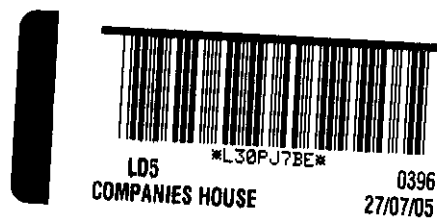


# **Boomsign Limited**

## **REPORT AND FINANCIAL STATEMENTS**

for the year ended  
31 December 2004

Company Registration No. 2305174



# Boomsign Limited

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**Boomsign Limited**  
**DIRECTORS AND OFFICERS**  
**Year Ended 31 December 2004**

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**Directors**

M Grealey  
D Jarvis (resigned 28<sup>th</sup> January 2005)  
C J Storr (appointed 28<sup>th</sup> January 2005)

**Secretary**

D Jarvis (resigned 28<sup>th</sup> January 2005)  
C J Storr (appointed 28<sup>th</sup> January 2005)

**Registered Office**

33 Imperial Way  
Purley Way  
Croydon  
Surrey  
CR0 4RR

Relocated on 8<sup>th</sup> April 2005  
Dragons Health Club  
Carrington Street  
Castle Ward  
Derby  
DE1 2ND  
Tel: 01332 525825  
Fax: 01332 525826

**Auditors**

KPMG Audit plc  
1 Puddle Dock  
London  
EC4V 3PD

**Bankers**

HSBC Bank plc  
168 High Street  
Guildford  
Surrey  
GU1 3YE

**Solicitors**

Ashurst  
Broadwalk House  
5 Appold Street  
London  
EC2A 2HA

**Website**

[www.crownsportsplc.com](http://www.crownsportsplc.com)

**Company Number**

2305174

# Boomsign Limited

## DIRECTORS' REPORT

Year Ended 31 December 2004

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The Directors present their annual report together with the audited financial statements for the Year Ended 31 December 2004.

### Principal activities

The company is engaged in the ownership and management of a health and fitness facility.

### Results and Dividends

The company's profit on ordinary activities before taxation was £566,410 (2003: £370,813). The directors recommend the payment of a final intercompany dividend to Crown Sports plc amounting to £304,527 (2003: nil).

### Directors and their interests

The Directors who held office during the year and their interests in the company's ordinary shares of £1 each were as follows:

M Grealey

D Jarvis (resigned on 28<sup>th</sup> January 2005)

C Storr (appointed on 28<sup>th</sup> January 2005)

None of the Directors had any interest in the shares of the company during the year.

No Director had any contract of significance existing during the year or at 31 December 2004, or was materially interested in such a contract with the company or any of its subsidiary companies.

M Grealey is a Director of the immediate holding company Crown Sports plc and his shareholding and share options are disclosed in that company's annual report.

D Jarvis has no beneficial interests in the shares of Crown Sports plc.

D Jarvis beneficial interests in the share options of Crown Sports plc at 31 December 2004 were as follows:

### DIRECTOR'S SHARE OPTIONS

	At 1 Jan 2004	Lapsed	At 31 Dec 2004	Exercise price	Earliest date of exercise	Expiry date
D Jarvis	300,000	-	300,000	16p	14 Nov 2004	14 Nov 2011

Following the resignation of D Jarvis, the options granted for 300,000 shares in Crown Sports plc have lapsed.

### Changes to Directors' interests since the end of the year

Since the end of the year D Jarvis resigned and C J Storr was appointed as Director and Company Secretary on 28 January 2005.

C J Storr has no beneficial interest in the shares or share options of Crown Sports plc.

**Boomsign Limited**  
**DIRECTORS' REPORT**  
Year Ended 31 December 2004

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**Payments to suppliers**

The company does not follow any formal payment code but agrees terms of payment with suppliers when opening an account, to ensure each supplier is made aware of these terms and to comply with payment terms agreed for existing and new accounts. The company makes payment to the majority of its suppliers, tax authorities and employees electronically via the BACS payments system in order to facilitate a fast, effective and secure transmission of payment.

**Health and Safety at Work**

The company has a positive approach to health and safety at work and copies of health and safety policy statements are available at the clubs.

**Employment policies**

Employees are encouraged to identify with, and become involved with, the financial performance of the company and service to club members by ongoing internal and external training and by means of bonus arrangements. The company has a policy of keeping employees up to date with major developments by means of regular staff meetings.

It is the policy of the company to give full and fair consideration to applications for employment by people with disabilities. For the purposes of training, career development and promotion, all employees are treated equally.

**Auditors**

A resolution to re-appoint KPMG Audit plc as auditors for the coming year will be proposed at the Annual General Meeting, in accordance with section 384 of the Companies Act 1985.

