

Axis (Maidstone) Limited

**Directors' report and financial
statements**

Registered number 3367162

For the year ended 31 July 2007



Contents

Company information	1
Directors' report	2 - 3
Report of the independent auditors to the members of Axis (Maidstone) Limited	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13

Company Information

Directors	S Gosling M Long
Secretary	S Gosling
Registered office	Sandall Stones Road Kirk Sandall Doncaster South Yorkshire DN3 1QR
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Principal bankers	The Royal Bank of Scotland 2 Waterhouse Square 138-142 Holborn London EC1N 2TH
Registered number	3367162

Directors' report

The Directors present their annual report together with the audited financial statements for the year ended 31 July 2007

Principal activities

The company is engaged in the ownership and management of a health and fitness facility

Business review

The profit and loss account for the year is set out on page 5. The comparative information relates to the 7 months ended 31 July 2006.

Principal risks and uncertainties and key performance indicators.

The directors of MOP Acquisitions (LAF) Limited manage the group's risks at a group level. For this reason the company directors believe that a discussion of the group's risks and analysis of key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business. The principal risks and uncertainties of the group, which include those of the company, and the development, performance and position of the group are discussed in the Directors' report in the group's annual report which does not form part of this report.

Financial risk management

The company's operations expose it to a small level of financial risk that includes the effects of liquidity risk and interest rate risk. The company is reliant on its intermediate parent company to manage effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the parent company's finance department. The parent company has policies to manage financial risk and circumstances where it would be appropriate to use financial instruments to manage these. A discussion of financial risk management is included in the annual report of the parent company, MOP Acquisitions (LAF) Limited.

Directors

The directors who held office during the year were as follows:

S Broster	(resigned on 21 November 2007)
C Storr	(resigned on 5 September 2007)
S Gosling	(appointed on 5 September 2007)
M Long	(appointed on 12 November 2007)

Statement of directors' responsibilities

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 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,

Directors' report (*continued*)

Statement of directors' responsibilities (*continued*)

- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping 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

Disclosure of information to auditors

In accordance with the provisions of the Companies Act 1985, each of the company's directors in office as at the date of this report confirms that so far as each director is aware, there is no relevant audit information in connection with preparing their report of which the company's auditors are unaware and he has taken all steps which he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



S Gosling
Secretary
30 November 2007

Sandall Stones Road
Kirk Sandall
Doncaster
South Yorkshire
DN3 1QR

Report of the Independent Auditors to the Members of Axis (Maidstone) Limited

We have audited the financial statements of Axis (Maidstone) Limited for the year ended 31 July 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

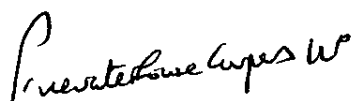
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 31 July 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.



Pricewaterhouse Coopers LLP

Chartered Accountants and Registered Auditor
London

30 November 2007

Profit and loss account
For the year ended 31 July 2007

	Notes	Year ended 31 July 2007 £	Period ended 31 July 2006 £
Turnover	2	992,503	619,398
Cost of sales		(931,231)	(496,062)
Gross profit		61,272	123,336
Administrative expenses		(1,071)	(4,745)
Operating profit		60,201	118,591
Profit on disposal of fixed assets	4	-	1,426,658
Interest payable		(3,393)	(31,440)
Profit on ordinary activities before taxation	3	56,808	1,513,809
Taxation on profit on ordinary activities	5	(163)	18,696
Profit for the period	12	56,645	1,532,505

All results were derived wholly from continuing operations and there is no difference between the result of the year above compared to an historical cost basis

There are no gains or losses in either period other than the result recognised above. Accordingly no statement of total recognised gains and losses has been presented.

