

AMENDING

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**BROOKLANDS
HEALTHTRACK LIMITED**

**Report and Financial Statements
30 September 1997**

Company Number 2985386



BROOKLANDS HEALTHTRACK LIMITED

REPORT AND FINANCIAL STATEMENTS 1997

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BROOKLANDS HEALTHTRACK LIMITED

REPORT AND FINANCIAL STATEMENTS 1997

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G M Thomas
M B Wildsmith
C J Lee

SECRETARY

C J Lee

REGISTERED OFFICE

91 Fleet Road
Fleet
Hampshire
GU13 8PJ

BANKERS

National Westminster Bank plc
176 Fleet Road
Fleet
Hampshire
GU13 8YJ

Robert Fleming & Co Limited
25 Copthall Avenue
London
EC2R 7DR

SOLICITORS

Collyer-Bristow
4 Bedford Row
London
WC1R 4DF

AUDITORS

Brooking Knowles & Lawrence
Chartered Accountants
Clifton House
Bunnian Place
Basingstoke
RG21 7JE

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of providing sports, leisure and other related activities to members and visitors of The Brooklands Healthtrack Club.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

During the year the major activity of the company was the operation of the Brooklands Healthtrack Club in Weybridge.

Both the level of business and the year ended financial position remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

RESULTS AND DIVIDENDS

The profit and loss account for the year is set out on page 5. The company has made a profit of £823,399, which is proposed to be transferred to reserves.

The directors do not propose a dividend.

DIRECTORS

The directors of the company at 30 September 1997, all of whom have been directors for the whole of the year, are listed on page 1.

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

FIXED ASSETS

Details of movements in fixed assets are set out in note 8 to these financial statements.


AUDITORS

A resolution to reappoint Brooking Knowles & Lawrence as auditors will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board

C J Lee
Secretary

Date:


27th January 1998

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 and of the profit or loss of the company for that year. In so doing, 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;
- 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 maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility as auditors to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

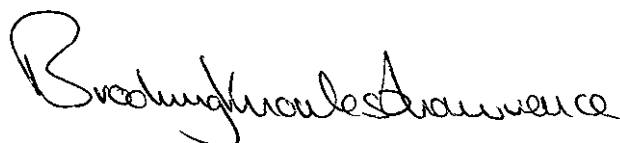
Basis of Opinion

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 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 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BROOKING KNOWLES & LAWRENCE

Chartered Accountants and
Registered Auditor

Dated:

27 January 1998

Clifton House
Bunnian Place
Basingstoke
Hampshire
RG21 7JE

BROOKLANDS HEALTHTRACK LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 September 1997

	Note	1997 £	1996 £
TURNOVER	1	3,461,865	3,174,516
Cost of sales		(331,156)	(286,545)
Gross profit		3,130,709	2,887,971
Administration expenses		(1,688,966)	(1,946,598)
Head office expenses		(100,000)	-
OPERATING PROFIT	2	1,341,743	941,373
Other interest receivable and similar income	5	12,419	25,893
Interest payable and similar charges	6	(530,763)	(300,495)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		823,399	666,771
Tax on profit on ordinary activities	7	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	823,399	666,771

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Unrealised surplus on revaluation of tangible fixed assets	-	5,313,250
Profit for the financial year	823,399	666,771
TOTAL RECOGNISED GAINS	823,399	5,980,021

Turnover and operating profit for both the current and prior year arise from continuing activities.

BROOKLANDS HEALTHTRACK LIMITED

BALANCE SHEET 30 September 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	8	11,175,380	11,250,000
CURRENT ASSETS			
Stock	9	82,122	78,919
Debtors	10	1,280,187	152,721
Cash at bank and in hand		6,587	305,898
		<u>1,368,896</u>	<u>537,538</u>
CREDITORS: amounts falling due within one year	11	<u>(710,382)</u>	<u>(1,040,096)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>658,514</u>	<u>(502,558)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,833,894</u>	<u>10,747,442</u>
CREDITORS: amounts falling due outside one year	12	<u>(5,461,677)</u>	<u>(5,198,624)</u>
NET ASSETS		<u><u>6,372,217</u></u>	<u><u>5,548,818</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Revaluation reserve	15	5,313,250	5,313,250
Profit and loss account	15	1,058,867	235,468
EQUITY SHAREHOLDERS FUNDS	16	<u><u>6,372,217</u></u>	<u><u>5,548,818</u></u>

The financial statements on pages 5 to 12 were approved by the Board of Directors on *27th January 1998*

