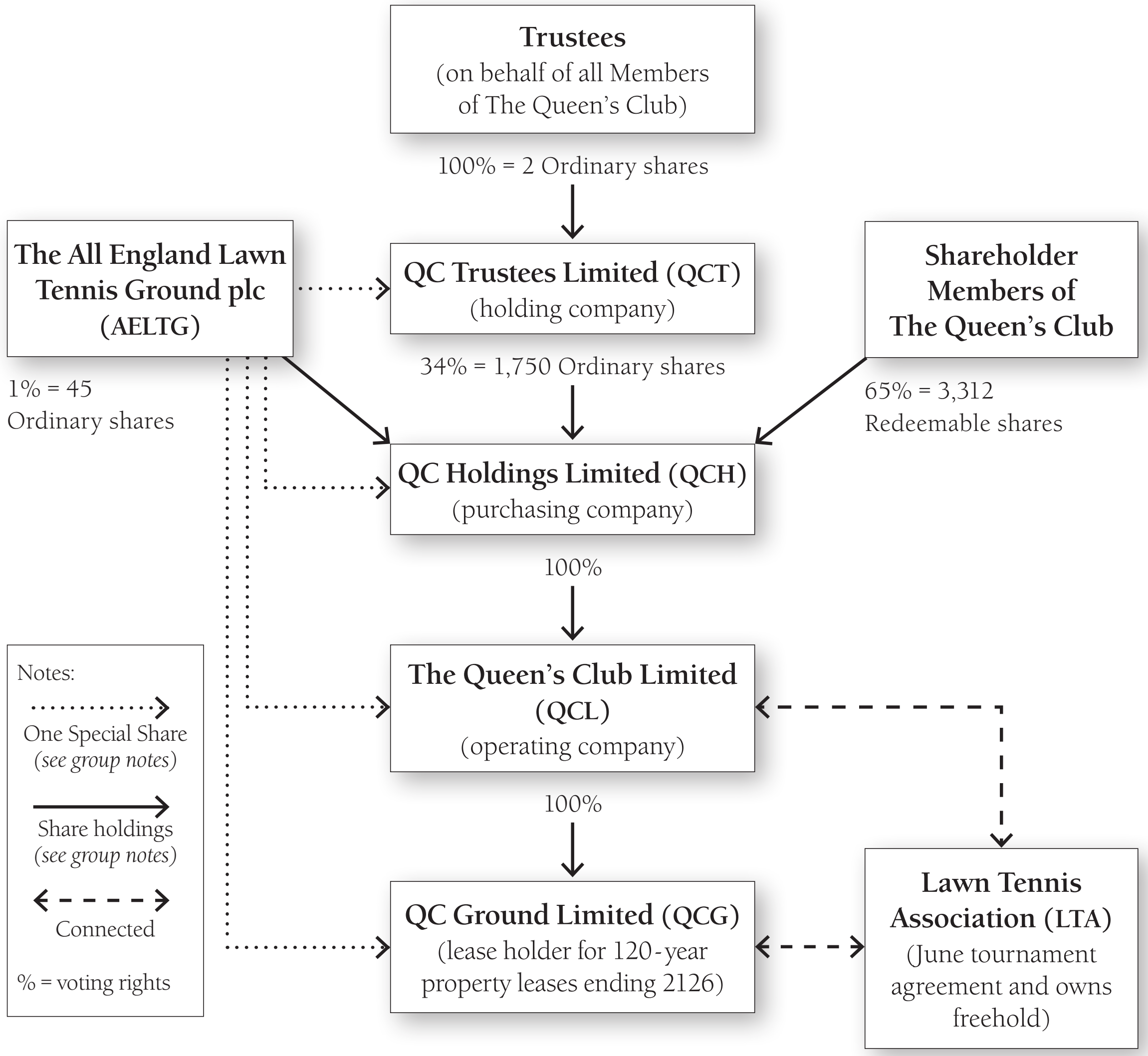
Sports

Chairman & Exec: Ross Niland
Alex Betts
James Coyne
Alan Giddins
Alex Jansen

4 Governance & Structure

The Queens' Club had existed since 1886 as an unincorporated Members' Club. Since the acquistion from the Lawn Tennis Association in 2007, the group structure is as set out in the chart below and explained on pages 11 and 12. The Club is governed by the Club Rules which set out and define all Members' rights and obligations.

Group structure (voting rights)



The essential points about this structure are:

(1) The hierarchy of governance is, first and foremost, the Members of the Club in general meeting; second, the Trustees, who protect the best interests of Members, and third, the directors who control the Club and delegate day-to-day management to the executive.

(2) The companies and their boards of elected directors are required to hold and manage corporate assets in the best interests of all Club Members. The elected Trustees must ensure that this requirement is carried out.

(3) Members can express their wishes to reach decisions in general meeting.

The Lawn Tennis Association

In May 2007 the Club purchased from the Lawn Tennis Association the shares in The Queen's Club Limited, the operating company, together with a 120-year lease of the Club premises.

QC Trustees Limited

QC Trustees Limited (QCT) is the ultimate parent company of the group. The Club's Trustees own 100 per cent of QCT (two shares). The powers and duties of the Trustees, elected by Club Members, are laid down in a 2007 Trust Deed that requires the Trustees to hold their shares and to use their voting power solely to protect the best interest of Club Members.

QC Holdings Limited

3,312 Club Members hold a redeemable share in Queen's Club Holdings Limited (QCH), each carrying one vote. QCH was formed to raise sufficient funds to purchase, on behalf of Members, the shares in The Queen's Club Limited and the lease. It issued paid-up redeemable shares and debentures to all Members who sought them, and borrowed a large sum from a bank that has since been repaid. QCT holds 1,750 ordinary shares (34% of the voting rights), which is sufficient for effective control if required, to protect the best interests of Club Members as a whole.

The Queen's Club Limited

The operating company, The Queen's Club Limited (QCL), owns the Club's fixtures, fittings and equipment, and employs the staff to run it.

QC Ground Limited

The 120-year lease is vested in QCG, which is a subsidiary controlled ultimately by QCH.

The All England Lawn Tennis Ground plc

To preserve its interest in the June Tournament, The All England Lawn Tennis Ground plc (AELTG) acquired 45 ordinary shares in QCH, representing approximately 1% of the voting shares. AELTG was also issued one special share in each of QCT, QCH, QCL and

QCG. This gave AELTG the right to first refusal, at a discount of 10% to the then market price, to acquire the Club in the event of a proposed sale.

Members

All Members have agreed to abide by the Rules where they are in conflict with their rights under the Articles. Since 2007, all Members over 28 years of age have been required to buy a redeemable share.

Each Member, including non-shareholders, may nominate and vote to select the Club's directors. The result of the ballot is reported to the Club's AGM. The composition of the boards of QCH, QCL and QCG is identical.

Meetings

The forum for determining the wishes of Members is an AGM or general meeting held under Club rules. All Club Members over the age of 18 and present at a meeting may vote. In keeping with the tradition and ethos of a Members' Club, proxies may not vote. Resolutions are decided on a show of hands unless a subsequent ballot of all Club Members is requested. Substantial capital expenditure must be approved in general meeting. The AGM also serves as AGMs of QCH, QCL and QCT, which enable its shareholders to resolve its corporate business (such as appointment of auditors and approval of accounts).

Summarised Information

The majority of the Club's profit is generated by QCL, the operating company. QCH mainly generates a profit from interest and investments from the sinking fund created to pay back debentures due in 2022. QCG produces an annual loss which is the depreciation on land and buildings of the Club. QCL, QCH and QCG accounts are consolidated in QCT as summarised below. Note 11 shows how the group companies profit is reconciled with QCT.

QC Trustees Limited

Consolidated Profit & Loss Account

Year ended 30 September

	Notes	**2019** **£**	2018 £
Turnover	1	11,599,300	11,388,147
Cost of sales	2	(1,313,089)	(1,318,762)
Gross profit		10,286,211	10,069,385
Administration expenses	3	(9,484,614)	(9,040,462)
Operating profit		801,597	1,028,923
Other income	4	489,357	473,108
Interest & similar income	5	233,396	182,706
Profit before adjustment to redeemable shares, tax, interest payable & similar charges	6	**1,524,350**	**1,684,737**
Adjustment to redeemable shares	7	25,518,853	–
Interest payable & similar charges analyses as:			
Redeemable shares – finance charges	8	–	(2,564,244)
Debentures – finance charges	9	(333,693)	(216,948)
Profit /(loss) before taxation		**26,709,510**	**(1,096,455)**
Taxation	10	(78,047)	(204,269)
Profit /(loss) after taxation		**26,631,463**	**(1,300,724)**

Notes to the Consolidated Profit & Loss Account:

1 Turnover includes income from subscriptions, shop, catering, racket sporting activities and the Fever-Tree Championships.

2 Cost of sales includes supply of goods and services from catering and the club shop.

3 Administration expenses include depreciation of £1.32 million (2018: £1.26 million).

4 Other income includes property rental income from Palliser House and Centenary House.

5 Interest and dividend income is earned from the Club's investments and cash deposits.

6 This amount represents the profit before tax and before the adjustments for the redeemable shares and debenture finance charges. This is £160,000 (9.5%) lower than last year.

7 At an extraordinary general meeting of QCH Limited on 26 September 2019 the shareholders approved the amendments to the Articles of Association so that the redeemable shares are treated as equity.

This has led to a one-off accounting adjustment this year of £25.52 million in the profit and loss account and adjustments in the balance sheet to show the redeemable shares as equity (2018: classified as debt). These adjustments reverse those made in the last and prior years' accounts which had included fair value movements. These were all non-cash items and will not recur.

8 The redeemable share finance charges in 2018 resulted from the shares being classified as debt. In 2018 an increase in liability was written off against the profit resulting from the movement in share price year-on-year. The accounting charge had no impact on the cash position and does not reoccur in 2019 as a result of the redeemable shares being re-classified as equity.