The notes on pages 7 to 13 form part of these financial statements

Balance sheet

As at 31 July 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	6	94,798	31,009
Current assets			
Stocks	7	2,500	-
Debtors	8	3,933,840	4,004,079
Cash at bank and in hand		-	210,367
		<u>3,936,340</u>	<u>4,214,446</u>
Creditors: amounts falling due within one year	9	(1,319,188)	(1,590,150)
Net current assets		<u>2,617,152</u>	<u>2,624,296</u>
Total assets less current liabilities		<u>2,711,950</u>	<u>2,655,305</u>
Net assets		<u>2,711,950</u>	<u>2,655,305</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	2,711,948	2,655,303
Shareholders' funds	13	<u>2,711,950</u>	<u>2,655,305</u>

These financial statements on pages 5 to 13 were approved by the board of directors on 30 November 2007 and signed on its behalf by



S Gosling
Director

The notes on pages 7 to 13 form part of these financial statements

Notes to the financial statements

(forming part of the financial statements)

1 *Accounting policies*

The following accounting policies have been applied consistently with the prior period in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention and in accordance with the Companies Act 1985

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent company includes the company in its own published consolidated financial statements

Turnover

Turnover comprises the value of goods and services supplied by the company, exclusive of value added tax. Membership subscription income is recognised evenly over the membership period. Joining fee and administration fee income, which is non-refundable in the event of a member departing, is recognised when received.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and, where appropriate, provision for impairment. Depreciation is provided at rates calculated to write off the cost less impairment of fixed assets over their expected useful lives on the following bases:

Long leasehold property	- straight line over 50 years
Fixtures, fittings and equipment	- straight line over 5 years

Land is not depreciated

In accordance with Financial Reporting Standard No 11, the directors consider the carrying value of fixed assets for impairment. Impairment is determined by reference to the higher of net realisable value and value in use. Value in use is determined using cash flows and discounted using an appropriate discount factor. Any reductions in value arising from the impairment of fixed assets are charged to the profit and loss account.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of standard cost and net realisable value

Leasing and hire purchase

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible fixed assets and depreciated over their useful lives. Finance leases are those where substantially all of the risks and benefits of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge. Finance charges and interest are charged to the profit and loss account in a constant proportion to the remaining balance of the capital repayments or net obligations outstanding.

Rentals applicable to operating leases where substantially all of the risks and benefits of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the life of the lease. Benefits relating to lease incentives are allocated on a straight line basis from the point at which the landlord fulfils its obligation over the shorter of the lease term and the period ending on the date from which it is expected that prevailing market rental will be payable.

Taxation

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Turnover

Turnover is attributable to the principal activity of the company and arises wholly within the United Kingdom.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2007 £	2006 £
Depreciation		
- owned tangible fixed assets	29,322	42,521
- owned tangible fixed assets held under finance leases and hire purchase contracts	-	76
Operating leases rentals		
- plant and machinery	6,428	3,215
- other	227,481	28,450
Fees payable to PricewaterhouseCoopers LLP – audit of the companies financial statements	-	3,000
Rent Receivable	(8,837)	(5,720)
	<u> </u>	<u> </u>

Notes to the financial statements *(continued)*

3 Profit on ordinary activities before taxation *(continued)*

Audit fees for the current year were borne by the parent company MOP Acquisitions (LAF) Limited

None of the directors received any remuneration in respect to their services to the company during the year (period to 31 July 2006 £nil)

4 Profit on disposal of fixed assets

In the prior period the company disposed of its long leasehold property, realising a profit on disposal of £1,426,658. The sale was made to a third party at an open market value as part of a sale and operating leaseback agreement

5 Taxation

Analysis of tax charge/(credit) in year

	2007 £	2006 £
<i>UK Corporation tax</i>		
Adjustment in respect of prior year	(179)	(26,297)
Total current tax	(179)	(26,297)
<i>Deferred tax</i>		
Origination/reversal of timing differences	1,383	8,166
Adjustments in respect of prior periods	(1,041)	(565)
Total deferred tax	342	7,601
Tax charge/(credit) on profit on ordinary activities	163	(18,696)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 30%). An analysis of the current year charge is given below

