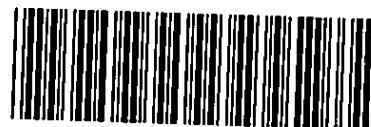


# CASTLEDENE LEISURE LIMITED

## Report and Financial Statements

Year ended 1 March 2007

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COMPANIES HOUSE

# Castledene Leisure Limited

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Registered Number 2546423

## **DIRECTORS**

AD Pellington

ME Tye

NZ Flower (resigned 26 March 2007)

N Phillips (appointed 26 March 2007)

## **SECRETARY**

DC Lowry

## **AUDITORS**

Ernst & Young LLP

1 More London Place

London

SE1 2AF

## **REGISTERED OFFICE**

Whitbread House

Park Street West

Luton

Bedfordshire

LU1 3BG

# Castledene Leisure Limited

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## REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 1 March 2007

### AUDITORS

The Company has passed elective resolutions in accordance with the provision of sections 386(1) and 379(A) of the Companies Act 1985 such that Ernst & Young LLP will automatically continue in office as the Company's auditor

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

### RESULTS AND DIVIDENDS

The profit for the year after tax amounted to £954,000 (2006 – £1,038,000). The directors do not recommend the payment of a dividend (2006 – £nil).

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

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 who served during the year ended 1 March 2007 are listed on page 1. None of the directors had any beneficial interest in the shares of the Company.

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 are disclosed in the accounts of David Lloyd Leisure Limited.

The report of the directors was approved by the board on its behalf by

10th May 2007

and signed on

Director



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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 Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Directors' statement as to disclosure of information to auditors**

Each of the persons who is a Director at the date of approval of this report confirms that

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each Director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s 234ZA of the Companies Act 1985.

# Castledene Leisure Limited

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CASTLEDENE LEISURE LIMITED

We have audited the company's financial statements for the year ended 1 March 2007 which comprise the Profit and Loss Account, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

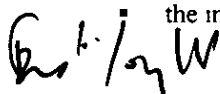
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 1 March 2007 and of its profit for the year then ended,
  - the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP  
Registered auditor  
London

10 May 2007

# Castledene Leisure Limited

## PROFIT & LOSS ACCOUNT for the year ended 1 March 2007

		2007	2006
	Note	£000	£000
<b>TURNOVER</b>	(2)	<b>3,234</b>	3,328
Cost of sales		(142)	(146)
<b>GROSS PROFIT</b>		<b>3,092</b>	3,182
Distribution costs		(1,861)	(1,828)
<b>OPERATING PROFIT</b>	(3)	<b>1,231</b>	1,354
Interest receivable and similar income	(6)	145	139
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,376</b>	1,493
Tax on profit on ordinary activities	(7)	(422)	(455)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>954</b>	1,038
<b>PROFIT FOR THE FINANCIAL YEAR</b>	(13)	<b>954</b>	1,038

Turnover and profit for the year all relate to continuing activities. There are no recognised gains or losses or movements in shareholders' funds other than those reported above.

## Castledene Leisure Limited

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### NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 1 March 2007

	2007	2006
	£000	£000
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>1,376</b>	<b>1,493</b>
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	9	9
	<hr/>	<hr/>
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>1,385</b>	<b>1,502</b>
	<hr/>	<hr/>
<b>HISTORICAL COST PROFIT FOR THE YEAR</b>	<b>963</b>	<b>1,047</b>
	<hr/> <hr/>	<hr/> <hr/>

# Castledene Leisure Limited

## BALANCE SHEET as at 1 March 2007

		2007	2006
	note	£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	(8)	5,043	5,038
Debtors	(9)	3,165	2,235
Cash at bank		3	1
<b>CREDITORS' amounts falling due within one year</b>	(10)	(408)	(439)
<b>NET CURRENT ASSETS</b>		2,760	1,797
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,803	6,835
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	(11)	(340)	(326)
<b>NET ASSETS CURRENT ASSETS</b>		7,463	6,509
<b>CAPITAL AND RESERVES</b>			
Called up share capital	(12)	200	200
Revaluation reserve	(13)	894	903
Profit and loss account	(13)	6,369	5,406
<b>EQUITY SHAREHOLDERS' FUNDS</b>	(14)	7,463	6,509

The financial statements were approved by the board on

10th May 2007

and signed by

Director





NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 1 March 2007

**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 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 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.

**Tangible fixed assets and depreciation**

Prior to the adoption of FRS 15 in the financial year ended 5 March 2000, land and buildings were regularly revalued on a cyclical basis. Since the adoption of FRS 15, the Company policy has been not to revalue its land and buildings.

Consequently, the transitional provision 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 expected useful economic lives as follows:

- long leasehold properties are depreciated to their estimated residual values over the shortest of 50 years, their useful economic lives, or their remaining lease periods,
- furniture, fixtures and equipment are depreciated over a period of 3 to 20 years.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 1 March 2007

1) ACCOUNTING POLICIES (continued)

**Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date. Deferred taxation is not recognised where an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred tax assets and liabilities are calculated using the tax rates that have been enacted or substantively enacted at the balance sheet date.

**Pensions**

The Company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are invested and managed independently of the finances of the Company.

**Cash flow statement**

Under the provision of FRS 1 (revised), the Company is exempt from preparing 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 the provision of sports facilities in the United Kingdom.

3) OPERATING PROFIT

Operating profit is stated after charging

		2007	2006
	note	£000	£000
Depreciation of tangible fixed assets	(8)	264	267
Profit on the sale of fixed assets		1	-
Hire charges under operating leases			
Land and buildings		19	18
		<u>          </u>	<u>          </u>

Audit fees are borne by the parent company, David Lloyd Leisure Limited. There were no non-audit fees paid to the auditors (2006 – nil).