9 The debenture share finance charges result from (i) recognising the cost of the options in respect of the redeemable shares when exercised and (ii) recognising the debenture liability at the present value of the discounted amount when repayable. These accounting charges also have no impact on the cash position of the Group.

10 Corporation tax is based on draft computations and includes the movement in deferred tax. The redeemable share and debenture adjustments have no impact on taxation.

11 Profit before adjustment to redeemable shares, tax, interest payable and similar charges:

	£000
QCL profit	1,615
QCH profit	173
QCG loss	(409)
QCT negative goodwill adjustment	145
QCT consolidated profit	1,524

Summarised Information

QC Trustees Limited

Consolidated Balance Sheet

At 30 September

	Notes	2019 £	2018 £
Fixed assets			
Leasehold land and buildings		44,405,565	44,814,205
Leasehold improvements, plant & equipment		7,441,963	6,971,822
		51,847,528	51,786,027
Current assets			
Stock	*1*	344,181	237,494
Debtors	2	7,193,338	6,048,852
Cash at bank & hand		4,500,703	4,580,004
		12,038,222	10,866,350
Creditors: less than one year	3	(2,839,280)	(2,829,765)
Total assets less current liabilities & before negative goodwill		**61,046,470**	**59,822,612**
Negative goodwill	4	(15,653,486)	(15,798,566)
Total assets less current liabilities & after negative goodwill		**45,392,984**	**44,024,046**
Capital, reserves, long-term liabilities & provisions			
Creditors: more than one year			
Other creditors	5	1,928,991	2,209,712
Debentures	6	5,751,513	5,417,821
Redeemable shares	7	–	49,176,279
Share options	8	315,000	315,000
		7,995,504	57,118,812
Provision for liabilities	9	438,122	447,769
Share capital and reserves		3	3
Profit and loss account	10	12,401,657	(13,564,022)
Non-controlling interest	11	687,271	21,474
Redeemable shares	12	23,870,430	–
		45,392,984	**44,024,036**

Notes to the Consolidated Balance Sheet:

1 Stock includes: food and drink stock of £65,000 (2018: 44,000) and shop stock of £279,000 (2018: 193,000).

2 Debtor includes current assets (short-term) investments valued at £6.2 million (2018: £5.4 million).

3 Creditors includes £1.05 million (2018: £1.07 million) payable to Members who had wished to redeem their shares as at 30 September.

4 In May 2007, the Club purchased, at a discount to the asking price, a 120-year lease for the Club's premises, including the net assets of QCL. This discount is referred to as negative goodwill in the statutory accounts of the ultimate parent company, QCT and is written back to the profit and loss account over the period of the lease.

5 Other creditors include younger Members who previously paid a 50% down-payment for the right to acquire a redeemable share when they turn 28 years old. If they fail to pay the remaining 50% when they turn 28 years, the down-payment is repayable without interest.

6 'A' and 'B' debentures of £6.9 million are repayable on 30 September 2022. The liability is shown at present value.

7 No liability arises in 2019 since the redeemable shares are classified as equity. In 2018 (restated 2017), the liability arising on the redeemable shares was recorded at the amount payable at fair value.

8 The share options liability is the amount at fair value for the options granted to debenture holders to acquire redeemable shares.

9 This is the Richard Tur Fund resulting from the 2006 Court Order governing the settlement with the Lawn Tennis Association. The fund is now being applied for the benefit of persons under the age of 28 to play racquet sports at The Queen's Club through a scholarship programme.

10 The adjustment to redeemable shares to equity from debt gives rise to a gain in the year of £25.52 million through the profit and loss account, which explains the significant movement on the balance sheet.

11 This is the non-controlling (minority interest) participation. It comprises ordinary shares held by AELTG and QCH together with the redeemable shares held in QCH.

12 At 30 September 2019, 3,312 (2018: 3,299), redeemable shares of £1 each had been issued by QCH. As equity, the share premium on these shares was revalued at £23.9 million. There was no share premium recorded in 2018 as a result of the redeemable shares being accounted for as debt.

Summarised Information

The below shows QCL accounts in more detail than the statutory accounts. The profit has been split by area showing net revenues and costs.

The Queen's Club Limited

Profit & Loss Account

Year ended 30 September

	Notes	**2019** £	2018 £
Net revenues			
Membership and communication	*1*	5,385,493	5,253,635
Shop	*2*	148,225	151,210
Rental income	*3*	228,130	230,556
Catering and social events	*4*	(633,487)	(650,034)
Sporting activities	*5*	(783,204)	(783,484)
Total net revenue		4,345,157	4,201,883
Overheads			
Head office club	*6*	(2,560,842)	(2,275,972)
Head office maintenance	*7*	(560,488)	(542,890)
Total overheads		(3,121,330)	(2,818,862)
Profit excluding June Championships		1,223,827	1,383,021
June Championships net profit	*8*	1,284,299	1,237,388
Trading profit		**2,508,126**	2,620,409
Interest received	*9*	31,902	32,694
Major repairs and refurbishment	*10*	(14,524)	(20,894)
Profit before depreciation		2,525,504	2,632,209
Depreciation		(911,030)	(853,027)
Profit before taxation		1,614,474	1,779,182
Taxation	*11*	(62,661)	(184,423)
Profit after taxation	*12*	**1,551,813**	1,594,759

Notes to the Profit & Loss Account:

1 The annual subscription increase was 3% (2018: 2.5%).

2 Shop profit was marginally lower this year than in 2018.

3 Rental income includes the net income from Palliser House and Centenary House.

4 There was a 3% (£17,000) improvement in the catering and social net deficit. The Grille and bars continue to be popular with Members, with a 2% (£23,000) increase in sales. The 13% (£44,000) increase in the function trade income helped to reduce the catering deficit.

5 The sporting activities deficit is similar to last year.

6 The Club head office costs are 13% (285,000) higher than 2018. This includes staff returning from maternity and an additional security guard. The cost of recruiting the Club's new CEO is also included here.

7 Maintenance costs are 3% (£18,000) higher than in 2018, mainly resulting from the use of temporary staff.

8 The profit from the Fever-Tree Championships is 4% (£47,000) higher than last year. This mainly comes from improved catering revenues during the Championships, whilst sponsorship income remains subdued.

9 Interest received is from cash deposits. This year's interest is similar to last year.

10 This year electrical testing (£15,000) was carried to the whole site; this is normally carried out every five years. Last year indoor courts 1 and 2 were resurfaced (£16,000) and the Link Room was refurbished (£5,000).

11 Corporation tax is based on draft computations and includes deferred tax movement, resulting in a lower tax figure this year.

12 Profit after taxation is 2.8% (£43,000) lower than last year.

Statutory Accounts
QC Trustees Limited
for the year ended 30 September 2019

Contents

QC Trustees Limited
Strategic report

The directors present their strategic report of the parent company, QC Trustees Limited, and its subsidiaries (the "Company" and, together, the "Group") for the year ended 30 September 2019.

Business review

The business of the group is operated by The Queen's Club Limited (the "Club"), which is run for the Members through a board of directors elected by the Members.

There were no significant adverse effects due to the uncertainties of Brexit. Like all UK companies, the Club is subject to levels of uncertainty of outcomes, with the full range of possible effects of Brexit unknown. We are concerned about the nature of Britain's exit from Europe, especially in terms of the ability to retain and recruit EU staff.

Future development considerations will focus on improvements to the facilities of the Club. They will be designed to add to Members' enjoyment of the Club throughout the year.

In 2018 the QC Holdings Limited ("QC Holdings") report and financial statements showed, for the first time, that the redeemable shares were for accounting purposes classified as debt rather than as equity. The technical reasons for this were explained in those financial statements.

The directors of QC Holdings believed that it was neither the intention of the then board of the Company nor the understanding of the original applicants for redeemable shares, that those shares would be treated as debt.

The directors of QC Holdings were advised by specialist lawyers that, subject to certain technical amendments to Company's Articles of Association being made, the original and present intentions of the Company's board and of the Club's membership could be realised. At an extraordinary general meeting of QC Holdings on 26 September 2019 the shareholders approved the amendments to the Articles of Association so that the redeemable shares could be treated as equity.

The redeemable shares classified as a liability have been converted into equity as at 30 September 2019, giving rise to a profit on conversion of £25,518,853. Adjustments in the consolidated profit and loss account and the consolidated balance sheet show the redeemable shares as equity *(2018: debt)*, reverse those made in last year's accounts as a prior year's adjustment and fair value movements. These are all non-cash items and will not recur.

Key performance indicators

The group's trading performance during the year improved slightly with turnover and gross profit up by 1.9% and 2.2% respectfully over 2018. This trading performance included the profit from the Fever-Tree tournament of £1.28m *(2018: £1.24m)*. However, administrative expenses increased by 4.9% during the year to 9.5m *(2018: £9m)* which resulted in the operating profit reducing by 22.1% to £802,000 from £1,029,000 in 2018.

The gross profit margin was 88.7% *(2018: 88.4%)*.

The financial statements show a profit of £1,524,350 *(2018: £1,684,737)* before adjustment to redeemable shares, tax, interest payable and similar charges. This produces a profit margin of 13.1% *(2018: 14.8%)*.

Capital expenditure in 2019 was £1.4m *(2018: £1m)*. Net proceeds from Members joining and leaving the Club were £213,000 *(2018: £41,000)*.

The year-end cash balance, excluding the amount set aside for repaying debentures, was £4.5m *(2018: £4.6m)*.

Principal risks and uncertainties

Financial risk management
The Group's operations expose it to a variety of financial risks, including credit, liquidity and interest rate risks. The Group has in place a risk-management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and related finance charges.

Price risk
The Group is exposed to price risk due to normal pressures of inflationary increases in the purchase price of goods and services in the UK.

Credit risk
The Group has implemented policies that require appropriate status checks and/or references as necessary.