	2007 £	2006 £
Loss on ordinary activities before tax	56,808	1,513,809
Current tax at 30% (2006 30%)	17,042	454,143
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,280	5,470
Other timing differences	209	-
Capital allowances for period in excess of depreciation	(2,512)	(8,166)
Profit on disposal of non qualifying fixed assets	-	(389,196)
Adjustment in respect of prior periods	(179)	(26,297)
Group relief	(16,019)	(62,251)
Total current tax charge (see above)	(179)	(26,297)

Notes to the financial statements *(continued)*

6 Tangible fixed assets

	Improvement to short leasehold property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 August 2006	-	110,792	110,792
Additions	500	92,611	93,111
At 31 July 2007	500	203,403	203,903
Depreciation			
At 1 August 2006	-	79,783	79,783
Charge in the year	67	29,255	29,322
At 31 July 2007	67	109,038	109,105
Net book value			
At 31 July 2007	433	94,365	94,798
At 31 July 2006	-	31,009	31,009

Fixtures, fittings and equipment at 31 July 2007 includes assets held under hire purchase and finance lease agreements, which have a net book value of £nil (2006 £nil)

The depreciation charged to the profit and loss account in the year in respect of such assets amounted to £nil (period to 31 July 2006 £76)

7 Stocks

	2007 £	2006 £
Goods for resale	2,500	-

Notes to the financial statements *(continued)*

8 Debtors

	2007 £	2006 £
Trade debtors	-	596
Other debtors	-	30,577
Prepayments and accrued income	49,983	88,708
Amounts due from group undertakings	3,799,480	3,799,479
Corporation tax	80,380	80,380
Deferred tax	3,997	4,339
	<u>3,933,840</u>	<u>4,004,079</u>

Amounts due from group undertakings have no set terms of repayment and are interest free

9 Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	-	90,726
Hire purchase and finance leases	-	6,141
Amounts due to group undertakings	1,287,890	1,276,537
Other taxation and social security	-	73,366
Other creditors	-	2,438
Accruals and deferred income	31,298	140,942
	<u>1,319,188</u>	<u>1,590,150</u>

Amounts due to group undertakings have no set terms of repayment and are interest free

LA Leisure Limited, a follow group undertaking, acts as cash manager for the group and accordingly all trade creditors are accounted for in the financial statements of that company

10 Commitments under operating leases

At 31 July 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	31 July 2007 £	31 July 2006 £	31 July 2007 £	31 July 2006 £
Expiring				
Within one year	-	-	-	7,362
Two to five years	-	-	-	-
More than five years	223,208	223,208	-	-
	<u>223,208</u>	<u>223,208</u>	<u>-</u>	<u>7,362</u>

Notes to the financial statements *(continued)*

11 Share capital

	2007 £	2006 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid:		
2 ordinary shares of £1 each	2	2

12 Reserves

	Profit and loss account £
At 1 August 2006	2,655,303
Profit for the year	56,645
At 31 July 2007	2,711,948

13 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the year	56,645	1,532,505
Dividends paid	-	-
Net additions to shareholders' funds	56,645	1,532,505
Opening shareholders' funds	2,655,305	1,122,800
Closing shareholders' funds	2,711,950	2,655,305

14 Contingent liability

The company has provided cross guarantees to its bankers in respect of the bank borrowings of other group undertakings. A contingent liability therefore exists to the extent of the bank borrowings of the other group undertakings. At the year end this amounted to £103,563,000 (2006 £97,515,000).

Notes to the financial statements *(continued)*

15 Related party transactions

Advantage has been taken of the exemptions provided by Financial Reporting Standard 8 not to disclose transactions and balances with fellow group companies as the company is a wholly owned subsidiary and consolidated accounts for the group are publicly available

16 Parent undertakings and controlling parties

The company is controlled by Axis Health and Fitness Limited, a company registered in England and Wales

The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is MOP Acquisitions (LAF) Limited. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ

MOP Acquisitions (LAF) Limited is controlled by Mid Ocean Holdco (LAF) SARL, a company incorporated in Luxembourg. The ultimate parent company and ultimate controlling party is Ultramar Capital Limited, a company incorporated in the Cayman Islands