**Signed on behalf of the directors**



.....  
C J Storr  
Company Secretary and Finance Director

.....22/1.....2005

# Boomsign Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Year Ended 31 December 2004

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Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Boomsign Limited

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BOOMSIGN LIMITED Year Ended 31 December 2004

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We have audited the financial statements on pages 6 to 16.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of Directors and auditors**

The Directors are responsible for preparing the Directors' report, and as described on page 4, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the group is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of the profit of the company for the year then ended; and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit plc  
Chartered Accountants  
Registered Auditor

*KPMG Audit plc*

...26 July 2005

**Boomsign Limited**  
**PROFIT AND LOSS ACCOUNT**  
For the Year Ended 31 December 2004

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	Notes	Year ended 31 December 2004 £	Year ended 31 December 2003 £
<b>Turnover</b>	1	1,333,253	1,125,787
Cost of sales		<u>(2,684)</u>	<u>(713)</u>
<b>Gross profit</b>		1,330,569	1,125,074
Administrative expenses		<u>(761,174)</u>	<u>(754,922)</u>
<b>Operating profit</b>	4	569,395	370,152
Interest (payable), receivable	5	<u>(2,985)</u>	<u>661</u>
<b>Profit on ordinary activities before taxation</b>		566,410	370,813
Taxation	6	<u>286,925</u>	<u>(40,168)</u>
<b>Profit after tax</b>		853,335	330,645
Dividend		<u>(304,527)</u>	<u>-</u>
<b>Retained profit for the financial year</b>		<u>548,808</u>	<u>330,645</u>

All results were derived from continuing operations and there is no difference between the results of the financial year as reported compared to a historical cost basis.

There are no gains or losses other than those reflected in the profit and loss account for the year.



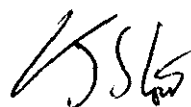
# Boomsign Limited

## BALANCE SHEET

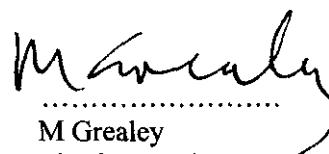
As At 31 December 2004

	Note	2004 £	2003 £
<b>Fixed Assets</b>			
Tangible assets	7	2,925,146	2,995,043
<b>Current assets</b>			
Stocks	8	3,523	1,899
Debtors	9	177,223	40,214
Cash at bank and in hand		<u>1,669</u>	<u>3,664</u>
		182,415	45,777
<b>Creditors: Amounts falling due within one year</b>	10	<u>(1,747,766)</u>	<u>(1,967,784)</u>
<b>Net current liabilities</b>		(1,565,351)	(1,922,007)
<b>Total assets less current liabilities</b>		1,359,795	1,073,036
<b>Creditors:</b>			
Amounts falling due after more than one year	11	(10,228)	-
Provision for liabilities and charges	13	-	<u>(272,277)</u>
<b>Net assets</b>		<u>1,349,567</u>	<u>800,759</u>
<b>Capital and reserves</b>			
Called up share capital	14	2	2
Revaluation reserve	15	399,134	399,134
Profit and loss account	16	<u>950,431</u>	<u>401,623</u>
<b>Shareholders' Funds</b>	17	<u>1,349,567</u>	<u>800,759</u>

These financial statements were approved by the directors on 22/7/.....2005, and are signed on their behalf by:



C J Storr  
Finance Director and Company Secretary



M Grealey  
Chief Executive

# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT

Year Ended 31 December 2004

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### 1. Accounting Policies

#### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the provision of the Company's Act 1985 and applicable accounting standards. All accounting policies have been consistent throughout the year.

#### **Cash Flow Statement**

The director's have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent published a consolidated cash flow statement.

#### **Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

The principal annual rates used for this purpose are:

Long Leasehold Property	-	50 years
Surface finishes	-	15 years
Fixtures, Fittings & Equipment	-	3 – 10 years
Motor Vehicles	-	4 years

Land is not depreciated.

The Directors carry out regular impairment reviews of the leasehold buildings in accordance with Financial Reporting Standard No 11. Provisions for impairments in value are taken to the profit and loss account.

#### **Turnover**

Turnover is derived from the provision of health club facilities in the United Kingdom and represents membership entrance fees and subscription income receivable in respect of the year together with sales of leisure and catering services at invoice value excluding value added tax. Membership fees are time apportioned over the period that they apply. Joining fees are recognised on receipt.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT

Year Ended 31 December 2004

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### 1. Accounting Policies (continued)

#### **Finance Lease Agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

#### **Investment**

Fixed asset investments are carried at cost less provisions for impairment in value.

#### **Operating Agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

#### **Taxation**

The charge for tax is based on the profit and loss account for the year and takes into account tax deferred because of timing differences between the different treatment of certain items for tax and accounting purposes. Provision is made for deferred tax without discounting in accordance with the requirements of Financial Reporting Standard 19 'Deferred Taxation' which was adopted in 2002. Except where required by FRS 19, this standard requires full provision to be made for taxation in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets arising from unrelieved losses are only recognised to the extent that they are regarded as recoverable.

