

Brooklands Healthtrack Limited

Report and Financial Statements

◆ *17 Months Ended 4 March 2001* ◆



Registered number: 2985386

BROOKLANDS HEALTHTRACK LIMITED

CONTENTS

	Page
Company information	1
Report of the directors	2 - 3
Statement of directors' responsibilities	4
Auditors' report to the shareholders of Brooklands Healthtrack Limited	5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9 - 15

BROOKLANDS HEALTHTRACK LIMITED

COMPANY INFORMATION

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

Secretary E A Thorpe
 M R Buxton-Smith

Registered office The Arena
 Parkway West
 Cranford Lane
 Hounslow
 Middlesex
 TW5 9QA

Registered number 2985386

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

BROOKLANDS HEALTHTRACK LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the 17 months ended 4 March 2001.

Principal Activities

The principal activity of the Company is the provision of sports, leisure and other related facilities. There has been no change in that activity during the period.

Results and Dividends

The results for the period are set out on page 6. The Company has made a profit for the period after tax of £1,992,000 (1999 - £613,000).

The directors recommend the payment of a final dividend of £2,500,000 (1999 - £nil). A retained loss for the period of £508,000 (1999 - £613,000 retained profit) has been transferred to reserves.

Review of the Business and Future Developments

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

Directors and Their Interests

The directors of the Company during the period 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 1 October 1999 or date of appointment
Mark Phillips	909	968
Lynne Weedall	-	-

BROOKLANDS HEALTHTRACK LIMITED

REPORT OF THE DIRECTORS (Continued)

During the period, 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
	01.10.99 or date of appointment		Number	Price (p)	Number	Price (p)	Number	
Mark Phillips	21,600	(a)	400	1,101.0	-	-	-	34,000
			12,000	542.4				
	3,031	(b)	613	549.7	681	440.0	-	7,048
			4,085	413.0				
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

Details of the performance criteria for the Long Term Incentive Plan are set out in the Whitbread PLC annual report and accounts for 2000/2001.

Fixed Assets

Details of movements in fixed assets are set out in Note 8 to the financial statements.

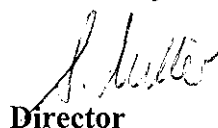
Company Secretary

On 26 July 2000, Maria Buxton-Smith was appointed as joint Company Secretary to work alongside Elizabeth Thorpe.

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 26 JULY 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.

BROOKLANDS HEALTHTRACK LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF BROOKLANDS HEALTHTRACK 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.

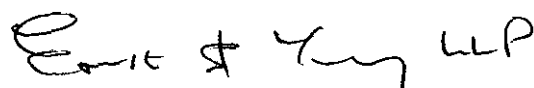
Basis of opinion

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 17 months then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor

London

30 July 2001

BROOKLANDS HEALTHTRACK LIMITED**PROFIT AND LOSS ACCOUNT****17 months ended 4 March 2001**

	Notes	2001 (17months) £'000	1999 (12 months) £'000
TURNOVER: continuing operations		5,718	3,865
Cost of sales		<u>(613)</u>	<u>(347)</u>
GROSS PROFIT		5,105	3,518
Administrative expenses		<u>(2,473)</u>	<u>(2,361)</u>
OPERATING PROFIT: continuing operations	3	2,632	1,157
Interest payable and similar charges	6	<u>-</u>	<u>(544)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,632	613
Tax on profit on ordinary activities	7	<u>(640)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,992	613
Dividends proposed		<u>(2,500)</u>	<u>-</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD	14	<u>(508)</u>	<u>613</u>

BROOKLANDS HEALTHTRACK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**17 months ended 4 March 2001**

	2001 (17months) £'000	1999 (12 months) £'000
Profit for the financial period	1,992	613
Unrealised surplus on revaluation of tangible fixed assets	-	3,475
	<hr/>	<hr/>
Total gains recognised in the period	<u>1,992</u>	<u>4,088</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES**17 months ended 4 March 2001**

