

Castledene Leisure Limited

Report and Financial Statements

◆ *Year Ended 4 March 2001* ◆



COMPANY NO: 2546423

CASTLEDENE LEISURE LIMITED

CONTENTS

	Page
Company information	1
Report of the directors	2 - 3
Statement of directors' responsibilities	4
Auditors' report to the shareholders of Castledene Leisure Limited	5
Profit and loss account	6
Note of historical cost profits and losses	7
Balance sheet	8
Notes to the financial statements	9 - 15

CASTLEDENE LEISURE LIMITED

COMPANY INFORMATION

Directors S Miller (appointed 15 May 2001)
 M R Phillips
 L M Weedall

Secretary M R Buxton-Smith

Registered office Whitbread House
 Park Street West
 Luton
 Bedfordshire
 LU1 3BG

Registered number 2546423

Auditors Ernst & Young LLP
 Becket House
 1 Lambeth Palace Road
 London
 SE1 7EU

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 4 March 2001.

Principal Activities

The principal activity of the Company is the provision of sports facilities. There has been no change in this activity during the year.

Results and Dividends

The results for the year are set out on page 6. The Company has made a profit for the year of £754,000 (2000 - £841,000).

The directors recommend the payment of a final dividend of £1,500,000 (2000 - £nil). A retained loss for the year of £746,000 (2000 - £841,000 retained profit) has been transferred to reserves.

Review of the Business and Future Developments

The directors are satisfied with the results for the year and expect profitability to be sustained for the foreseeable future.

Directors and Their Interests

The directors of the Company during the year were as follows:

S J R Philpott (resigned 6 December 2000)
M R Phillips
L M Weedall (appointed 6 December 2000)

None of the directors held any beneficial interest in the shares of the Company.

According to the register maintained as required under the Companies Act 1985, the beneficial interests of the directors in shares and options over the ordinary shares in the holding company, Whitbread PLC, including shares under the Whitbread PLC Share Ownership Scheme, were as follows:

	Ordinary Shares 4 March 2001	Ordinary Shares 5 March 2000 or date of appointment
Mark Phillips	909	968
Lynne Weedall	-	-

CASTLEDENE LEISURE LIMITED

REPORT OF THE DIRECTORS

(Continued)

Options over ordinary shares

During the year, the following movements in options over the ordinary share capital of the holding company, Whitbread PLC, took place:-

	Options held at		Options granted		Options exercised		Options lapsed	Options held at 04.03.01
	05.03.00 or date of appointment		Number	Price (p)	Number	Price (p)	Number	
Mark Phillips	22,000	(a)	12,000	542.4	-	-	-	34,000
	2,963	(b)	4,085	413.0	-	-	-	7,048
Lynne Weedall	21,800	(a)	-	-	-	-	-	21,800
	2,345	(b)	-	-	-	-	-	2,345

(a) the Executive Share Option Scheme

(b) the Savings Related Share Option Scheme

Auditors

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP has expressed its willingness to continue in office as auditor of the Company.

The report of the directors was approved by the Board on 12 DECEMBER 2001 and signed on its behalf by:



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the company for that period. 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; 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 Companies Act 1985. They are also responsible for the company's system of internal control and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF CASTLEDENE LEISURE LIMITED

We have audited the accounts on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 4 March 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor

London

12 December 2001

CASTLEDENE LEISURE LIMITED**PROFIT AND LOSS ACCOUNT**

Year ended 4 March 2001

	Notes	2001 £'000	2000 £'000
TURNOVER: continuing operations	2	2,325	2,049
Cost of sales		<u>(716)</u>	<u>(627)</u>
Gross profit		1,609	1,422
Administration and other costs		<u>(592)</u>	<u>(525)</u>
OPERATING PROFIT: continuing operations/ PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,017	897
Tax on profit on ordinary activities	6	<u>(263)</u>	<u>(56)</u>
PROFIT FOR THE FINANCIAL YEAR		754	841
Dividends proposed		<u>(1,500)</u>	<u>-</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR 11		<u>(746)</u>	<u>841</u>

There are no recognised gains or losses or movements in shareholders' funds other than those reported above.

