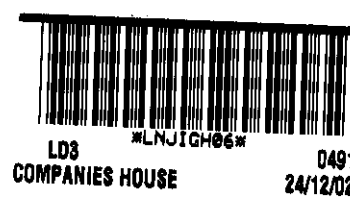


**BROOKLANDS HEALTHTRACK LIMITED**

**Report and Financial Statements**

**Year ended 3 March 2002**



# Brooklands Healthtrack Limited

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Registered Number 2985386

## **DIRECTORS**

M Fearn	(appointed 1 January 2002)
S Miller	(appointed 15 May 2001)
LM Weedall	
MR Phillips	(resigned 31 December 2001)

## **SECRETARY**

MR Buxton-Smith	(resigned 25 September 2002)
EA Thorpe	

## **AUDITORS**

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

## **REGISTERED OFFICE**

Whitbread Court  
Houghton Hall Business Park  
Porz Avenue  
Dunstable  
Bedfordshire  
LU5 5XE

# Brooklands Healthtrack Limited

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## REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 3 March 2002.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

### RESULTS AND DIVIDENDS

The profit for the year after tax amounted to £1,473,000 (17 months ended 4 March 2001 restated – £1,997,000). The directors do not recommend the payment of a dividend (2001 - £2,500,000).

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

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

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 3 March 2002 are listed on page 1. None of the directors had 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 are as follows:

Ordinary shares	3 March 2002	4 March 2001 or date of appointment
M Fearn	63	76
S Miller	29,101	20,856
L Weedall	-	-

# Brooklands Healthtrack Limited

## REPORT OF THE DIRECTORS

### DIRECTORS AND THEIR INTERESTS (continued)

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

	Options held at 4 March 2001 or date of appointment		Option granted		Options exercised		Options lapsed	Options held at 3 March 2002
	Number		Number	Price (p)	Number	Price (p)	Number	
M Fearn	17,300	(a)	12,000	661.4	-	-	-	29,300
	1,876	(b)	-	-	-	-	-	1,876
S Miller	133,700	(a)	50,000	661.4	6,800	537.6	-	176,900
	2,902	(b)	614	431.0	-	-	-	3,516
	47,816	(c)	-	-	-	-	-	47,816
L Weedall	21,800	(a)	11,000	661.4	-	-	-	32,800
	2,345	(b)	-	-	-	-	-	2,345

- (a) the Executive Share Option Scheme
- (b) the Savings Related Share Option Scheme
- (c) the Long Term Incentive Plan

The Long Term Incentive Plan is available to directors and other nominated senior executives. It is designed to motivate them to deliver superior performance and increase shareholder value, so aligning their own long-term interests with those of the Company and its shareholders.

The Plan rewards executives with shares rather than cash benefits. Awards are based on three-year performance periods and are calculated by taking half of the executives salary at the start of the period and dividing it by the Whitbread share price averaged over the five business days preceding the start of the performance period.

The comparator used to measure the Company's relative Total Shareholder Return performance under the Plan is a group of 24 peer companies in related industries. These companies are the same as those used as a peer group comparison for pay benchmarking purposes. The performance threshold at which payments are made is the 50<sup>th</sup> percentile (i.e. 12<sup>th</sup> out of 24) measured against the comparator group.

### AUDITORS

A resolution to re-appoint Ernst & Young LLP will be put to the members at the annual general meeting.

The report of the directors was approved by the board on ..... 19/12/02 ..... and signed on its behalf by:



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
FINANCIAL STATEMENTS

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 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; 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.

# Brooklands Healthtrack Limited

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROOKLANDS HEALTHTRACK LIMITED

We have audited the Company's financial statements for the year ended 3 March 2002, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the 'Act') and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) has been expressly authorised to do so by our prior written consent.

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 Company 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.

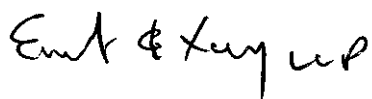
### BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 3 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

19 December 2002

# Brooklands Healthtrack Limited

## PROFIT AND LOSS ACCOUNT for the year ended 3 March 2002

		2002 (12 months)	2001 (17 months) (restated)
	note	£000	£000
<b>TURNOVER</b>		<b>4,337</b>	<b>5,718</b>
Cost of sales		(385)	(613)
Gross profit		<u>3,952</u>	<u>5,105</u>
Administrative expenses		<u>(1,671)</u>	<u>(2,473)</u>
<b>OPERATING PROFIT /</b>			
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(3)	<b>2,281</b>	<b>2,632</b>
Tax on profit on ordinary activities	(6)	(808)	(635)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>1,473</b></u>	<u><b>1,997</b></u>
Dividends		-	(2,500)
<b>RETAINED PROFIT/(LOSS) FOR THE</b>			
<b>FINANCIAL PERIOD</b>	(11)	<u><u><b>1,473</b></u></u>	<u><u><b>(503)</b></u></u>

