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BROOKLANDS HEALTHTRACK LIMITED

Report and Financial Statements

Year ended 2 March 2003



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COMPANIES HOUSE

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# Brooklands Healthtrack Limited

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Registered Number 2985386

## **DIRECTORS**

MRC Fearn

S Miller

LM Weedall (resigned 31 January 2003)

GC Wright (appointed 31 January 2003)

## **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

## REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 2 March 2003.

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

On 4 March 2002, the Company transferred its business and assets to its parent company, Racquets & Healthtrack Group Limited. The Company has not traded since this date.

### RESULTS AND DIVIDENDS

The loss for the year after tax amounted to £7,040,000 (2002 – £1,473,000 profit). A dividend in specie of £5,108,000 was paid during the year (2002 – £nil), relating to the transfer of the Company's business and assets to the parent company.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 2 March 2003 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 | 2 March 2003 | 3 March 2002<br>or date of appointment |
|-----------------|--------------|--|
| MRC Fearn       | 186          | 63                                     |
| S Miller        | 31,915       | 29,101                                 |
| GC Wright       | -            | -                                      |

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

|           | Options held at<br>3 March 2002<br>or date of<br>appointment |     | Option<br>granted |           | Options<br>exercised |           | Options<br>lapsed | Options held at<br>2 March 2002 |
|-----------|--|-----|-------------------|-----------|----------------------|-----------|-------------------|---------------------------------|
|           |  |     | Number            | Price (p) | Number               | Price (p) | Number            |                                 |
| M Fearn   | 26,960   | (a) | 24,000            | 641.0     | -                    | -         | -                 | 50,960                          |
|           | 1,876  | (b) | 428               | 441.2     | -                    | -         | -                 | 2,304                           |
| S Miller  | 176,900  | (a) | 50,000            | 641.0     | -                    | -         | -                 | 226,900                         |
|           | 3,044  | (b) | 1,489             | 441.2     | -                    | -         | -                 | 4,533                           |
|           | 39,354   | (c) | 20,634            | -         | -                    | -         | 19,654            | 40,334                          |
| GC Wright | 12,000   | (a) | -                 | -         | -                    | -         | -                 | 12,000                          |
|           | 1,489  | (b) | -                 | -         | -                    | -         | -                 | 1,489                           |

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

REPORT OF THE DIRECTORS

**DIRECTORS AND THEIR INTERESTS (continued)**

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 . . . 23 July 2003 . . 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.

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

We have audited the Company's financial statements for the year ended 2 March 2003, which comprise the Profit and Loss Account, Note of Historical Cost Profits and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of 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**

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.

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.

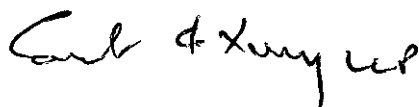
**BASIS OF AUDIT OPINION**

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 2 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

23 July 2003

# Brooklands Healthtrack Limited

## PROFIT AND LOSS ACCOUNT for the year ended 2 March 2003

|   |      | <b>2003</b> | <b>2002</b> |
|---|------|-------------|-------------|
|   | note | <b>£000</b> | <b>£000</b> |
| <b>TURNOVER</b>   | (2)  | -           | 4,337       |
| Cost of sales   |      | -           | (385)       |
|   |      | <hr/>       | <hr/>       |
| <b>GROSS PROFIT</b>   |      | -           | 3,952       |
| Administrative expenses   |      | -           | (1,671)     |
|   |      | <hr/>       | <hr/>       |
| <b>OPERATING PROFIT</b>   | (3)  | -           | 2,281       |
| Net loss arising from business disposal                         |      | (7,272)     | -           |
|   |      | <hr/>       | <hr/>       |
| <b>PROFIT/(LOSS) ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |      | (7,272)     | 2,281       |
| Tax on profit on ordinary activities                            | (6)  | 232         | (808)       |
|   |      | <hr/>       | <hr/>       |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>                     |      | (7,040)     | 1,473       |
| Dividends   | (7)  | (5,108)     | -           |
|   |      | <hr/>       | <hr/>       |
| <b>RETAINED PROFIT/(LOSS)<br/>FOR THE FINANCIAL YEAR</b>        | (12) | (12,148)    | 1,473       |
|   |      | <hr/> <hr/> | <hr/> <hr/> |