Signed on behalf of the Board of Directors


G M THOMAS

Director

NOTES TO THE ACCOUNTS
for the year ended 30 September 1997

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cashflow statement on the grounds that the subsidiary is included in publicly available consolidated accounts.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year from continuing activities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation. The cost or valuation of fixed assets is written off over their expected useful lives to the business at the following rates:

Land and Buildings	10 - 20 years for items with a wasting life
Fixtures and fittings	5% - 20% straight line
Plant and equipment	5% - 20% straight line
Computer equipment	20% straight line

The company has not provided depreciation in accordance with Statement of Standard Accounting Practice No 12. "Accounting for depreciation" in respect of freehold property as it is the company policy to maintain properties in such a condition that their value is not diminished by the passage of time and relevant expenditure is charged to profit before tax in the year when it is incurred. Therefore, any element of depreciation is considered to be immaterial and no provision is made. Should any permanent diminution in value occur, full provision will be made.

Revaluation surpluses are considered to be in relation to the non-wasting element of the freehold property and are not depreciated.

Stock

Stock has been valued 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 provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Membership income

Joining fees are recognised evenly as revenue over the accounting period in which they are received. Annual membership subscriptions are released to the profit and loss account over the period to which they relate. Life memberships are released to the profit and loss account on receipt.

BROOKLANDS HEALTHTRACK LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 September 1997

2. OPERATING PROFIT

Operating profit is stated after charging:

	1997 £	1996 £
Depreciation	151,403	146,183
Auditors' remuneration		
- audit	5,200	5,000
- other services	750	3,000
	<u>157,353</u>	<u>154,183</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average number of persons employed by the company, which includes directors, within each category of persons was:

	1997 No.	1996 No.
Management and administration	18	11
Sales staff	4	4
Fitness staff	14	16
Other employees	46	73
	<u>82</u>	<u>104</u>

The costs incurred in respect of those employees were:

	1997 £	1996 £
Wages and salaries	871,591	869,984
Social security costs	64,543	68,417
	<u>936,134</u>	<u>938,401</u>

4. DIRECTORS' EMOLUMENTS

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

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £	1996 £
Other interest receivable and similar income	<u>12,419</u>	<u>25,893</u>

BROOKLANDS HEALTHTRACK LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 September 1997

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
Bank loans	530,402	300,492
Bank overdrafts	361	3
	<u>530,763</u>	<u>300,495</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

No provision for corporation tax arises on the results for the year, due to the availability of tax losses created in the prior year and the availability of losses from other group companies.

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Fixtures and fittings	Plant and equipment	Computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 October 1996	10,843,250	148,520	350,522	53,891	11,396,183
Additions	600	46,989	56,967	2,227	106,783
Disposals	-	(30,000)	-	-	(30,000)
	<u>10,843,850</u>	<u>165,509</u>	<u>407,489</u>	<u>56,118</u>	<u>11,472,966</u>
At 30 September 1997	<u>10,843,850</u>	<u>165,509</u>	<u>407,489</u>	<u>56,118</u>	<u>11,472,966</u>
Depreciation					
At 1 October 1996	68,719	21,294	45,392	10,778	146,183
Charge for year	66,198	23,842	50,139	11,224	151,403
	<u>134,917</u>	<u>45,136</u>	<u>95,531</u>	<u>22,002</u>	<u>297,586</u>
At 30 September 1997	<u>134,917</u>	<u>45,136</u>	<u>95,531</u>	<u>22,002</u>	<u>297,586</u>
Net book value					
At 30 September 1997	<u>10,708,933</u>	<u>120,373</u>	<u>311,958</u>	<u>34,116</u>	<u>11,175,380</u>
At 30 September 1996	<u>10,774,531</u>	<u>127,226</u>	<u>305,130</u>	<u>43,113</u>	<u>11,250,000</u>

The freehold land and buildings including plant and equipment were valued by Humberts Leisure a firm of independent Chartered Surveyors, in July 1996. They were of the opinion that the current estimated realisation price for "existing use as an operational entity having regard to trading potential" was in the order of £11.25 million. This value was reflected in the accounts at 30 September 1996. The revaluation surplus has been reflected in the net book value of freehold land and buildings above.

If land and buildings had not been revalued they would have been included at the following amounts.