Liquidity risk
The Group actively monitors the performance of the June tournament contract and subscription fees to ensure that it has sufficient available funds and capital in order to operate and meet its planned commitments.

Market risk
The approach to the investment risk is to place investments in the hands of specialist asset managers. Asset managers have been provided with guidelines with the aim of providing better returns than cash deposits without undue risk.

Cash flow risk
In managing its cash flows the Group seeks to obtain a return by holding deposits. The length of deposits is managed carefully to ensure that no short-term cash shortfall arises.

Approval

This strategic report was approved by order of the Board on 29 January 2020.

R Edwards
Chairman

QC Trustees Limited
Directors' report

The directors present their directors' report and financial statements, in addition to the strategic report on pages 21 and 22, for the Group for the year ended 30 September 2019.

Principal activity

The principal activity of the Group continues to be to own and manage the Club that provides lawn tennis, rackets, real tennis, squash, fitness facilities and catering for Club Members and for national and other events.

Dividend

The directors cannot recommend the payment of a dividend *(2018: £nil)*. There are restrictions under the Articles of Association from paying any dividend.

Directors

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

A Beeson
R Edwards *(Chairman)*
R Hopkinson-Woolley *(resigned 16 December 2019)*
H Rudebeck

Political contributions

The Group made no political donations nor incurred any political expenditure during the year *(2018: £nil)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events that have occurred since the end of the financial year have been included in the Strategic Report.

Auditors

KPMG LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting

Approval

This directors' report was approved by order of the Board on 29 January 2020.

R Edwards
Chairman

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, the 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, they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going-concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent auditor's report to members of QC Trustees Limited

Opinion

We have audited the financial statements of QC Trustees Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 September 2019 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated cash flow statement, the Company Balance Sheet, the Company Statement of Changes in Equity, and the 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 Group's and of the Parent Company's affairs as at 30 September 2019 and of the Group's 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 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 Group and the Parent 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' 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.

Opinions on other matters 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 directors' Responsibilities Statement, 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.

QC Trustees Limited

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Clark (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Profit & Loss Account

For the year ended 30 September 2019

	Notes	2019 £	2018 £
Turnover	3	11,599,300	11,388,147
Cost of sales		(1,313,089)	(1,318,762)
Gross profit		10,286,211	10,069,385
Administrative expenses		(9,484,614)	(9,040,462)
Operating profit		801,597	1,028,923
Other income	4	489,357	473,108
Interest receivable and similar income	8	233,396	182,706
Profit before adjustment to redeemable shares, tax, interest payable and similar charges		1,524,350	1,684,737
Adjustment to redeemable shares	9	25,518,853	–
Interest payable and similar charges analysed as:			
Redeemable shares – fair value movement	10		(2,564,244)
Debentures – finance charge	10	(333,693)	(216,948)
Profit before taxation		26,709,510	(1,096,455)
Tax on profit	11	(78,047)	(204,269)
Profit for the financial year		26,631,463	(1,300,724)
Profit for the period attributable to:			
Non-controlling interest		665,787	(32,518)
Owners of the parent		25,965,676	(1,268,206)
		26,631,463	(1,300,724)

All of the Group's operations are classed as continuing.

There were no recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 34 to 50 form an integral part of these financial statements.

QC Trustees Limited

Consolidated Balance Sheet

At 30 September 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Negative goodwill	12		(15,653,486)		(15,798,566)
Tangible fixed assets	13		51,847,528		51,786,027
			36,194,042		35,987,461
Current assets					
Stocks	15	344,181		237,494	
Debtors	16	7,193,338		6,048,852	
Cash at bank and in hand		4,500,703		4,580,004	
		12,038,222		10,866,350	
Creditors: amounts falling due within one year	17	(2,839,280)		(2,829,765)	
Net current assets			9,198,942		8,036,585
Total assets less current liabilities			45,392,984		44,024,046
Capital, Reserves, Long-Term Liabilities and Provisions					
Creditors: amounts falling due after more than one year	18	7,995,504		57,118,812	
Provisions for liabilities	21	438,122		447,769	
			8,433,626		57,566,581
Share capital	22	3		3	
Profit and loss account		12,401,654		(13,564,022)	
Capital and reserves attributable to the equity holders of the company			12,401,657		(13,564,019)
Non-controlling interest	22		687,271		21,484
Subsidiary company redeemable shares	22		23,870,430		–
			45,392,984		44,024,046

The financial statements were approved by the Board of Directors and authorised for issue on 29 January 2020.

R Edwards *Chairman*

The notes on pages 34 to 50 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2019

	Share capital	Profit and loss account	Total	Subsidiary company redeemable shares	Non-controlling interest	Total equity
	£	£	£	£	£	£
At 1 October 2017	3	(12,295,816)	(12,295,813)	–	54,002	(12,241,811)
Loss for the year	–	(1,268,206)	(1,268,206)	–	(32,518)	(1,300,724)
At 30 September 2018	**3**	**(13,564,022)**	**(13,564,019)**	**–**	**21,484**	**(13,542,535)**

	Share capital	Profit and loss account	Total	Subsidiary company redeemable shares	Non-controlling interest	Total equity
	£	£	£	£	£	£
At 1 October 2018	3	(13,564,022)	(13,564,019)	–	21,484	(13,542,535)
Adjustment to redeemable shares	–	–	–	23,642,429	–	23,642,429
Purchase of redeemable shares	–	–	–	1,278,074	–	1,278,074
Redemption of redeemable shares	–	–	–	(1,050,073)	–	(1,050,073)
Gain for the year	–	25,965,676	25,965,676		665,787	26,631,463
At 30 September 2019	**3**	**12,401,654**	**12,401,657**	**23,870,430**	**687,271**	**36,959,358**

At 30 September 2019 the non-controlling interest comprised of redeemable shares held in QC Holdings at £23,870,430 and the minority interest of £687,271 in respect of ordinary shares held by AELTG in QC Holdings.

The notes on pages 34 to 50 form an integral part of these financial statements.

QC Trustees Limited

Consolidated Cash Flow Statement

For year ended 30 September 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Gain / (loss) for the year		26,631,463	(1,300,724)
Adjustments for:			
Depreciation, amortisation and impairment	5	1,174,590	1,116,589
Loss on sale of tangible assets		1,033	3,916
Interest receivable and similar income	8	(233,396)	(182,706)
Adjustment to redeemable shares		(25,518,853)	–
Interest payable and similar charges	10	333,693	2,781,192
Taxation	11	78,047	204,269
Decrease (increase) in trade and other debtors		(510,936)	73,181
Decrease (increase) in stocks		(106,688)	7,408
Decrease in trade and other creditors		(249,557)	(1,852,518)
Tax paid		(80,494)	(143,877)
Net cash from operating activities		1,518,902	706,730
Cash flows from investing activities			
Interest received	8	226,002	182,706
Acquisition of tangible fixed assets	13	(1,382,206)	(1,037,316)
Current asset investment		(655,000)	(500,000)
Net cash from investing activities		(1,811,204)	(1,354,610)
Cash flows from financing activities			
Proceeds from the issue of share capital		1,278,074	1,029,332
Repayment of share redemptions		(1,065,073)	(1,070,201)
Repayment of debentures		–	(75,000)
Net cash from financing activities		213,001	(115,869)
Net decrease in cash and cash equivalents		(79,301)	(763,749)
Cash and cash equivalents at beginning of year		4,580,004	5,343,753
Cash and cash equivalents at end of year		4,500,703	4,580,004

The notes on pages 34 to 50 form an integral part of these financial statements.

Company Balance Sheet

At 30 September 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Investments	*14*		1,750		1,750
Current assets					
Cash		2		2	
		2		2	
Creditors: amounts falling due within one year	*17*	(1,749)		(1,749)	
Net current assets			(1,747)		(1,747)
Net assets			3		3
Capital and reserves					
Called up share capital	22		3		3
Shareholders' funds			3		3

The financial statements were approved by the Board of Directors and authorised for issue on 29 January 2020.

R Edwards
Chairman

Company registered number: 5658119

The notes on pages 34 to 50 form an integral part of these financial statements.

QC Trustees Limited

Company Statement of Changes in Equity

For year ended 30 September 2019

	Share capital £	Total equity £
At 1 October 2017	3	3
At 30 September 2018	**3**	**3**

	Share capital £	Total equity £
At 1 October 2018	3	3
At 30 September 2019	**3**	**3**

The notes on pages 34 to 50 form an integral part of these financial statements.

Notes

(forming part of the financial statements for the year ended 30 September 2019)

1 Accounting policies

QC Trustees Limited (the "**Company**" and, with its subsidiaries, the "**Group**") is a private company incorporated, domiciled and registered in the UK. The Company's registered number is 5658119 and its registered address is Palliser Road, London W14 9EQ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company's financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1 have not been included.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgments made by the directors, in the application of those accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year, are discussed in note 2.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: current asset investments and options to acquire redeemable shares classified at fair value through the profit or loss.

QC Trustees Limited

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2019. A subsidiary is an entity that is controlled by the parent.

The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 (The 'Act') the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Going concern

The directors have considered the factors that impact the Group's future development performance, cash flow and financial position along with the Group's current liquidity in forming their opinion on the going-concern basis. Having considered these factors, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going-concern basis of accounting in preparing the annual financial statements.

Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Investments in subsidiaries
Investments in subsidiaries are carried at cost less impairment.

Other financial instruments

Financial instruments not considered to be Basic Financial Instruments (Other financial instruments)
Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Interest

Interest receivable
Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Expenses

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition,

QC Trustees Limited

interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Interest payable and similar expenses include interest payable and finance expense on shares classified as liabilities.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided on timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and, differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets: for example, land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold land and buildings — Life of lease
- Leasehold improvements — 10 – 50 years
- Plant and Equipment — 3 – 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered, which is considered to be 120 years. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Turnover

Turnover represents income receivable from subscriptions, court fees, catering, tournament income and sales of sports goods. Subscriptions are invoiced annually in advance and revenue is recognised as it accrues. All other revenue is recognised at the time of invoicing.