#### **Going Concern**

The financial statements have been prepared on the going concern basis.

#### **Foreign Currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

#### **Pension Costs**

Pension costs relate to defined contribution schemes and are charged to the profit and loss account as incurred.

#### **Interest and other debt related costs**

Interest on the company's bank borrowings is written off to profit and loss as incurred including all interest charged during the redesign of clubs prior to opening.

# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT

Year Ended 31 December 2004

### 2. Particulars of Employees

During 2003 and 2004 all staff and directors of Boomsign Limited were employees of the immediate parent company Dragons Health Clubs plc. The wages and salaries, including social security costs, are recharged from Dragons Health Clubs plc to Boomsign Limited via the inter-company account.

	2004 £	2003 £
Staff costs:		
Wages and salaries	273,580	358,336
Social security costs	13,164	-
Other pension costs	389	-
	<u>287,133</u>	<u>358,336</u>

### 3. Directors' remuneration

The Directors who served during 2003 and 2004 were employees of Dragons Health Clubs plc and received their remuneration from that company.

### 4. Operating Profit is stated after charging

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Depreciation:		
tangible and fixed assets	81,245	76,530
tangible assets held under finance leases and hire purchase	6,522	-
Operating leases rentals		
hire of plant and machinery	11,932	8,882
Other operating lease rentals	<u>30,000</u>	<u>30,000</u>

Auditors' remuneration and other fees were paid by the parent company Crown Sports plc and are disclosed in the group consolidated financial statements.

### 5. Interest payable, (receivable)

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Bank interest receivable	-	(661)
Hire purchase and finance leases	1,463	-
Interest due on balance owed to parent company	<u>1,522</u>	-
	<u>2,985</u>	<u>(661)</u>

# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT

Year Ended 31 December 2004

### 6. Taxation on Profit on Ordinary Activities

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
<b>6 a) Analysis of tax charges for the year</b>		
<b>Current Tax (Note 6b)</b>		
UK Corporation Tax	116,000	-
<b>Deferred Tax (note 6c)</b>		
Current year	65,445	40,168
Adjustment to prior year	<u>(468,370)</u>	-
<b>Tax (credit)/charge on profit on ordinary activities</b>	<u><b>(286,925)</b></u>	<u><b>40,168</b></u>

### 6 b) Factors affecting current tax

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation in the UK of 30% (2003: 30%). The differences are reconciled below:		

Profit on ordinary activities	<u>566,410</u>	<u>370,813</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	<u>169,923</u>	<u>111,244</u>
Capital allowances (greater)/less than depreciation	(44,795)	(40,168)
Tax losses brought forward and used in the current year	(20,650)	(78,750)
Non deductible trading expenses	<u>11,522</u>	<u>7,674</u>
<b>Total current tax (credit)/charge (note 6a)</b>	<u><b>116,000</b></u>	<u><b>-</b></u>

### 6 c) Deferred tax

The deferred tax included in the balance sheet as follows:

Shown on the balance sheet as current asset /(provisions for Liabilities and Charges)

	£
At 1 January 2004	(272,277)
Tax losses utilised	(20,650)
Capital allowances greater than depreciation	(44,795)
Adjustment to brought forward capital allowances available	<u>468,370</u>
<b>As 31 December 2004</b>	<u><b>130,648</b></u>

### 6 d) Factors that may effect future tax charges

It is anticipated that the current effective tax rate will prevail in future years.

# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT Year Ended 31 December 2004

### 7. Tangible fixed assets

	Long Leasehold Property	Fixtures and Fittings	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2004	2,813,375	401,321	3,214,696
Additions	<u>12,012</u>	<u>5,858</u>	<u>17,870</u>
<b>At 31 December 2004</b>	<b><u>2,825,387</u></b>	<b><u>407,179</u></b>	<b><u>3,232,566</u></b>
<b>Depreciation</b>			
At 1 January 2004	72,820	146,833	219,653
Charged in the year	<u>27,439</u>	<u>60,328</u>	<u>87,767</u>
<b>At 31 December 2004</b>	<b><u>100,259</u></b>	<b><u>207,161</u></b>	<b><u>307,420</u></b>
<b>Net book value</b>			
<b>At 31 December 2004</b>	<b><u>2,725,128</u></b>	<b><u>200,018</u></b>	<b><u>2,925,146</u></b>
At 31 December 2003	<u>2,740,555</u>	<u>254,488</u>	<u>2,995,043</u>

Fixtures and fittings at 31 December 2004 includes assets held under hire purchase and finance lease agreements which have a net book value of £25,482 (31 December 2003: £nil).

The depreciation charged to the account in the year in respect of such assets amounted to £6,522 (31 December 2003: £nil).