	2001 (17months) £'000	1999 (12 months) £'000
Profit on ordinary activities before taxation	2,632	613
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	55	-
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	2,687	613
	<hr/>	<hr/>
Historical cost retained (loss)/profit	<u>(453)</u>	<u>613</u>

BROOKLANDS HEALTHTRACK LIMITED**BALANCE SHEET****4 March 2001**

	Notes	2001 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	8	<u>14,892</u>	<u>15,000</u>
CURRENT ASSETS			
Stocks	9	-	50
Debtors	10	<u>-</u>	<u>279</u>
		-	329
CREDITORS: amounts falling due within one year	11	<u>(4,020)</u>	<u>(3,949)</u>
NET CURRENT LIABILITIES		<u>(4,020)</u>	<u>(3,620)</u>
NET ASSETS		<u>10,872</u>	<u>11,380</u>
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Revaluation reserve	14	8,734	8,789
Profit and loss account	14	<u>2,138</u>	<u>2,591</u>
EQUITY SHAREHOLDERS' FUNDS	15	<u>10,872</u>	<u>11,380</u>

The financial statements were approved by the Board of Directors on 26 JULY 2001.

Signed on behalf of the Board of Directors:

Director



NOTES TO THE FINANCIAL STATEMENTS
17 months 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.

Change to accounting policies

FRS 15: Tangible Fixed Assets has been adopted in the year. Under previous accounting standards, where properties were maintained in such a condition that their residual value was at least equal to their book value and the corresponding depreciation would not be material, depreciation need not be charged. However, FRS 15 requires that properties are disaggregated and that depreciation is charged on the separate components. This has resulted in a depreciation charge on buildings for the first time although, in accordance with UITF Abstract 23, no backlog depreciation need be charged.

Some fixtures and fittings in properties were previously included within land and buildings in the fixed asset note. These assets have been reclassified to the category "Furniture, fixtures and equipment", and are depreciated in accordance with the accounting policy set out below. Since items with a wasting life within land and buildings were previously depreciated on a straight line basis over their estimated useful economic lives, this change has no effect on the depreciation charge for the period.

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. 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 in the period in which they are received.

Capitalisation of interest

Interest costs and similar charges relating to the financing of property developments are capitalised up to the date of completion of the project.

Tangible fixed assets and depreciation

Prior to the adoption of FRS 15 in the current financial period, properties were regularly revalued on a cyclical basis. Since the adoption of FRS15, it is Company policy not to revalue its properties. Consequently, the transitional provisions of FRS 15 have been applied and, whilst previous valuations have been retained, they have not been updated. Other fixed assets are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

17 months ended 4 March 2001

1. ACCOUNTING POLICIES (Continued)

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

Freehold land is not depreciated.

Freehold buildings are depreciated to their estimated residual values over 50 years.

Furniture, fixtures and equipment are depreciated over 3 to 20 years.

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 accounting and taxation purposes, which are expected to reverse in the foreseeable future, calculated at the rates at which it is expected that it will arise.

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 period 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 (17 months) £'000	1999 (12 months) £'000
Depreciation of tangible fixed assets (Note 8)	395	172
Auditors' remuneration - audit fees	-	8
	<hr/>	<hr/>

In the 17 months ended 4 March 2001, audit fees were borne by the parent company, David Lloyd Leisure.

BROOKLANDS HEALTHTRACK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 months 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 (17 months) £'000	1999 (12 months) £'000
Wages and salaries	1,239	952
Social security costs	80	68
Pension costs	<u>7</u>	<u>-</u>
	<u>1,326</u>	<u>1,020</u>

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

	2001 (17 months) No.	1999 (12 months) No.
Total staff	<u>130</u>	<u>120</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 (17 months) £'000	1999 (12 months) £'000
Bank loans	<u>-</u>	<u>544</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 (17 months) £'000	1999 (12 months) £'000
UK Corporation Tax at 30% (1999: 30.5%) based on the profit for the period	<u>640</u>	<u>-</u>

No provision for corporation tax arose on the results for the prior year due to the surrender of losses from other group companies for which no payment was required.