2 **Judgements in applying accounting policies and key sources of estimation uncertainty**

The following are the key judgments that management have made in the process of applying the Company's accounting policies that have the most significant impact on the financial statements.

Impairment of fixed assets

The Company is required to review fixed assets for impairment if events or changes in circumstance indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations or the fair value (market value), which are prepared on the basis of management assumptions and estimates.

The directors are not aware of any events or material changes in value of its subsidiary undertakings and have not identified any potential impairment triggers. Therefore, they do not consider an impairment review necessary.

Taxation

Tax benefits are not recognised unless it is probable that they will be obtained. Tax provisions are made if it is probable that a liability will arise. The Company reviews each significant tax liability or benefit to assess the appropriate accounting treatment.

3 **Turnover**

An analysis of the Group's turnover by class of business is set out below:

	2019	2018
	£	£
Subscriptions	5,611,062	5,486,379
Fever-Tree tournament	2,542,947	2,457,628
Other revenue	3,445,291	3,444,140
	11,599,300	11,388,147

All turnover is derived from the UK.

Subscriptions includes released deferred income of £187,578 *(2018: £187,578)* that arises from memberships issued by the Club to debenture holders of QC Holdings. 'A' and 'B' Debentures issued by QC Holdings included membership rights over 15 years for 'B' Debenture holders and for lifetime (20 years) for 'A' debentures holders. The income received by the Club for these membership rights has been deferred over the period of membership entitlement.

4 **Other income**

	2019	2018
	£	£
Rental income	444,982	428,519
Administrative fees charged on redeemable shares	44,375	44,589
	489,357	473,108

5 **Expenses and auditor's remuneration**

Included in profit and loss account are the following:

	2019	2018
	£	£
Depreciation	1,319,670	1,261,445
Release of negative goodwill	(145,080)	(145,080)

Auditor's remuneration:

	2019	2018
	£	£
Audit of these financial statements	2,090	2,190
Audit of financial statements of subsidiaries of the Company	16,910	17,950
	19,000	20,140

6 **Employees**

	2019	2018
	£	£
Staff costs consist of:		
Wages and salaries	3,824,874	3,591,654
Social security costs	380,862	351,635
Other pension costs	243,206	205,402
	4,448,942	4,148,691

The company is a London Living Wage employer.

The average number of employees (excluding directors) during the year was as follows:

	Number of employees 2019	2018
Administration	14	14
Club	46	43
Catering	33	32
Ground and maintenance	15	13
	108	102

7 Directors' remuneration

There was no directors' remuneration and none was borne by other group companies £nil *(2018: £nil)*.

8 Interest receivable and similar income	**2019** £	2018 £
Bank intererst received	54,806	34,784
Investment and similar income	196,317	148,690
Investment – fair value losses	(25,121)	(768)
Other income	7,394	–
	233,396	182,706

9 Adjustment to redeemable shares	**2019** £	2018 £
Adjustment to redeemable shares	25,518,853	–

The adjustment to redeemable shares is the necessary one-off accounting adjustment required following the September 2019 extraordinary general meeting of QC Holdings where the shareholders approved certain amendments to the Articles of Association. In 2018, the Group's report and financial statements showed the redeemable shares were, for accounting purposes, classified as debt *(see note 18)*.

10 Interest payable and similar charges	**2019** £	2018 £
Redeemable shares – fair value movement	–	2,564,244
Debentures – finance and options charge	333,693	209,994
Total interest payable and similar charges	333,693	2,781,192

11 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity.

	2019 £	2018 £
UK corporation tax		
Current tax on income for the period	88,405	110,026
Adjustment in respect of prior periods	(31,812)	(23,742)
Total current tax	56,593	86,284
Deferred tax		
Origination and reversal of timing differences	21,454	117,985
Total taxation	78,047	204,269

Reconciliation of effective tax rate

	2019 £	2018 £
Profit/(loss) before taxation	26,709,510	(1,096,455)
Tax using the UK corporation tax rate of 19% *(2018: 19%)*	5,074,807	(208,327)
Effects of:		
Release of negative goodwill or amortisation	(27,565)	(27,565)
Expenses/(income) deductable/(not deductible) for tax purposes	(4,697,595)	606,068
Effect of non-taxable Income	(10,626)	(7,462)
Effect of revaluation of investment	3,701	146
Depreciation in excess of/(less than) capital allowances	(63,979)	(78,360)
Other tax adjustments	3,218	(3,533)
Profits from members' activities not taxable	(245,161)	(262,572)
Capital allowances on assets	51,161	89,221
Other adjustments	(107)	(1,437)
Effect of timing differences	551	3,847
Deferred tax	21,454	117,985
Adjustment in relation to prior years	(31,812)	(23,742)
Total tax expense included in profit or loss	78,047	204,269

The main item within the expenses not deductible for tax purposes is the adjustment to redeemable shares at £25,518,853 *(2018: fair value movement in redeemable shares at £2,564,244)*.

12 Negative goodwill (Group)

Cost	£
At 1 October 2018	(17,408,945)
At 30 September 2019	(17,408,945)
Amortisation	
At 1 October 2018	1,610,379
Amortisation for the year	145,080
At 30 September 2019	1,755,459
Net book value	
At 30 September 2019	(15,653,486)
At 30 September 2018	(15,798,566)

In May 2007, a 120-year lease agreement for the Club's premises, including the net assets of the Club, were acquired at a discount. The discount on purchase of the Club was £17,408,945. This is described as negative goodwill and is amortised over the 120-year lease period.

13 Tangible fixed assets

	Leasehold land and buildings	Leasehold improvements	Plant and Equipment	Total
Cost	£	£	£	£
At 1 October 2018	49,060,888	6,278,221	6,255,498	61,594,607
Acquisitions	–	–	1,382,206	1,382,206
Disposals	–	(15,930)	(124,896)	(140,826)
At 30 September 2019	49,060,888	6,262,291	7,512,808	62,835,987
Depreciation and impairment				
At 1 October 2018	4,246,683	1,242,404	4,319,493	9,808,580
Depreciation charge for the year	408,640	169,533	741,497	1,319,670
Disposals	–	(10,680)	(129,111)	(139,791)
At 30 September 2019	4,655,323	1,401,257	4,931,879	10,988,459
Net book value				
At 30 September 2019	44,405,565	4,861,034	2,580,929	51,847,528
At 30 September 2018	44,814,205	5,035,817	1,936,005	51,786,027

The directors are not aware of any material change in the value of the Club and leasehold land and buildings and therefore determine that the cost as set out above reflects the true and fair value of the asset.

14 Fixed asset investments

	Shares in group undertakings
Cost and Net book value	£
At 1 October 2018 and 30 September 2019	1,750

The Company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2019	Ownership 2018
£			%	%
QC Holdings Limited	UK	Ordinary	97.5%	97.5%
The Queen's Club Limited	UK	Ordinary	97.5%	97.5%
QC Ground Limited	UK	Ordinary	97.5%	97.5%

The Queen's Club Limited and QC Ground Limited are wholly owned subsidiaries and sub-subsidiaries respectively of QC Holdings Limited.

15 Stocks (Group)

	2019	2018
	£	£
Raw materials and consumables	65,467	44,388
Finished goods and goods for resale	278,714	193,106
	344,181	237,494

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £ 1,313,089 *(2018: £1,318,762)*. The write-down of stocks to net realisable value amounted to £10,058 *(2018: £10,138)*.

16 Debtors

	Group	
Amounts falling due within one year	**2019**	2018
	£	£
Trade debtors	346,048	331,800
Other debtors		
(including current asset investments)	6,616,637	5,429,316
Prepayments and accrued income	223,230	258,860
Deferred tax asset *(note 19)*	7,423	28,876
	7,193,338	6,048,852

In 2019 'Other debtors' include the Richard Tur Fund *(note 21)* and its short-term cash and investments of £438,122. In 2018 these were included within the cash at bank and in hand.

The Company had no debtor balances due after more than one year *(2018: £Nil)*.

Current asset investments are held at fair value, the movement in the year being:

	2019 £	2018 £
At 1 October	5,406,825	4,786,101
Capital invested	605,000	500,000
Management fees	(25,731)	(27,199)
Investment and other income reinvested	196,317	148,691
Change in market value	(25,121)	(768)
At 30 September	6,157,290	5,406,825

17 Creditors: amounts falling due within one year

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	305,365	422,307	–	–
Amounts owed to group undertakings	–	–	1,749	1,749
Taxation and social security	249,690	218,256	–	–
Accruals and deferred income	814,158	689,892	–	–
Other creditors	1,470,067	1,499,310	–	–
Bank and other borrowings	–	–	–	–
	2,839,280	2,829,765	1,749	1,749

Included in 'Other creditors' are amounts totalling £97,625 *(2018: £151,875)* due to certain Members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the Member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment will be repaid by QC Holdings without interest.

Also included in 'Other creditors' are amounts totalling £1,050,000 *(2018: £1,070,201)* payable to Members who had expressed a wish to redeem their shares as at 30 September 2019.

QC Trustees Limited

18 Creditors: amounts falling due after more than one year

	Group	
	2019 £	2018 £
Other creditors	1,928,991	2,209,712
Debenture loans	5,751,513	5,417,821
Redeemable shares classified as debt	–	49,176,279
Share Options – liability	315,000	315,000
	7,995,504	57,118,812

Other creditors' are amounts due to certain Members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the Member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment will be repaid by QC Holdings without interest. At the year-end date, an amount of £1,017,300 *(2018: £1,062,944)* may be due after more than five years to these Members who are under 22 years old.

The Company had no balance in 'Creditors: amounts falling due after more than one year' *(2018: £Nil)*.