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

## Brooklands Healthtrack Limited

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### NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 2 March 2003

|   | 2003            | 2002         |
|---|-----------------|--------------|
|   | £000            | £000         |
| <b>PROFIT/(LOSS) ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b>   | <b>(7,272)</b>  | <b>2,281</b> |
| Difference between the historical cost depreciation<br>charge and the actual depreciation charge calculated on<br>the revalued amount | -               | 39           |
| <b>HISTORICAL COST PROFIT/(LOSS) ON<br/>ORDINARY ACTIVITIES BEFORE TAXATION</b>   | <b>(7,272)</b>  | <b>2,320</b> |
| <b>HISTORICAL COST RETAINED PROFIT/(LOSS)</b>   | <b>(12,148)</b> | <b>1,512</b> |



# Brooklands Healthtrack Limited

## BALANCE SHEET

as at 2 March 2003

|   | note | 2003<br>£000 | 2002<br>£000 |
|---|------|--------------|--------------|
| <b>FIXED ASSETS</b>                                   |      |              |              |
| Tangible assets                                       | (8)  | -            | 14,892       |
| <b>CREDITORS: amounts falling due within one year</b> |      |              |              |
|   | (9)  | -            | (2,515)      |
| <b>NET CURRENT LIABILITIES</b>                        |      |              |              |
|   |      | -            | (2,515)      |
| <b>PROVISIONS FOR LIABILITIES &amp; CHARGES</b>       |      |              |              |
|   | (10) | -            | (229)        |
| <b>NET ASSETS</b>                                     |      |              |              |
|   |      | -            | 12,148       |
| <b>CAPITAL AND RESERVES</b>                           |      |              |              |
| Called up share capital                               | (11) | -            | -            |
| Revaluation reserve                                   | (12) | -            | 8,695        |
| Profit and loss account                               | (12) | -            | 3,453        |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                     |      |              |              |
|   | (13) | -            | 12,148       |

The financial statements were approved by the board on 23 July 2003 and signed by:

Director



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 2 March 2003

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.

**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 evenly over five years.

**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.

## Brooklands Healthtrack Limited

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 2 March 2003

#### 2) TURNOVER

The Company's turnover is solely derived from health and leisure activities in the United Kingdom.

#### 3) OPERATING PROFIT

Operating profit is stated after charging/(crediting):

|  | 2003              | 2002              |
|--|-------------------|-------------------|
|  | £000              | £000              |
| Depreciation of tangible fixed assets      | -                 | 257               |
| Net profit on the disposal of fixed assets | -                 | (46)              |
|  | <u>          </u> | <u>          </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

|                       | 2003              | 2002              |
|-----------------------|-------------------|-------------------|
|                       | £000              | £000              |
| Wages and salaries    | -                 | 859               |
| Social security costs | -                 | 60                |
| Pension costs         | -                 | 7                 |
|                       | <u>          </u> | <u>          </u> |
|                       | -                 | 926               |
|                       | <u>          </u> | <u>          </u> |

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

|           | 2003              | 2002              |
|-----------|-------------------|-------------------|
|           | Number            | Number            |
| Full-time | -                 | 67                |
| Part-time | -                 | 47                |
|           | <u>          </u> | <u>          </u> |

# Brooklands Healthtrack Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 2 March 2003

### 6) TAX ON PROFIT ON ORDINARY ACTIVITIES

|   | 2003         | 2002       |
|---|--------------|------------|
|   | £000         | £000       |
| UK Corporation Tax based on profit for the year | -            | 776        |
| Adjustments in respect of prior years           | (3)          | -          |
| Deferred tax                                    | (229)        | 32         |
|   | <u>(232)</u> | <u>808</u> |

| Factors affecting the tax charge for the year                 | 2003           | 2002         |
|---|----------------|--------------|
|   | £000           | £000         |
| Profit/(loss) before tax                                      | <u>(7,272)</u> | <u>2,281</u> |
| Tax at current UK Corporation Tax rate of 30%<br>(2002 – 30%) | (2,182)        | 684          |
| <i>Effect of:</i>   |                |              |
| Write off of inter-company balances                           | 2,182          | -            |
| Group relief  | -              | (17)         |
| Prior year adjustments  | (3)            | 84           |
| Other   | -              | 25           |
|   | <u>(3)</u>     | <u>776</u>   |

### 7) DIVIDENDS

|                    | 2003         | 2002     |
|--------------------|--------------|----------|
|                    | £000         | £000     |
| Dividend in specie | <u>5,108</u> | <u>-</u> |

On 4 March 2002 the Company transferred its assets to Racquets & Healthtrack Group Limited, the parent company. The dividend in specie represents the difference between the net book value of the assets transferred and the market value of those assets as at 4 March 2002.