BROOKLANDS HEALTHTRACK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 months ended 4 March 2001

8. TANGIBLE ASSETS

	Land and buildings £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost or valuation			
At 1 October 1999	14,761	859	15,620
Reclassification	(1,278)	1,278	-
Additions	<u>14</u>	<u>273</u>	<u>287</u>
At 4 March 2001	<u>13,497</u>	<u>2,410</u>	<u>15,907</u>
Depreciation			
At 1 October 1999	-	620	620
Charge for year	<u>85</u>	<u>310</u>	<u>395</u>
At 4 March 2001	<u>85</u>	<u>930</u>	<u>1,015</u>
Net book value			
At 4 March 2001	<u>13,412</u>	<u>1,480</u>	<u>14,892</u>
At 1 October 1999	<u>14,761</u>	<u>239</u>	<u>15,000</u>

The Company's properties are all freehold.

Included in land and buildings is capitalised interest of £nil (1999: £nil) before tax relief.

Up to and including the year ended 30 September 1999, it was Company policy to revalue its properties. In the period ended 4 March 2001, the Company has adopted FRS15: Tangible Fixed Assets. The transitional provisions of FRS15 have been applied and, whilst previous revaluations have been retained, they have not been updated. From the period ended 4 March 2001, it is Company policy not to revalue fixed assets.

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

	2001 £'000	1999 £'000
Cost	4,708	5,973
Aggregate depreciation based on cost	<u>(30)</u>	<u>-</u>
	<u>4,678</u>	<u>5,973</u>

BROOKLANDS HEALTHTRACK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****17 months ended 4 March 2001**

9. STOCKS	2001	1999
	£'000	£'000
Goods for resale	<u>-</u>	<u>50</u>
10. DEBTORS	2001	1999
	£'000	£'000
Trade debtors	-	24
Amounts owed by group undertakings	-	160
Other debtors	<u>-</u>	<u>95</u>
	<u>-</u>	<u>279</u>
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2001	1999
	£'000	£'000
Bank loans and overdrafts	-	3,391
Trade creditors	-	306
Amounts owed to group undertakings	947	-
Corporation tax	573	-
Other taxation and social security	-	159
Other creditors	-	32
Accruals and deferred income	-	61
Proposed dividend	<u>2,500</u>	<u>-</u>
	<u>4,020</u>	<u>3,949</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Unprovided	
Deferred Taxation	2001	1999
	£'000	£'000
Accelerated Capital Allowances	<u>187</u>	<u>150</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 it by purchasing similar property; rollover relief would therefore be available. Accordingly the revalued amounts do not constitute timing differences as defined by SSAP 15 and the potential amount of deferred tax if the property were to be disposed of has not therefore been quantified.

BROOKLANDS HEALTHTRACK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****17 months ended 4 March 2001****13. SHARE CAPITAL**

	2001	1999
	£	£
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14. STATEMENT OF MOVEMENTS ON RESERVES

	Revaluation Reserve £'000	Profit and loss account £'000	Total £'000
Balance as at 1 October 1999	8,789	2,591	11,380
Realised revaluation surplus transferred to the profit and loss account	(55)	55	-
Loss retained for the period	<u>-</u>	<u>(508)</u>	<u>(508)</u>
Balance as at 4 March 2001	<u>8,734</u>	<u>2,138</u>	<u>10,872</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001	1999
	£'000	£'000
Profit attributable to members of the Company	1,992	613
Dividends	<u>(2,500)</u>	<u>-</u>
	(508)	613
Revaluation of tangible fixed assets	<u>-</u>	<u>3,475</u>
Net (reduction)/addition to shareholders' funds	(508)	4,088
Opening shareholders' funds	<u>11,380</u>	<u>7,292</u>
Closing shareholders' funds	<u>10,872</u>	<u>11,380</u>

16. CAPITAL COMMITMENTS

There were no capital commitments at the period end (1999: £nil) which had not been provided for.

NOTES TO THE FINANCIAL STATEMENTS

17 months ended 4 March 2001

17. 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.

18. 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.