CASTLEDENE LEISURE LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES**Year ended 4 March 2001**

	2001	2000
	£'000	£'000
Profit on ordinary activities before taxation	1,017	897
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	9	9
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	1,026	906
	<hr/>	<hr/>
Historical cost retained (loss)/profit	<u>(737)</u>	<u>850</u>

CASTLEDENE LEISURE LIMITED

BALANCE SHEET

4 March 2001

	Notes	2001 £'000	2000 £'000
FIXED ASSETS			
Tangible assets	7	<u>4,536</u>	<u>4,474</u>
CREDITORS: amounts falling due within one year	8	<u>(2,249)</u>	<u>(1,441)</u>
NET ASSETS		<u><u>2,287</u></u>	<u><u>3,033</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	200	200
Revaluation reserve	11	948	957
Profit and loss account	11	<u>1,139</u>	<u>1,876</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>2,287</u></u>	<u><u>3,033</u></u>

The financial statements were approved by the Board of Directors on 12 DECEMBER 2001,

Signed on behalf of the Board of Directors:



Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 March 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

Turnover

Turnover comprises joining fees, membership subscriptions, facilities income, and bar and restaurant income exclusive of value added tax.

Joining fees are non-refundable and are recognised as revenue in the accounting period in which they are received. Subscriptions are released to the profit and loss account over the period to which they relate. Subscriptions received prior to the period to which they relate are recorded as deferred income. Life membership subscriptions are released to the profit and loss account evenly over five years.

Leases

Rental payments in respect of operating leases are charged against operating profit on a straight line basis over the period of the lease.

Capitalisation of interest

Gross interest costs incurred on the financing of major projects are capitalised until the time that the related assets are available for use.

Tangible fixed assets and depreciation

Prior to the adoption of FRS 15 in the 1999/2000 financial year, properties were regularly revalued on a cyclical basis. Since the adoption of FRS 15, the Company policy has been not to revalue its properties. Consequently, the transitional provisions of FRS 15 have been applied and, while previous valuations have been retained, they have not been updated. Other fixed assets are stated at cost.

The cost or valuation of fixed assets is written off on a straight line basis over their expected useful lives as follows:

Long leasehold properties are depreciated to their estimated residual values over the shortest of 50 years, their useful economic lives and their remaining lease periods.

Fixtures, furniture and equipment are depreciated over 3 to 20 years

NOTES TO THE FINANCIAL STATEMENTS
Year ended 4 March 2001

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is recognised where it is considered that a liability will crystallise or tax will be recoverable in the foreseeable future. Any resulting asset or liability is calculated using the tax rate which is expected to be in force at the date of settlement.

Adoption of FRS 16

In December 1999, the Accounting Standards Board published Financial Reporting Standard No 16: "Current Taxation" (FRS 16). The implementation of FRS 16 in the year ended 4 March 2001 has had no impact on either the current tax charge in the profit and loss account or the provision for current taxation in the balance sheet.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of an EC parent company.

2. TURNOVER

The Company's turnover is solely derived from continuing activities in the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated after charging:	2001	2000
	£'000	£'000
Depreciation of tangible fixed assets (Note 7)	196	184
Rentals under operating leases:		
Hire of plant and machinery	12	8
Property	18	16
	=====	=====

Audit fees are borne by the parent company, David Lloyd Leisure Limited.

CASTLEDENE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 4 March 2001

4. DIRECTORS' REMUNERATION

None of the directors received any remuneration from the Company in respect of their services as directors.

5. STAFF COSTS AND NUMBERS

	2001 £'000	2000 £'000
Wages and salaries	549	491
Social security costs	36	30
Pension costs	<u>15</u>	<u>11</u>
	<u>600</u>	<u>532</u>

The average number of persons employed by the Company during the year was as follows:

	2001 No.	2000 No.
Full-time	39	41
Part-time	<u>22</u>	<u>18</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
UK Corporation Tax based on the profit for the year	264	56
Adjustments in respect of prior years	<u>(1)</u>	<u>-</u>
	<u>263</u>	<u>56</u>

CASTLEDENE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS**Year ended 4 March 2001****7. TANGIBLE FIXED ASSETS**