# Brooklands Healthtrack Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 2 March 2003

### 8) TANGIBLE FIXED ASSETS

|                          | Land and<br>buildings<br>£000 | Furniture,<br>fixtures and<br>equipment<br>£000 | Total<br>£000 |
|--------------------------|-------------------------------|---|---------------|
| <i>Cost or valuation</i> |                               |   |               |
| As at 3 March 2002       | 13,509                        | 2,446   | 15,955        |
| Group transfers          | (13,509)                      | (2,446)   | (15,955)      |
|                          | <hr/>                         | <hr/>   | <hr/>         |
| As at 2 March 2003       | -                             | -   | -             |
|                          | <hr/>                         | <hr/>   | <hr/>         |
| <i>Depreciation</i>      |                               |   |               |
| As at 3 March 2002       | (145)                         | (918)   | (1,063)       |
| Group transfers          | 145                           | 918   | 1,063         |
|                          | <hr/>                         | <hr/>   | <hr/>         |
| As at 2 March 2003       | -                             | -   | -             |
|                          | <hr/>                         | <hr/>   | <hr/>         |
| <i>Net book value</i>    |                               |   |               |
| As at 2 March 2003       | -                             | -   | -             |
|                          | <hr/>                         | <hr/>   | <hr/>         |
| As at 3 March 2002       | 13,364                        | 1,528   | 14,892        |
|                          | <hr/>                         | <hr/>   | <hr/>         |

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

|                                    | 2003<br>£000 | 2002<br>£000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | -            | 1,822        |
| Corporation tax                    | -            | 693          |
|                                    | <hr/>        | <hr/>        |
|                                    | -            | 2,515        |
|                                    | <hr/>        | <hr/>        |

# Brooklands Healthtrack Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 2 March 2003

### 10) PROVISIONS FOR LIABILITIES & CHARGES

#### Deferred taxation

|   | 2003              | 2002              |
|---|-------------------|-------------------|
|   | £000              | £000              |
| As at 3 March                           | 229               | 197               |
| Deferred taxation charge for the period | (229)             | 32                |
|   | <u>          </u> | <u>          </u> |
| As at 2 March                           | -                 | 229               |
|   | <u>          </u> | <u>          </u> |

### 11) SHARE CAPITAL

|   | 2003              | 2002              |
|---|-------------------|-------------------|
|   | £000              | £000              |
| <i>Authorised</i>                         |                   |                   |
| 1,000,000 ordinary shares of £1 each      | 1,000             | 1,000             |
|   | <u>          </u> | <u>          </u> |
| <i>Called up, allotted and fully paid</i> |                   |                   |
| 100 ordinary shares of £1 each            | -                 | -                 |
|   | <u>          </u> | <u>          </u> |

### 12) STATEMENT OF MOVEMENTS ON RESERVES

|  | Revaluation<br>reserve | Profit and loss<br>account | Total             |
|--|------------------------|----------------------------|-------------------|
|  | £000                   | £000                       | £000              |
| As at 3 March 2002   | 8,695                  | 3,453                      | 12,148            |
| Realised revaluation gains transferred<br>to the profit and loss account | (8,695)                | 8,695                      | -                 |
| Loss for the year  | -                      | (12,148)                   | (12,148)          |
|  | <u>          </u>      | <u>          </u>          | <u>          </u> |
| As at 2 March 2003   | -                      | -                          | -                 |
|  | <u>          </u>      | <u>          </u>          | <u>          </u> |

## Brooklands Healthtrack Limited

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 2 March 2003

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

|   | 2003    | 2002   |
|---|---------|--------|
|   | £000    | £000   |
| Opening shareholders' funds   | 12,148  | 10,675 |
| Profit earned for / (loss attributable to)<br>ordinary shareholders | (7,040) | 1,473  |
| Dividends   | (5,108) | -      |
|   | <hr/>   | <hr/>  |
| Closing shareholders' funds   | -       | 12,148 |
|   | <hr/>   | <hr/>  |

#### 14) CAPITAL COMMITMENTS

There were no capital commitments at the year end (2002 - £nil) which had not been provided for.

#### 15) 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.

#### 16) ULTIMATE PARENT UNDERTAKING

As at 2 March 2003, 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 25<sup>th</sup> Floor, CityPoint, One Ropemaker Street, London, EC2Y 9HX.