# Brooklands Healthtrack Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 3 March 2002

	2002 (12 months)	2001 (17 months) (restated)
	£000	£000
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>1,473</b>	<b>1,997</b>
Prior year adjustments from the implementation of FRS 19	(197)	-
	<hr/>	<hr/>
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE PREVIOUS YEAR END</b>	<b>1,276</b>	<b>1,997</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 3 March 2002

	2002 (12 months)	2001 (17 months) (restated)
	£000	£000
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2,281</b>	<b>2,632</b>
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	39	55
	<hr/>	<hr/>
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2,320</b>	<b>2,687</b>
	<hr/>	<hr/>
<b>HISTORICAL COST RETAINED PROFIT/(LOSS)</b>	<b>1,512</b>	<b>(448)</b>
	<hr/> <hr/>	<hr/> <hr/>



# Brooklands Healthtrack Limited

## BALANCE SHEET

as at 3 March 2002

		2002	2001 (restated)
	note	£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	(7)	14,892	14,892
<b>CREDITORS: amounts falling due within one year</b>			
	(8)	(2,515)	(4,020)
<b>NET CURRENT LIABILITIES</b>			
		(2,515)	(4,020)
<b>PROVISIONS FOR LIABILITIES &amp; CHARGES</b>			
	(9)	(229)	(197)
<b>NET ASSETS</b>			
		12,148	10,675
<b>CAPITAL AND RESERVES</b>			
Called up share capital	(10)	-	-
Revaluation reserve	(11)	8,695	8,734
Profit and loss account	(11)	3,453	1,941
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
	(12)	12,148	10,675

The financial statements were approved by the board on 19<sup>th</sup> March 2002 and signed by:



Director

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 3 March 2002

**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 and in accordance with applicable Accounting Standards.

**Changes to accounting policies**

FRS 19 (Deferred Tax) has been adopted in the current year. The comparative amounts have been restated to comply with the new standard. The effect on the profit and loss account is to increase the taxation charge for the Company by £32,000 (2001 – decrease the taxation charge by £5,000). The balance sheet effect is to increase provisions by £229,000 (2001 – increase provisions by £197,000). Provisions for deferred tax have not been discounted.

FRS 18 (Accounting Policies) has been adopted in the current year. It has had no effect on the reported figures.

Although the first stage of the FRS 17 (Retirement Benefits) transitional arrangements has been adopted in the current year, there have been no changes to the reported figures which continue to be prepared on the basis of SSAP 24. The disclosures required under this stage of the transitional arrangements are not required within the Company.

**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. Life membership subscriptions are released to the profit and loss account in the year in which they are received.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 3 March 2002

1) ACCOUNTING POLICIES (continued)

**Tangible fixed assets and depreciation**

Prior to the adoption of FRS 15 in the financial year ended 5 March 2000, 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 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 costs or valuation of fixed assets is written off on a straight line basis over their expected useful economic lives as follows:

- freehold land is not depreciated;
- freehold buildings are depreciated to their estimated residual values over a period not exceeding 50 years;
- 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;
- fixtures, furniture and equipment are depreciated over a period of three to 20 years.

**Stock**

Stocks are stated at the lower of cost and net realisable value except base stock, which is carried forward at its cost value.

**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.

**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 continuing health and leisure activities in the United Kingdom.

# Brooklands Healthtrack Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 3 March 2002

### 3) OPERATING PROFIT

Operating profit is stated after charging/(crediting):

		2002 (12 months)	2001 (17 months)
	Note	£000	£000
Depreciation of tangible fixed assets	(7)	257	395
Net profit on the disposal of fixed assets		(46)	-
		<u>211</u>	<u>395</u>

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

### 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

	2002 (12 months)	2001 (17 months)
	£000	£000
Wages and salaries	859	1,239
Social security costs	60	80
Pension costs	7	7
	<u>926</u>	<u>1,326</u>

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

	2002 (12 months)	2001 (17 months)
	Number	Number
Full-time	67	130
Part-time	47	-
	<u>114</u>	<u>130</u>