The redeemable shares classified as a liability have been converted into equity as at 30 September 2019, giving rise to a profit on conversion of £25,518,853

19 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 £	2018 £	2019 £	2018 £	2019 £	2018 £
Decelerated capital allowances	–	15,143	(1,198)	–	(1,198)	15,143
Other timing differences	8,621	13,734	–	–	8,621	13,734
Tax assets	8,621	28,887	(1,198)	–	7,423	28,877

20 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group	
	2019	2018
Creditors falling due after more than one year	**£**	£
11 'A' debentures due in 2022	2,308,953	2,178,258
33 'B' debentures due in 2022	3,463,429	3,267,386
Total	5,772,382	5,445,644
Less finance costs	(20,869)	(27,823)
Total	5,751,513	5,417,821

The above debentures are included at amortised cost, and interest is being charged at 6 per cent per annum. 'A' debentures are in denominations of £250,000 and 'B' debentures are in denominations of £125,000. In addition to the right to redemption, the debentures carry certain benefits.

- Option to subscribe for a redeemable share at a price of £1;
- Exemption from paying an annual subscription;
- Participation in a priority court-booking system;
- Benefits relating to the June Championship;
- Designation on an honourees' board.

The Company has no interest-bearing loans and borrowings *(2018: £nil)*.

21 Provisions for liabilities

	The Richard Tur Fund
	£
At 1 October 2018	447,769
Interest received	467
Grants paid	(22,813)
Gains on investments	12,700
At 30 September 2019	438,122

The court order obtained on 14 December 2006 required the Company to pay £470,000 into a separate fund (subsequently called "The Richard Tur Fund") for two reasons:

1) To compensate former shareholders of The Queen's Club Limited for loss of certain land development rights, and
2) Any surplus remaining to be utilised for the Company's tennis outreach programme or any other sporting outreach programme.

22 Share capital and reserves

Company	**2019**	2018
	£	£
Authorised		
100 *(2018: 100)* ordinary shares of £1 each	100	100
1 *(2018: 1)* special share of £1 each	1	1
	101	101

	2019	2018
	£	£
Allotted, called up and fully paid		
2 *(2018: 2)* ordinary shares of £1 each	2	2
1 *(2018: 1)* special share of £1 each	1	1
	3	3

On 22 May 2007, The All England Lawn Tennis Ground plc ("AELTG") acquired 45 ordinary shares in QC Holdings for £360,000. In addition, AELTG was issued one special share in each of the Company, QC Holdings, The Queen's Club Limited and QC Ground Limited. These special shares do not carry any voting rights or rights to dividends. The special share gives AELTG a right of first refusal to acquire the companies' assets and liabilities at a market price discounted by 10 per cent in the event of a sale of the Club.

Company	**Ordinary shares**	**Special shares**	**Total**
	£	**£**	**£**
As at 1 October 2018	2	1	3
Issue of shares	–	–	–
Shares redeemed	–	–	–
As at 30 September 2019	2	1	3

There are restrictions under the Articles of Association from making any dividend distribution to ordinary shareholders.

Non-controlling interests

Non-controlling interests comprise the minority interest in respect of ordinary shares held by AELTG and QC Holdings, together with the redeemable shares held in QC Holdings.

QC Trustees Limited

Redeemable Shares classified as liabilities

The redeemable shares issued by QC Holdings rank pari passu with each ordinary share of QC Holdings except for redemption rights, and each share carries a voting right. Eighty-seven redeemable shares of £1 each were issued by QC Holdings during the year ended 30 September 2019, raising £1,278,000. Seventy-three Members have expressed a wish to redeem their share as of 30 September 2019 for £1,050,000. At 30 September 2019 3,312 *(2018: 3,299)* redeemable shares of £1 each had been issued by QC Holdings. At 30 September 2019 share premium on these shares was revalued at £23,870,430.

23 Pension schemes

Staff have the option to join the defined-contribution private pension scheme. All eligible staff are auto-enrolled on the Group's pension scheme. The pension cost charge represents contributions payable by the Group to individual pension schemes and amounted to £243,206 *(2018: £205,402)*. Included within the figure was a pension accrual of £18,351 *(2018: £Nil)*.

24 Related parties

As at 30 September 2019 the Company owed £1,749 *(2018: £1,749)* to QC Holdings, a subsidiary Company. There were no transactions in the year *(2018: Nil)*.

The subsidiary undertaking listed below is exempt from the requirements of the Act relating to the audit of its individual accounts by virtue of section 479A of the Act as this Company has guaranteed the subsidiary company under section 479C of the Act.

Company	Country of incorporation	Registered number	Class of shares held	Ownership 2019	Ownership 2018
QC Ground Limited	UK	5724660	Ordinary	97.5%	97.5%

25 Controlling party

The ordinary share capital of the Company is held by the Trustees under the terms of the Trust Deed for the Members of the Club. The Company's registered address is Palliser Road, London W14 9EQ.

26 Subsequent events

Subsequent to the balance sheet date, there are no material events to report.

Statutory Accounts
QC Holdings Limited

for the year ended 30 September 2019

Contents

QC Holdings Limited
Strategic report

The directors present their strategic report and financial statements for QC Holdings Limited for the year ended 30 September 2019.

Principal activities

The principal activity of QC Holdings Limited (the "Company") continues to be that of a holding company. The Company holds all the issued ordinary shares of The Queen's Club Limited (the "Club", together, the "Group"). There were no significant adverse effects due to the economic uncertainties of Brexit. Like all UK companies, the Company is subject to levels of uncertainty of outcomes, with the full range of possible effects of Brexit unknown.

The Company redeemed 73 redeemable shares and issued 87 redeemable shares during the year ended 30 September 2019.

Business review

The Company owns the Club through its investment in its subsidiary, The Queen's Club Limited.

In 2018 the Company's report and financial statements showed for the first time that the redeemable shares were for accounting purposes classified as debt rather than as equity. The technical reasons for this were explained in those financial statements.

The directors believed that it was neither the intention of the then board of the Company nor the understanding of the original applicants for redeemable shares, that those shares would be treated as debt.

The directors have been advised by specialist lawyers that, subject to certain technical amendments to the Company's Articles of Association being made, the original and present intentions of the Company's board and of the Club's membership could be realised. At an extraordinary general meeting of the Company on 26 September 2019 the shareholders approved a number of amendments to the Articles of Association so that the redeemable shares could be treated as equity.

The redeemable shares classified as a liability have been converted into equity as at 30 September 2019, giving rise to a profit on conversion of £25,518,853. Adjustments in the profit and loss account and the balance sheet show the redeemable shares as equity (2018: debt), reverse those made in last year's accounts as a prior year's adjustment and fair value movements. These are all non-cash items and will not recur.

Results for the year

The financial statements show a profit of £173,436 *(2018: £169,117)* before adjustment to redeemable shares, tax, interest payable and similar charges. The financial statements show a profit of £25,343,210 *(2018: £2,631,921 loss)* after adjustment to redeemable shares, tax, interest payable and similar charges.

Key performance indicators

The Company's current ratio (liquidity) is 45.9% *(2018: 36.4%)*.

Principal risks and uncertainties

Financial risk management

The Group's operations expose it to a variety of financial risks including credit, liquidity and interest rate risks. The Company has in place a risk-management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance charges.

Price risk

The Company is exposed to price risk due to normal pressures of inflationary increases in the purchase price of the goods and services in the UK

Credit risk

The Company has implemented policies that require appropriate status checks and/or references as necessary.

Liquidity risk

The Company monitors its liquidity risk to ensure that it has sufficient available funds and capital in order to operate and meet its planned commitments.

Market risk

The Company's approach to investment risk is to place the management of investments in the stock market in the hands of a specialist asset manager. The asset manager has been provided with guidelines with the aim of providing better returns than cash deposits without undue risk.

Cash flow risk

In managing its cash flows the Company seeks to obtain a return by holding deposits. The length of deposits is managed carefully to ensure that no short-term cash shortfall arises.

Approval

This strategic report was approved by order of the Board on 29 January 2020.

A Lowenthal
Chairman

QC Holdings Limited
Directors' report

The directors present their directors' report and financial statements for the Company for the year ended 30 September 2019.

Dividend

The directors cannot recommend the payment of a dividend *(2018: £Nil)*. The Company is restricted under the Articles of Association from paying any dividend.

Directors

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

P Begg
J Bruce *(appointed 28 March 2019)*
J Cane *(resigned 28 March 2019)*
C Ginman-Horrell *(appointed 28 March 2019)*
A Jansen
A Lowenthal *(Chairman)*
J Major *(appointed 28 March 2019)*
P Mallinson *(resigned 28 March 2019)*
N Mills
C O'Donnell
K Phillipps *(resigned 28 March 2019)*
L Pierpont Engstrom
D Taylor
A Watson
R Wigley

Political contributions

The Company made no political donations nor did it incur any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

Approval

This directors' report was approved by order of the Board on 29th January 2020.

A Lowenthal *Chairman*

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, the 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, they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going-concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of the QC Holdings Limited

Opinion

Opinion

We have audited the financial statements of QC Holdings Limited ("the Company") for the year ended 30 September 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the 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 September 2019 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and financial statements, 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.

Opinions on other matters 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 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 directors' report.

- 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 directors' responsibilities statement, 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.

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

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 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.

Paul Clark (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit & Loss Account

For the year ended 30 September 2019

	Notes	**2019** £	2018 £
Administrative expenses		(72,433)	(25,485)
Operating loss		(72,433)	(25,485)
Other operating income	5	44,375	44,589
Interest receivable and similar income	6	201,494	150,013
Profit before adjustment to redeemable shares, tax, interest payable and similar charges		173,436	169,117
Adjustment to redeemable shares	7	25,518,853	–
Interest payable and similar charges analysed as:			
Redeemable shares – fair value movement	8	–	(2,564,244)
Debentures – finance charge	8	(333,693)	(216,948)
Profit before taxation		25,358,596	(2,612,075)
Tax on profit	9	(15,386)	(19,846)
Profit for the financial year		25,343,210	(2,631,921)

All of the Company's operations are classed as continuing.