	Land and buildings £'000	Furniture, fixtures & equipment £'000	Total £'000
Cost or valuation			
At 5 March 2000	2,870	2,881	5,751
Additions	1	291	292
Disposals	<u>-</u>	<u>(107)</u>	<u>(107)</u>
At 4 March 2001	<u>2,871</u>	<u>3,065</u>	<u>5,936</u>
Depreciation			
At 5 March 2000	26	1,251	1,277
Depreciation for the year	27	169	196
Disposals	<u>-</u>	<u>(73)</u>	<u>(73)</u>
At 4 March 2001	<u>53</u>	<u>1,347</u>	<u>1,400</u>
Net book value			
At 4 March 2001	<u>2,818</u>	<u>1,718</u>	<u>4,536</u>
At 5 March 2000	<u>2,844</u>	<u>1,630</u>	<u>4,474</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 March 2001

7. TANGIBLE FIXED ASSETS (Continued)

Up to and including 1998/1999, it was the Company policy to revalue its UK properties, other than leasehold properties with a remaining term of less than 20 years. In 1999/2000, the Company adopted FRS15: Tangible Fixed Assets. The transitional provisions of FRS15 were applied and, whilst previous valuations have been retained, they have not been updated. From 1999/2000 it has been Company policy not to revalue fixed assets.

If the revaluations up to 1998/1999 had not taken place, the net book amounts of fixed assets would have been:

	Land and buildings £'000	Furniture, fixtures & equipment £'000	Total £'000
Cost	1,905	3,066	4,971
Aggregate depreciation based on cost	<u>(35)</u>	<u>(1,347)</u>	<u>(1,382)</u>
Net book value at 4 March 2001	<u>1,870</u>	<u>1,719</u>	<u>3,589</u>
Net book value at 5 March 2000	<u>1,887</u>	<u>1,631</u>	<u>3,518</u>
Cost or valuation of properties		2001 £'000	2000 £'000
As valued 1995/6		2,000	2,000
Property never revalued		<u>871</u>	<u>870</u>
		<u>2,871</u>	<u>2,870</u>

CASTLEDENE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 4 March 2001

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 £'000
Amounts owed to group undertakings	485	1,385
Corporation tax	264	56
Proposed dividend	<u>1,500</u>	<u>-</u>
	<u>2,249</u>	<u>1,441</u>

9. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

	Unprovided 2001 £'000	2000 £'000
Accelerated Capital Allowances	<u>217</u>	<u>168</u>

No provision has been made for tax on any gains which might arise in the event of properties being sold at their revalued amounts, as in the ordinary course of business the majority of properties would be retained indefinitely.

10. SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised		
5,000,000 ordinary shares of 10p each	<u>500</u>	<u>500</u>
Allotted and fully paid		
2,000,000 ordinary shares of 10p each	<u>200</u>	<u>200</u>

NOTES TO THE FINANCIAL STATEMENTS**Year ended 4 March 2001****11. STATEMENT OF MOVEMENTS ON RESERVES**

	Revaluation reserve £'000	Profit & loss account £'000	Total £'000
Balance as at 5 March 2000	957	1,876	2,833
Realised revaluation surplus transferred to the profit & loss account	(9)	9	-
Loss retained for the year	<u>-</u>	<u>(746)</u>	<u>(746)</u>
Balance as at 4 March 2001	<u>948</u>	<u>1,139</u>	<u>2,087</u>

12. OPERATING LEASE COMMITMENTS

At 4 March 2001, the Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings	
	2001	2000
	£'000	£'000
Leases which expire:		
After five years	<u>18</u>	<u>16</u>

13. RELATED PARTY TRANSACTIONS

The Company is a wholly owned indirect subsidiary of Whitbread PLC and has taken advantage of the exemption given in Financial Reporting Standard No.8 not to disclose transactions with other group companies.

14. ULTIMATE PARENT COMPANY

At 4 March 2001, the Company was a wholly owned subsidiary of David Lloyd Leisure Limited. At the same date, the ultimate parent company was Whitbread PLC, a company incorporated in the United Kingdom. Copies of the group accounts are available from the Company Secretary of Whitbread PLC at Park Street West, Luton, Bedfordshire, LU1 3BG.