# Brooklands Healthtrack Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 3 March 2002

### 6) TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 (12 months)	2001 (17 months) (restated)
	£000	£000
UK Corporation Tax based on profit for the period	776	640
Deferred tax	32	(5)
	<u>808</u>	<u>635</u>

Factors affecting the tax charge for the period	2002 (12 months)	2001 (17 months) (restated)
	£000	£000
Profit before tax	2,281	2,632
Tax at current UK Corporation Tax rate of 30% (2001 – 30%)	684	790
<i>Effect of:</i>		
Capital allowances in excess of depreciation	(17)	(19)
Prior year adjustments	84	(154)
Other	25	23
	<u>776</u>	<u>640</u>

# Brooklands Healthtrack Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 3 March 2002

### 7) TANGIBLE FIXED ASSETS

	Land and buildings £000	Furniture, fixtures and equipment £000	Total £000
<i>Cost or valuation</i>			
As at 4 March 2001	13,497	2,410	15,907
Additions	12	253	265
Disposals	-	(217)	(217)
<b>As at 3 March 2002</b>	<b>13,509</b>	<b>2,446</b>	<b>15,955</b>
<i>Depreciation</i>			
As at 4 March 2001	(85)	(930)	(1,015)
Depreciation for the year	(60)	(197)	(257)
Disposals	-	209	209
<b>As at 3 March 2002</b>	<b>(145)</b>	<b>(918)</b>	<b>(1,063)</b>
<i>Net book value</i>			
<b>As at 3 March 2002</b>	<b>13,364</b>	<b>1,528</b>	<b>14,892</b>
As at 4 March 2001	13,412	1,480	14,892

The Company's properties are all freehold.

Up to and including the year ended 30 September 1999 it was the Company policy to revalue its properties. In the period ended 4 March 2001, 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 the period ended 4 March 2001, it has been Company policy not to revalue fixed assets.

# Brooklands Healthtrack Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 3 March 2002

### 7) TANGIBLE FIXED ASSETS (continued)

If land and buildings had not been revalued up to the year ended 30 September 1999, they would have been included at the following values:

	2002	2001
	£000	£000
Cost	4,721	4,708
Aggregate depreciation based on cost	(21)	(30)
	<u>4,700</u>	<u>4,678</u>

### 8) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£000	£000
Amounts owed to group undertakings	1,822	947
Corporation tax	693	573
Proposed dividend	-	2,500
	<u>2,515</u>	<u>4,020</u>

### 9) PROVISIONS FOR LIABILITIES & CHARGES

#### Deferred taxation

	2002	2001 (restated)
	£000	£000
As at 4 March as published	-	-
Prior year adjustment for the implementation of FRS 19	197	202
As at 4 March restated	<u>197</u>	<u>202</u>
Deferred taxation charge for the period	32	(5)
As at 3 March	<u>229</u>	<u>197</u>

# Brooklands Healthtrack Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 3 March 2002

### 10) SHARE CAPITAL

	2002	2001
	£	£
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<u>          </u>	<u>          </u>
<i>Called up, allotted and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>

### 11) STATEMENT OF MOVEMENTS ON RESERVES

	Revaluation reserve £000	Profit and loss account £000	Total £000
As at 4 March 2001 as published	8,734	2,138	10,872
Prior year adjustment for the implementation of FRS 19	-	(197)	(197)
	<u>          </u>	<u>          </u>	<u>          </u>
As at 4 March 2001 restated	8,734	1,941	10,675
Realised revaluation surplus transferred to the profit and loss account	(39)	39	-
Profit retained for the year	-	1,473	1,473
	<u>          </u>	<u>          </u>	<u>          </u>
As at 3 March 2002	8,695	3,453	12,148
	<u>          </u>	<u>          </u>	<u>          </u>



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 3 March 2002

12) RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001 (restated)
	£000	£000
Opening shareholders' funds as published	10,872	11,380
Prior year adjustment for the implementation of FRS 19	(197)	(202)
	<u>10,675</u>	<u>11,178</u>
Opening shareholders' funds restated	10,675	11,178
Profit earned for ordinary shareholders	1,473	1,997
Dividends	-	(2,500)
	<u>12,148</u>	<u>10,675</u>

13) CAPITAL COMMITMENTS

There were no capital commitments at the year end (2001 - £nil) which had not been provided for.

14) 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.

15) ULTIMATE PARENT UNDERTAKING

As at 3 March 2002, 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.