There were no recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 62 to 72 form an integral part of these financial statements.

QC Holdings Limited

Balance Sheet

At 30 September 2019

Fixed assets	*Notes*	£	**2019** £	£	2018 £
Investments	*10*		30,771,949		37,907,939
Current assets					
Debtors	*11*	6,241,969		5,510,917	
Cash at bank and in hand		2,246,876		393,630	
		8,488,845		5,904,547	
Creditors: Amounts falling due within one year	*12*	(11,374,750)		(16,204,348)	
Net current liabilities			(2,885,905)		(10,299,801)
Total assets less current liabilities			27,886,044		27,608,138
Creditors: Amounts falling due after more than one year	*13*		(7,307,717)		(56,243,447)
			20,578,327		(28,635,309)
Capital and reserves					
Called up share capital	*15*		5,108		1,796
Share premium	*15*		23,784,519		1,034,000
Profit and loss account	*15*		(4,327,895)		(29,671,105)
Distributable reserves	*15*		1,116,595		–
Shareholders' funds			20,578,327		(28,635,309)

The financial statements were approved by the Board of Directors and authorised for issue on 29 January 2020.

A Lowenthal
Chairman

The notes on pages 62 to 72 form an integral part of these financial statements.

QC Holdings Limited

Statement of Changes in Equity

For the year ended 30 September 2019

	Share capital £	**Share premium** £	**Distributable reserves** £	**Profit and loss account** £	**Total equity** £
At 1 October 2017	1,796	887,500	–	(26,892,684)	(26,003,388)
Comprehensive loss for the year					
Loss for the year	–	–	–	(2,631,921)	(2,631,921)
Share premium recognised on redemptions of shares classified as liability	–	146,500	–	(146,500)	–
At 30 September 2018	**1,796**	**1,034,000**	**–**	**(29,671,105)**	**(28,635,309)**

	Share capital £	**Share premium** £	**Distributable reserves** £	**Profit and loss account** £	**Total equity** £
At 1 October 2018	1,796	1,034,000	–	(29,671,105)	(28,635,309)
Comprehensive gain for the year					
Gain for the year	–	–	–	25,343,210	25,343,210
Adjustment to redeemable shares	3,298	21,472,532	2,166,595	–	23,642,425
Purchase of redeemable shares	87	1,277,987		–	1,278,074
Redemption of redeemable shares	(73)	–	(1,050,000)	–	(1,050,073)
At 30 September 2019	**5,108**	**23,784,519**	**1,116,595**	**(4,327,895)**	**20,578,327**

Distributable reserves arose from a capital reduction in 2011 and are used to purchase redeemable shares.

The notes on pages 62 to 72 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

QC Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 5647878 and the registered address is Palliser Road, London W14 9EQ.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

The Company's ultimate parent undertaking, QC Trustees Limited ("QC Trustees"), includes the Company in its consolidated financial statements. The consolidated financial statements of QC Trustees are available to the public and may be obtained from the Company Secretary, Palliser Road, London W14 9EQ. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of the ultimate parent undertaking include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgments made by the directors in the application of those accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Going concern

The Company is an intermediate holding company of The Queen's Club Limited and holds redeemable shares and debentures that have been used to fund the Club. The Company had net assets of £20.6m as at 30 September 2019 and net current liabilities of £2.9m.

Whilst the debentures are only repayable in 2022, the Company is likely to be called upon to redeem a number of the redeemable shares each year for the foreseeable future. The amount payable on redemption to leaving members has been the same as the amount payable by new members during the year. The waiting list is significant and the directors believe that the Company will therefore be able to redeem the shares held by members wishing to leave the Club through issuing new memberships. The net effect is therefore expected to be cash neutral.

The directors have received confirmation from the Queen's Club Limited that the liability of £9,998,160 will not be called for repayment until the resources of the Company permit.

The Company had liquid investments of £6,157,290 and cash of £2,246,876 with limited expected debts that will require a net cash outflow in the foreseeable future. Accordingly, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Measurement convention

The financial statements are prepared on the historical-cost basis except that the following assets and liabilities are stated at their fair value: current asset investments and options to acquire redeemable shares are classified at fair value through the profit or loss.

Basic financial instruments

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost.

Other financial instruments

Financial instruments not considered to be Basic Financial Instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Interest

Interest receivable
Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Expenses

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Investments

Investments are stated at the lower of cost and net realisable value at the balance sheet date.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the key judgments that management have made in the process of applying the Company's accounting policies and that have the most significant impact on the financial statements.

Impairment of fixed assets

The Company is required to review fixed assets for impairment if events or changes in circumstance indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value-in-use calculations or the fair value (market value), which are prepared on the basis of management assumptions and estimates.

The directors are not aware of any events or material changes in value of its subsidiary undertaking and have not identified any potential impairment triggers. Therefore, they do not consider an impairment review to be necessary.

Taxation

Tax benefits are not recognised unless it is probable that they will be obtained. Tax provisions are made if it is probable that a liability will arise. The Company reviews each significant tax liability or benefit to assess the appropriate accounting treatment.

3 Employees

No staff were employed by the company during the year *(2018: None)*.

There was no directors' remuneration and none was borne by other group companies *(2018: None)*.

4 **Expenses and auditor's remuneration**	**2019**	2018
	£	£
Audit of these financial statements	3,610	3,830

5 **Other income**	**2019**	2018
	£	£
Administrative fees charged on redeemed shares	44,375	44,589

6 **Interest receivable and similar income**	**2019**	2018
	£	£
Bank interest received	22,904	2,091
Investment and similar income	196,317	148,690
Investment – fair value gains and losses	(25,121)	(788)
Other income	7,394	–
Total interest receivable and similar income	201,494	150,013

7 **Adjustment to redeemable shares**	**2019**	2018
	£	£
Adjustment to redeemable shares	25,518,853	–

The adjustment to redeemable shares is the necessary one off accounting adjustment required following the September 2019 extraordinary general meeting of the Company where the shareholders approved certain amendments to the Articles of Association. In 2018 the Company's report and financial statements showed the redeemable shares were for accounting purposes classified as debt *(see note 13)*.

QC Holdings Limited

8 **Interest payable and similar charges**	**2019**	2018
	£	£
Debentures – finance and options charge	333,693	216,948
Redeemable shares – fair value movement	–	2,564,244
Total interest payable and similar charges	333,693	2,781,192

9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity.

	2019	2018
	£	£
UK corporation tax		
Current tax on income for the period	15,685	19,962
Adjustments in respect of prior periods	(299)	(116)
Total current tax	15,386	19,846

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019	2018
	£	£
Gain/(Loss) on ordinary activities before tax	25,358,597	(2,612,075)
Gain/(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% *(2018: 19%)*	4,818,133	(496,294)
Effects of:		
Disallowable (income) and expenditure	(4,776,752)	528,426
Effect of revaluation of investments	3,701	146
Under provision in respect of prior years	(299)	(116)
Loss on capital assets	(21,990)	(3,533)
Effect of non-taxable dividend income	(10,626)	(7,462)
Other adjustments	3,218	(1,321)
Total tax expense included in profit	15,386	19,846

The main item within the expenses not deductible for tax purposes is the adjustment to redeemable shares at £25,518,853 *(2018: fair value movement in redeemable shares at £2,564,244)*.

10 Fixed asset investments

	Shares in group undertakings
Cost and net book value	£
At 1 October 2018 and 30 September 2019	30,771,949

	Loans to group undertakings
Cost and net book value	£
At 30 September 2018	7,135,990

At 30 September 2019 the loan to Group undertakings has been set off against the amounts owed to Group undertakings (*see note 12*), as both relate to the subsidiary company.

The Company has the following investments in subsidiaries:

	Registered address and country of incorporation	Ownership 2019	Ownership 2018
The Queen's Club Limited	Palliser Road, London W14 9EQ, United Kingdom	100%	100%

11 Debtors

	2019	2018
	£	£
Amounts falling due within one year		
Amounts owed by group undertakings	1,749	1,749
Prepayments and accrued income	82,930	102,343
Current asset investments	6,157,290	5,406,825
	6,241,969	5,510,917

Current asset investments are held at fair value, the movement in the year being:

	2019	2018
	£	£
At 1 October	5,406,825	4,786,101
Capital invested	605,000	500,000
Management fees	(25,731)	(27,199)
Investment and other income reinvested	196,317	148,691
Change in market value	(25,121)	(768)
At 30 September	6,157,290	5,406,825

12 Creditors: amounts falling due within one year

	2019	2018
	£	£
Amounts owed to group undertakings	9,998,160	14,786,098
Taxation and social security	15,685	19,962
Other creditors	127,905	176,663
Shares classified as liability	1,233,000	1,221,625
	11,374,750	16,204,348

Included in 'Other creditors' are amounts totalling £97,625 *(2018: £151,875)* due to certain Members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the Member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment will be repaid by the Company without interest.

Included in 'Shares classified as liability' are amounts totalling £1,050,000 *(2018: £1,070,201)* payable to Members who had expressed a wish to redeem their shares as at 30 September 2019.

13 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Debenture loans (*note 14*)	5,751,513	5,417,821
Other creditors	1,241,204	1,334,347
Redeemable shares classified as liability	–	49,176,279
Other financial liabilities	315,000	315,000
	7,307,717	56,243,447

'Other creditors' are amounts due to certain Members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the Member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment is repaid by the Company without interest. At the year-end date, an amount of £1,017,300 *(2018: £1,062,944)* may be due after more than five years to these Members who are under 22 years old.

The redeemable shares classified as a liability have been converted into equity as at 30 September 2019, giving rise to a profit on conversion of £25,518,853 *(see note 15)*.