4) DIRECTORS' REMUNERATION

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

# Castledene Leisure Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 1 March 2007

### 5) STAFF COSTS AND NUMBERS

	2007	2006
	£000	£000
Wages and salaries	745	773
Social security costs	54	54
Pension costs	10	12
	<u>809</u>	<u>839</u>

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

	2007	2006
	Number	Number
Full-time	31	43
Part-time	18	22
	<u>49</u>	<u>65</u>

### 6) INTEREST RECEIVABLE AND SIMILAR INCOME

Analysis of charge for the year	2007	2006
	£000	£000
Interest on intercompany loans	145	139
	<u>145</u>	<u>139</u>

# Castledene Leisure Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 1 March 2007

### 7) TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge for the year	2007	2006
	£000	£000

UK Corporation Tax based on profit for the year	408	439
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Deferred tax	14	16
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	422	455
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Factors affecting the tax charge for the year	2007	2006
	£000	£000

Profit before tax	1,376	1,493
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Tax at current UK Corporation Tax rate of 30% (2006 – 30%)	413	448
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*Effect of*

Capital allowances in advance of depreciation	(5)	(9)
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	408	439
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# Castledene Leisure Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 1 March 2007

### 8) TANGIBLE FIXED ASSETS

	Long leasehold land and buildings	Furniture, fixtures and equipment	Total
	£000	£000	£000
<i>Cost or valuation</i>			
As at 3 March 2006	3,318	2,855	6,173
Additions	1	269	270
Disposals	-	(16)	(16)
	<u>          </u>	<u>          </u>	<u>          </u>
As at 1 March 2007	3,319	3,108	6,427
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Depreciation</i>			
As at 3 March 2006	(200)	(935)	(1,135)
Depreciation for the year	(32)	(232)	(264)
Disposals	-	15	15
	<u>          </u>	<u>          </u>	<u>          </u>
As at 1 March 2007	(232)	(1,152)	(1,384)
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Net book value</i>			
As at 1 March 2007	3,087	1,956	5,043
	<u>          </u>	<u>          </u>	<u>          </u>
As at 3 March 2006	3,118	1,920	5,038
	<u>          </u>	<u>          </u>	<u>          </u>

# Castledene Leisure Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 1 March 2007

### 8) TANGIBLE FIXED ASSETS (continued)

Up to and including 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 2000 the Company adopted FRS 15 (Tangible Fixed Assets). The transitional provisions of FRS 15 were applied and, whilst previous revaluations have been retained, they have not been updated. As from 2000, it has been Company policy not to revalue fixed assets.

If the revaluations up to 1999 had not taken place, the net book value of fixed assets would have been

	Long leasehold land and buildings	Furniture, fixtures and equipment	Total
	£000	£000	£000
Cost	2,351	3,108	5,459
Aggregate depreciation based on cost	(158)	(1,152)	(1,310)
Net book value as at 1 March 2007	2,193	1,956	4,149
Net book value as at 3 March 2006	2,215	1,921	4,136
<b>Cost or valuation of properties</b>		<b>2007</b>	<b>2006</b>
		<b>£000</b>	<b>£000</b>
1996		2,000	2,000
Property never revalued		1,319	1,318
		<b>3,319</b>	<b>3,318</b>

# Castledene Leisure Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 1 March 2007

### 9) DEBTORS

	2007	2006
	£000	£000
Amounts owed by group undertakings	3,165	2,235

### 10) CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£000	£000
Corporation tax	408	439
	408	439

### 11) PROVISIONS FOR LIABILITIES AND CHARGES

#### Deferred taxation

	2007	2006
	£000	£000
Opening balance	326	310
Deferred taxation charge for the year	14	16
Closing balance	340	326

All deferred tax liabilities relate to accelerated capital allowances

# Castledene Leisure Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 1 March 2007

### 12) SHARE CAPITAL

	2007	2006
	£000	£000
<i>Authorised</i>		
2,000,000 ordinary shares of 10 pence each	200	200
	<u>          </u>	<u>          </u>
<i>Called up, allotted and fully paid</i>		
2,000,000 ordinary shares of 10 pence each	200	200
	<u>          </u>	<u>          </u>

### 13) STATEMENT OF MOVEMENTS ON RESERVES

	Revaluation reserve	Profit and loss account	Total
	£000	£000	£000
As at 3 March 2006	903	5,406	6,309
Realised revaluation surplus transferred to the profit and loss account	(9)	9	-
Retained profit for the year	-	954	954
	<u>          </u>	<u>          </u>	<u>          </u>
As at 1 March 2007	894	6,369	7,263
	<u>          </u>	<u>          </u>	<u>          </u>

### 14) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£000	£000
Equity shareholders' funds at 3 March 2006	6,509	5,471
Profit earned for ordinary shareholders	954	1,038
	<u>          </u>	<u>          </u>
Equity shareholders' funds at 1 March 2007	7,463	6,509
	<u>          </u>	<u>          </u>



# Castledene Leisure Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 1 March 2007

### 15) OPERATING LEASE COMMITMENTS

As at 1 March 2007, the Company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2007	2006
	£000	£000
<i>Leases which expire</i>		
In over five years	20	20
	<u>          </u>	<u>          </u>

### 16) RELATED PARTY TRANSACTIONS

The Company is a wholly owned indirect subsidiary of Whitbread PLC and has taken advantage of the exemption given in FRS 8 not to disclose transactions with other group companies

### 17) ULTIMATE PARENT UNDERTAKING

As at 1 March 2007, 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 Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Bedfordshire LU5 5XE