	1997	1996
	£	£
Cost	5,530,600	5,530,000
Aggregate depreciation based on cost	<u>137,438</u>	<u>68,719</u>

BROOKLANDS HEALTHTRACK LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 September 1997

9. STOCKS

	1997	1996
	£	£
Consumables	44,711	41,959
Goods for resale	37,411	36,960
	<u>82,122</u>	<u>78,919</u>

10. DEBTORS

	1997	1996
	£	£
Trade debtors	26,960	-
Amounts owed by group undertakings	1,198,486	149,594
Other debtors	54,741	3,127
	<u>1,280,187</u>	<u>152,721</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
Bank loans and overdrafts	-	338,216
Trade creditors	218,604	93,344
Amounts owed to parent company	112,000	-
Taxation and social security	116,996	109,062
Other creditors	30,000	31,700
Accruals and deferred income	232,782	467,774
	<u>710,382</u>	<u>1,040,096</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997	1996
	£	£
Bank loans	5,400,000	4,826,767
Other loans	-	348,477
Accruals and deferred income	61,677	23,380
	<u>5,461,677</u>	<u>5,198,624</u>

Bank Loans and overdrafts

- a) On 29 April 1997 the company entered into a facility agreement with National Westminster Bank plc., and Robert Fleming & Co Limited as part of a group financing arrangement with Racquets & Healthtrack Group Limited under this facility the banks agreed to lend the company up to £5,400,000.

Also as part of the agreement a group overdraft facility was made available of £1,000,000.

On 29 April 1997 the company executed a debenture over the assets of the company in favour of National Westminster Bank subject to prior charge in favour of Robert Fleming & Co Ltd pursuant to which the company guaranteed the obligations of the Group under the facility agreement.

As security for the loan the company granted National Westminster Bank plc., a legal mortgage over the land and buildings comprising the Brooklands Healthtrack Club, Weybridge.

At 30 September 1997 advances totalling £5,400,000 had been made which are repayable in increasing half yearly instalments commencing in September 1999 with the final payment due in April 2004. The rate of interest is 1½% above LIBOR.

- b) All previous loans with National Westminster bank plc and Hill Samuel Bank Limited were repaid in the year.

BROOKLANDS HEALTHTRACK LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 September 1997

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONT'D)

The bank loans are due as follows:-

	1997	1996
	£	£
In less than one year	-	262,500
Due in 1 - 2 years	161,194	350,000
Due in 2 - 5 years	1,491,045	3,339,266
In more than 5 years	3,747,761	1,137,500
	<u>5,400,000</u>	<u>5,089,266</u>

13. DEFERRED TAXATION

	1997	1996
	£	£
Deferred taxation	<u>Nil</u>	<u>Nil</u>

If the freehold property was realised at the amounts included in the balance sheet, in view of the company's policy of expansion and continued ownership of its assets it would be necessary to replace them by purchasing similar property; rollover relief would therefore be available. Accordingly the revalued amounts do not constitute timing differences as defined by SSAP15 and the potential amount of deferred tax if they were to be disposed of has not therefore been quantified.

14. CALLED UP SHARE CAPITAL

	1997	1996
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. STATEMENT OF MOVEMENT ON RESERVES

	1997	1996
	£	£
	Profit and loss account	Revaluation reserve
	£	£
Balance at 1 October 1996	235,468	5,313,250
Profit for the year	<u>823,399</u>	<u>-</u>
Balance at 30 September 1997	<u>1,058,867</u>	<u>5,313,250</u>

BROOKLANDS HEALTHTRACK LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 September 1997

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit attributable to members of the company	823,399	666,771
Revaluation during the year	-	5,313,250
Net additions to Shareholders Funds	823,399	5,980,021
Shareholders funds at 1 October 1996	5,548,818	(431,203)
Shareholders funds at 30 September 1997	6,372,217	5,548,818

17. CAPITAL COMMITMENTS

There were no capital commitments at the year end (1996:Nil).

18. PARENT COMPANY

The parent company is Racquets & Healthtrack Group Limited incorporated in England and Wales. Copies of the parent company accounts can be obtained from the Registrar of Companies, Cardiff.

The ultimate parent company is Acanthus Leisure Limited, a company incorporated in the British Virgin Islands.

19. ULTIMATE CONTROLLING PARTY

The directors have made appropriate enquiries to determine whether there is an ultimate controlling party other than Acanthus Leisure Limited but have been unable to ascertain this.

20. DIRECTORS INTERESTS IN TRANSACTIONS

Transactions with group companies are not disclosed on the grounds that details of the subsidiary are included in publicly available consolidated accounts.

There were no other transactions in which the directors had an interest.