Other financial liabilities relate to the option that 'A' and 'B' debenture holders have to acquire redeemable shares for a consideration of £1 each. At 30 September 2019, there were 21 *(2018: 21)* options outstanding.

QC Holdings Limited

14 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019	2018
	£	£
Creditors falling due after more than one year		
11 'A' debentures due in 2022	2,308,953	2,178,258
33 'B' debentures due in 2022	3,463,429	3,267,386
	5,772,382	5,445,644
Less finance costs	(20,869)	(27,823)
Total	5,751,513	5,417,821

The above debentures are included at amortised cost and interest is being charged at six per cent per annum. 'A' debentures are in denominations of £250,000 and 'B' debentures are in denominations of £125,000. In addition to the right to redemption, the debentures carry certain benefits.

- Option to subscribe for a redeemable share at a price of £1;
- Exemption from paying an annual subscription;
- Participation in a priority court-booking system;
- Benefits relating to the June Championship;
- Designation on an honourees' board.

15 Capital and reserves

Share capital	**2019**	2018
	£	£
Authorised		
2,000 *(2018: 2,000)* ordinary shares of £1 each	2,000	2,000
1 special share of £1 each	1	1
5,000 *(2018: 5,000)* redeemable shares of £1 each	5,000	5,000
	7,001	7,001

	2019	2018
Allotted, called up and fully paid	**£**	£
1,795 *(2018: 1,795)* ordinary shares of £1 each	1,795	1,795
1 special share of £1 each	1	1
3,312 *(2018: 3,299)* redeemable shares of £1 each	3,312	3,299
	5,108	5,095

On 22 May 2007, The All England Lawn Tennis Ground plc ("AELTG") acquired 45 ordinary shares in QC Holdings for £360,000. In addition, AELTG was issued one special share in each of QC Trustees Limited, the Company, The Queen's Club Limited and QC Ground Limited. These special shares do not carry any voting rights or rights to dividends. The special shares give AELTG a right of first refusal to acquire the companies' assets and liabilities at market price discounted by 10 per cent in the event of a sale of the Club.

Under the articles of association, the Company is restricted from making any dividend distribution to shareholders.

Each redeemable share ranks pari passu with each ordinary share with the exception of the redemption rights attached to the redeemable share. All classes of share carry a voting right.

The Company issued eighty-seven redeemable shares of £1 each during the year ended 30 September 2019, raising £1,278,000. Seventy-three Members have expressed a wish to redeem their share as of 30 September 2019 for £1,050,000. Actual redeemable shares in issue at 30 September 2019 are 3,312 *(2018: 3,299)*.

Share premium

The share premium arose from the issue of shares at the above nominal value.

Profit and loss account

On 26 September 2019 an extraordinary meeting of the Company approved certain amendments to the Articles of Association. As a result, the redeemable shares have been accounted for as equity, having been accounted for as debt in 2018, giving rise to a profit on conversion *(see note 13)*.

Distributive reserves

Distributable reserves arose from a capital reduction in 2011 and are used to purchase redeemable shares.

16 Related parties

At 30 September 2019 the Company held the following balances due to to/from fellow group companies:

	2019	2018
	£	£
Amounts owed by QC Trustees Limited	1,749	1,749
Amounts owed to The Queen's Club Limited	(9,998,160)	(14,786,098)
	(9,996,411)	(14,784,349)

These balances are all interest-free and repayable on demand.

QC Holdings Limited

17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of QC Trustees. The ultimate controlling party is the Trustees of the immediate parent QC Trustees Limited, whose registered address is at Palliser Road, London W14 9EQ.

18 Subsequent events

Subsequent to the balance sheet date, there are no material events to report.

Statutory Accounts
The Queen's Club Limited

for the year ended 30 September 2019

Contents

The Queen's Club Limited
Strategic report

The directors present their strategic report and financial statements for The Queen's Club Limited for the year ended 30 September 2019.

Business review

The Queen's Club Limited (the "Club" or the "Company") is run for the members through a board of directors elected by the members. There have to date been no significant adverse effects due to the economic uncertainties of Brexit. Like all UK companies, the Company is subject to levels of uncertainty of outcomes, with the full range of possible effects of Brexit unknown. We are concerned about the nature of Britain's exit from Europe, especially in terms of the ability to retain and recruit EU staff. However, both the level of business and the year-end position were satisfactory.

Key performance indicators

The trading performance during the year improved slightly with turnover and gross profit up by 1.9% and 2.2% respectfully over 2018. This trading performance included the profit from the Fever-Tree tournament of £1.28m *(2018: £1.24m)*. However, administrative expenses increased by 4.5% during the year to £9.1m *(2018: 8.8m)* which resulted in operating profit reducing by 13.7% to £1.14m from £1.32m in 2018.

The gross profit margin was 88.7% *(2018: 88.4%)*.

The pre-tax profit margin is 13.9% *(2018: 15.6%)*.

The return on total capital and reserves is 2.3% *(2018: 2.4%)*.

Principal risks and uncertainties

Financial risk management – The Company's has minimised exposure to financial risk by having no external debt financial risk.

Price risk – The Company is exposed to price risk due to normal pressures of inflationary increases in the purchase price of the goods and services in the UK.

Credit risk – The Company has implemented policies that require appropriate status checks and/or references as necessary.

Liquidity risk – The Company actively monitors its income streams to ensure that it has sufficient available funds and capital in order to operate and meet its planned commitments.

Market risk – The Company has minimised the exposure of market risk because it has no market investments.

Cash flow risk – In managing its cash flows the Company seeks to obtain a return by holding deposits. The length of deposits is managed carefully to ensure that no short-term cash shortfall arises.

Approval

This strategic report was approved by order of the Board on 29 January 2020.

A Lowenthal
Chairman

The Queen's Club Limited
Directors' report

The directors present their directors' report and financial statements for the Company for the year ended 30 September 2019.

Principal activity

The principal activity of the Company continues to be to own and manage the Club, which provides lawn tennis, rackets, real tennis, squash, fitness facilities and catering for members and for national and other events.

Dividend

The directors cannot recommend the payment of a dividend *(2018: £Nil)* because there are restrictions under the Articles of Association from paying any dividend.

Directors

The directors who held office during the year and to the date of this report were as follows:

P Begg
J Bruce *(appointed 28 March 2019)*
J Cane *(resigned 28 March 2019)*
C Ginman-Horrell *(appointed 28 March 2019)*
A Jansen
A Lowenthal *(Chairman)*
J Major *(appointed 28 March 2019)*
P Mallinson *(resigned 28 March 2019)*
N Mills
C O'Donnell
K Phillipps *(resigned 28 March 2019)*
L Pierpont Engstrom
D Taylor
A Watson
R Wigley

Political contributions

The Company made no political donations, nor did it incur any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Queen's Club Limited

Auditor

KPMG LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

Approval

This directors' report was approved by order of the Board on 29 January 2020.

A Lowenthal
Chairman

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, the 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, they have elected to prepare financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 their profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going-concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of The Queen's Club Limited

Opinion

We have audited the financial statements of The Queen's Club Limited ("the Company") for the year ended 30 September 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the 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 September 2019 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report and financial statements, 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.

Opinions on other matters 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 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 directors' report.

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

- adequate accounting records have not been kept by the Company, 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 directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

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 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.

Paul Clark (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit & Loss Account

For the year ended 30 September 2019

	Notes	**2019** £	2018 £
Turnover	3	11,599,300	11,388,147
Cost of sales		(1,313,089)	(1,318,762)
Gross profit		10,286,211	10,069,385
Administrative expenses		(9,148,621)	(8,751,416)
Operating profit	6	1,137,590	1,317,969
Other income	7	444,982	428,519
Interest receivable	8	31,902	32,694
Profit on ordinary activities before taxation		1,614,474	1,779,182
Tax on profit on ordinary activities	9	(62,661)	(184,423)
Profit after taxation		1,551,813	1,594,759

All the Company's operations are classed as continuing.

There were no recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 84 to 96 form an integral part of these financial statements.

BALANCE SHEET

At 30 September 2019

			2019		2018
Fixed assets	*Notes*	£	£	£	£
Tangible assets	*10*		7,441,965		6,971,824
Investments	*11*		42,000,001		42,000,001
			49,441,966		48,971,825
Current assets					
Stocks	*12*	344,181		237,494	
Debtors	*13*	17,457,553		14,696,071	
Cash at bank and in hand		2,253,827		4,186,371	
		20,055,561		19,119,936	
Creditors: amounts falling due within one year	*14*	(1,462,690)		(1,411,513)	
Net current assets			18,592,871		17,708,423
Total assets less current liabilities			68,034,837		66,680,248
Creditors: amounts falling due after more than one year	*15*	(687,787)		(875,365)	
Provisions for liabilities	*16*	(438,122)		(447,768)	
			(1,125,909)		(1,323,133)
Net assets			66,908,928		65,357,115
Capital and reserves					
Called up share capital	*19*		2,563,821		2,563,821
Capital reserve	*19*		35,459		35,459
Profit and loss account	*19*		64,309,648		62,757,835
Shareholders' funds			66,908,928		65,357,115

The financial statements were approved by the Board of Directors and authorised for issue on 29 January 2020.

A Lowenthal
Chairman

The notes on pages 84 to 96 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2019

	Share capital £	Capital reserve £	Profit and loss account £	Total equity £
At 1 October 2017	2,563,821	35,459	61,163,076	63,762,356
Profit for the year	–	–	1,594,759	1,594,759
At 30 September 2018	**2,563,821**	**35,459**	**62,757,835**	**65,357,115**

	Share capital £	Capital reserve £	Profit and loss account £	Total equity £
At 1 October 2018	2,563,821	35,459	62,757,835	65,357,115
Profit for the year	–	–	1,551,813	1,551,813
At 30 September 2019	**2,563,821**	**35,459**	**64,309,648**	**66,908,928**

The notes on pages 84 to 96 form an integral part of these financial statements.