### 8. Stocks

	31 December 2004 £	31 December 2003 £
Goods for resale	<u>3,523</u>	<u>1,899</u>

### 9. Debtors

	31 December 2004 £	31 December 2003 £
Deferred Tax (see note 13)	130,648	-
Other debtors	2,000	-
Prepayments and accrued income	<u>44,575</u>	<u>40,214</u>
	<b><u>177,223</u></b>	<b><u>40,214</u></b>

# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT

Year Ended 31 December 2004

### 10. Creditors: Amounts falling due within one year

	31 December 2004 £	31 December 2003 £
Trade creditors	34,897	40,731
Amounts due to group undertakings	1,477,090	1,806,951
Hire Purchase and finance leases	10,829	-
Other taxation and social security	47,853	33,325
Corporation Tax	116,000	-
Other creditors	10,068	11,925
Accruals and deferred income	51,029	74,852
	<u>1,747,766</u>	<u>1,967,784</u>

### 11. Creditors: Amounts falling due after more than one year

	31 December 2004 £	31 December 2003 £
Obligations under finance leases	10,228	-
	<u>10,228</u>	<u>-</u>

### 12. Commitments under hire purchase and finance lease agreements

Future commitments under hire purchase and finance lease agreements are as follows:

	31 December 2004 £	31 December 2003 £
Amounts payable within one year	10,829	-
Amounts payable between one and two years	10,228	-
Amounts payable between two and five years	-	-
	<u>21,057</u>	<u>-</u>

# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT

Year Ended 31 December 2004

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### 13. Provision for liabilities and charges

	31 December 2004 £	31 December 2003 £
Deferred Tax	<u>-</u>	<u>272,277</u>
Accelerated capital allowances	130,648	(292,927)
Losses available	<u>-</u>	<u>20,650</u>
	130,648	(272,277)
Included in debtors	<u>(130,648)</u>	<u>-</u>
	<u>-</u>	<u>(272,277)</u>

### 14. Share capital

	31 December 2004 £	31 December 2003 £
<b>Authorised:</b> 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, issued and fully paid:</b> 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 15. Revaluation reserve

	31 December 2004 £	31 December 2003 £
Balance brought forward	<u>399,134</u>	<u>399,134</u>
Balance carried forward	<u>399,134</u>	<u>399,134</u>



# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT

Year Ended 31 December 2004

### 16. Profit and loss account

	31 December 2004 £	31 December 2003 £
Balance brought forward	401,623	70,978
Retained profit for the financial year	<u>548,808</u> <u>950,431</u>	<u>330,645</u> <u>401,623</u>

### 17. Reconciliation of movements in shareholders' funds

	31 December 2004 £	31 December 2003 £
Profit for the financial year	548,808	330,645
Opening shareholders' funds	<u>800,759</u>	<u>470,114</u>
Closing shareholders' funds	<u>1,349,567</u>	<u>800,759</u>

### 18. Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land & Buildings	Plant and Machinery	Land and Buildings	Plant and Machinery
Leases expiring:				
Within one year	-	-	-	-
Between two and five years	-	13,933	-	8,083
Over five years	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
	<u>30,000</u>	<u>13,933</u>	<u>30,000</u>	<u>8,083</u>

### 19. Contingent liability

In April 2002, group bank facilities totalling £53 million were arranged with the parent company Crown Sports plc's bankers HSBC Bank Plc and Barclays Bank Plc. These replace a range of facilities which had existed within the businesses and following several repayments being deducted from the original facility of £53 million, the balance outstanding at 31 December 2004 was £13.6m (2003; £17.4m). The bank loan facility is shown on the balance sheet of Crown Sports plc and is secured against the assets of the entire group including Boomsign Ltd.

# Boomsign Limited

## NOTES TO THE FINANCIAL STATEMENT

Year Ended 31 December 2004

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### 20. Capital Commitments

The company had capital expenditure contracted for but not provided for in the financial statements amounting to £1,912 (2003: £2,621).

### 21. Ultimate parent company

The company is a wholly owned subsidiary of Dragons Health Clubs plc, registered in England and Wales. Dragons Health Clubs plc is a wholly owned subsidiary of Crown Sports plc, registered in England and Wales.

Crown Sports plc prepares group financial statements and copies can be obtained from Crown Sports plc, Dragons Health Club, Carrington Street, Castle Ward, Derby, DE1 2ND.

### 22. Related party transactions

The company is a wholly owned subsidiary of Crown Sports plc, a company which at the year end was quoted on the UK Stock Exchange, with effect from 6<sup>th</sup> May 2004 is quoted on the Alternative Investment Market. There is no ultimate controlling party for the Group at the year end.

In accordance with the exemption stated in Financial Reporting Standard No. 8, no details are shown of related party transactions with the company's parent and fellow subsidiaries in which the parent company holds 90% or more of the voting rights.