NOTES
(forming part of the financial statements)

1 Accounting policies

The Queen's Club Limited ("the Company") is a private company incorporated, domiciled and registered in England and the UK. The registered number is 00023072 and the registered address is Palliser Road, London, W14 9EQ.

The Company is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared under the historical cost convention in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, QC Trustees Limited ("QC Trustees") includes the Company in its consolidated financial statements. The consolidated financial statements of QC Trustees are available to the public and may be obtained from the Company Secretary, Palliser Road, London W14 9EQ. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key management personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgments made by the directors in the application of those accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Going concern

The directors have considered the factors that impact the Company's future development performance, cash flow and financial position along with the Company's current liquidity in forming their opinion on the going-concern basis. Having considered these factors, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going-concern basis of accounting in preparing the annual financial statements.

Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

1) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
2) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors/creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries
These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements 10 – 50 years
- Plant and equipment 3 – 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, the impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Turnover

Turnover represents income receivable from subscriptions, court fees, catering, income from the June Tournament and sales of sports goods. Subscriptions are invoiced annually in advance and revenue is recognised as it accrues. All other revenue is recognised at the time of invoicing.

Expenses

Operating lease
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with

expected general inflation; in which case, the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable
Other interest receivable and similar income include interest receivable on funds invested in banks.

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

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

Employee benefits

Defined contribution plans and other long-term employee benefits
A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the key judgments that management have made in the process of applying the Company's accounting policies and that have the most significant impact on the financial statements.

Impairment of fixed assets
The Company is required to review fixed assets for impairment if events or changes in circumstance indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations or the fair value (market value), which are prepared on the basis of management assumptions and estimates.

The directors are not aware of any events or material changes in value of its subsidiary undertaking and have not identified any potential impairment triggers. Therefore, they do not consider an impairment review necessary.

Taxation
Tax benefits are not recognised unless it is probable that they will be obtained. Tax provisions are made if it is probable that a liability will arise. The Company reviews each significant tax liability or benefit to assess the appropriate accounting treatment

3 Turnover

An analysis of the Company's turnover by class of business is set out below:

	2019	2018
	£	£
Subscriptions	5,611,062	5,486,379
June tournament	2,542,947	2,457,628
Other revenue	3,445,291	3,444,140
	11,599,300	11,388,147

All turnover is derived from the UK.

Subscriptions includes released deferred income of £187,578 *(2018: £187,578)* that arises from the free memberships issued to debenture holders of the Company's immediate parent, QC Holdings Limited. 'A' and 'B' Debentures issued by QC Holdings Limited included membership rights for a period of 15 years for 'B' Debenture holders and lifetime (20 years) for 'A' debentures holders. The income received by the Company for these membership rights has been deferred over the period of membership entitlement.

4 Employees

Staff costs consist of:

	2019	2018
	£	£
Wages and salaries	3,824,874	3,591,654
Social security costs	380,862	351,635
Other pension costs	243,206	205,402
	4,448,942	4,148,691

The Company is a London Living Wage employer.

The average number of employees (excluding directors) during the year was as follows:

	Number of Employees	
	2019	2018
Administration	14	14
Club	46	43
Catering	33	32
Ground and maintenance	15	13
	108	102

5 Directors' remuneration

There was no directors' remuneration and none was borne by other group companies *(2018: £nil)*.

6 Operating Profit

This is arrived at after charging:

	2019	2018
	£	£
Depreciation	911,030	853,029
Auditor's remuneration:		
Audit of these financial statements	11,780	12,470

7 Other operating income

The Company generates rental income in relation to office space.

	2019	2018
	£	£
Rental income	444,982	428,519

8 Interest receivable

	2019	2018
	£	£
Bank interest	31,902	32,694

9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity.

	2019	2018
	£	£
UK corporation tax		
Current tax on income for the period	72,720	90,180
Adjustment in respect of prior periods	(31,513)	(23,742)
Total current tax	41,207	66,438
Deferred tax		
Origination and reversal of timing differences	21,454	117,985
Taxation on profit on ordinary activities	62,661	184,423

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	1,614,474	1,779,182
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% *(2018: 19%)*	306,750	338,045
Effects of:		
Depreciation in excess of capital allowances	(41,989)	(79,552)
Profits from members' activities not taxable	(245,161)	(262,572)
Capital allowances on members' assets	51,161	89,221
Other timing differences	444	5,038
Expense not deductible	1,515	–
Deferred tax	21,454	117,985
Adjustment in relation of prior years	(31,513)	(23,742)
Total tax expense included in profit or loss	62,661	184,423

10 Tangible fixed assets

	Leasehold improvements £	Plant and Equipment £	Total £
Cost			
At 1 October 2018	6,278,221	6,255,498	12,533,719
Additions	–	1,382,206	1,382,206
Disposals	(15,930)	(124,896)	(140,826)
At 30 September 2019	6,262,291	7,512,808	13,775,099
Depreciation			
At 1 October 2018	1,242,404	4,319,491	5,561,895
Charge for the year	169,533	741,497	911,030
Disposals	(10,680)	(129,111)	(139,791)
At 30 September 2019	1,401,257	4,931,877	6,333,134
Net book value			
At 30 September 2019	4,861,034	2,580,931	7,441,965
At 30 September 2018	5,035,817	1,936,007	6,971,824

11 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 October 2018 and 30 September 2019	42,000,001

The Company has the following investments in subsidiaries:

	Country of incorporation	Ownership 2019 %	Ownership 2018 %
QC Ground Limited	UK	100	100

QC Ground Limited holds the lease from which the Club operates.

12 Stocks

	2019 £	2018 £
Raw materials and consumables	65,467	44,388
Finished goods and goods for resale	278,714	193,106
	344,181	237,494

Raw materials, consumables and changes in finished goods recognised as cost of sales in the year amounted to £1,313,089 *(2018: £1,318,762)*. The write-down of stocks to net realisable value amounted to £10,058 *(2018: £10,138)*.

13 Debtors

Amounts falling due within one year	2019 £	2018 £
Trade debtors	346,048	331,800
Amounts owed by group undertakings	16,504,436	14,156,384
Other debtors	451,738	21,956
Prepayments and accrued income	147,908	157,054
Deferred tax asset *(note 18)*	7,423	28,877
	17,457,553	14,696,071

In 2019 'Other debtors' include the Richard Tur Fund *(note 16)* and its short-term cash and investments of £438,122. In 2018 they were included within the cash at bank and in hand.

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	305,365	422,307
Taxation and social security	234,005	198,295
Other creditors	109,162	101,020
Accruals and deferred income	814,158	689,891
	1,462,690	1,411,513

15 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	687,787	875,365

16 Provisions

	Richard Tur Fund
	£
At 1 October 2018	447,768
Interest received	467
Grants paid	(22,813)
Gains on investments	12,700
At 30 September 2019	438,122

A court order obtained on 14 December 2006 required the Company to pay £470,000 into a separate fund (subsequently called "The Richard Tur Fund") for two purposes:

1) To compensate former shareholders of The Queen's Club Limited for loss of certain land development rights, and
2) Any surplus remaining to be utilised for the Company's tennis outreach programme or any such other sporting outreach programme.

17 Pension

Staff have the option to join the defined-contribution private pension scheme. All eligible staff are auto-enrolled on the companies' pension scheme. The pension cost charge represents contributions payable by the Company to individual pension schemes and amounted to £243,206 *(2018: £205,402)*. Included within the figure was a pension accrual of £18,351 *(2018: £Nil)*.

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	**2019**	2018	**2019**	2018
	£	£	**£**	£	**£**	£
Decelerated capital allowances	–	15,143	(1,198)	–	(1,198)	15,143
Other timing differences	8,621	13,734	–	–	8,621	13,734
Tax assets/(liabilities)	8,621	28,877	(1,198)	–	7,423	28,877

19 Capital and reserves

Share capital

	2019	2018
	£	£
Authorised		
350,000 *(2018: 350,000)* ordinary shares of £10 each	3,500,000	3,500,000
One special share of £1 each	1	1
	3,500,001	3,500,001

	2019	2018
	£	£
Allotted, called up and fully paid		
256,382 *(2018: 256,382)* ordinary shares of £10 each	2,563,820	2,563,820
One special share of £1 each	1	1
	2,563,821	2,563,821

In May 2007, The All England Lawn Tennis Ground plc ("AELTG") acquired 45 ordinary shares in QC Holdings Limited for £360,000. In addition, AELTG was issued one special share in each of QC Trustees Limited, QC Holdings Limited, the Company and QC Ground Limited. These special shares do not carry any voting rights or rights to dividends. The special shares give AELTG a right of first refusal to acquire the companies' assets and liabilities at a market price discounted by 10 per cent in the event of a sale of the Club.

Reserves

	Share capital	Capital reserve	Profit and loss account	Shareholders' funds
	£	£	£	£
At 1 October 2018	2,563,821	35,459	62,757,835	65,357,115
Profit for the year	–	–	1,551,813	1,551,813
As at 30 September 2019	2,563,821	35,459	64,309,648	66,908,928

20 Related parties

There were no transactions between the Company and its ultimate parent company, QC Trustees Limited *(2018: £Nil)* and there were no balances owed or owing at the balance sheet date *(2018: £Nil)*.

As at 30 September 2019 the Company held the following balance due from fellow group companies:

	2019	2018
	£	£
Amounts owed from QC Holdings Limited	9,998,162	7,650,110
Amounts owed from QC Ground Limited	6,506,274	6,506,274
	16,504,436	14,156,384

21 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of QC Holdings Limited. The ultimate controlling party is the Trustees of the ultimate parent undertaking, QC Trustees Limited, whose registered address is at Palliser Road, London, W14 9EQ.

The Queen's Club
Palliser Road, London W14 9EQ
Telephone: 020 7386 3400 Fax: 020 7386 8295
www.queensclub.co.uk