

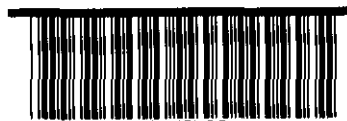
**REGISTRAR'S COPY**

**COMPANY NUMBER** 3375419

**Human Capital Resources Limited**

**Report and Financial Statements**

**Year Ended  
31 March 2000**



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**BDO**

**BDO Stoy Hayward**  
Chartered Accountants

# **HUMAN CAPITAL RESOURCES LIMITED**

## **Annual report and financial statements for the year ended 31 March 2000**

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#### *Directors*

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1	Report of the directors
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7	Notes forming part of the financial statements

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### **Directors**

Mr J B Verity  
Mrs J K Verity  
Mr I Pearce (appointed 18 December 1999)  
Mr A P Green (appointed 27 January 2000)  
Mr R D Hill (appointed 3 May 2000)  
Mr G Bloom (appointed 3 May 2000)  
Mr A R Winter (appointed 3 May 2000)

### **Secretary and registered office**

Mrs J K Verity, 46 Staines Road, Twickenham, Middlesex, TW2 5AH

### **Company number**

3375419

### **Accountants**

BDO Stoy Hayward, Bowman House, 2/10 Bridge Street, Reading, Berkshire RG1 2LU

# **HUMAN CAPITAL RESOURCES LIMITED**

## **Report of the directors for the year ended 31 March 2000**

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The directors present their report together with the financial statements for the year ended 31 March 2000.

### **Results and dividends**

The profit and loss account is set out on page 3 and shows the loss for the year.

The directors do not recommend the payment of a dividend.

### **Principal activities and future developments**

Provision of physical well-being services.

The directors are satisfied with the progress the company made in the year to 31 March 2000.

On 17 April 2000 the authorised share capital of the company was increased to £3,000. On 2 May 2000 a private placement was completed through a number of Business Angel Networks, raising £366,000 in new equity capital for the issue of 622 ordinary £1 shares.

Further to this, the company has secured important new contracts and arrangements for its Lighten Up Limited subsidiary with:

- Random House Group, the major international publishing house, to publish a definitive new book entitled "Lighten Up" scheduled for 5 April 2001.
- Next Generation Clubs Limited, a new Health and Fitness chain being developed by the David Lloyd family, to install the Lighten Up Slimming programme in all their clubs nationwide.
- Sally Gunnell, the Olympic Gold medal athlete, to promote Lighten Up.
- The Times Newspaper Group as the sole provider of Slimming Product to the "Biggest Health Giveaway Ever", an editorial promotion running in both "The Sunday Times" Style Section and Times 2, a supplement to the daily "Times" for 4 weeks in October 2000.

In addition, the Company has initiated the franchising of its Lighten Up Slimming programme and has executed contracts with the first five Franchisees covering Leeds/Harrogate, Leamington Spa, Coventry, High Wycombe, Romford and Cambridge for start up in September 2000. A recruitment and training programme is underway which should lead to the commissioning of six additional Franchises every 3-4 months for the foreseeable future until a nationwide network is established.

The directors are extremely confident about the future growth and expansion of the business.

# HUMAN CAPITAL RESOURCES LIMITED

## Report of the directors for the year ended 31 March 2000 (*Continued*)

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### Directors

The directors of the company during the year and their beneficial interest in the ordinary share capital of the company were:

	<b>£1 ordinary shares</b>	
	<b>31 March 2000</b>	<b>31 March 1999</b>
J B Verity	<b>500</b>	50
J K Verity	<b>500</b>	50
I Pearce (appointed 18 December 1999)	<b>111</b>	-
A P Green (appointed 27 January 2000)	<b>139</b>	-

### Directors' responsibilities


Company law requires the directors to prepare financial statements for each financial period 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 him 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.

In preparing this report, we have taken advantage of the special provisions of Part VII of the Companies Act relating to small companies.

### By order of the Board



Mrs J K Verity  
**Secretary**

Date: 31 October 2000

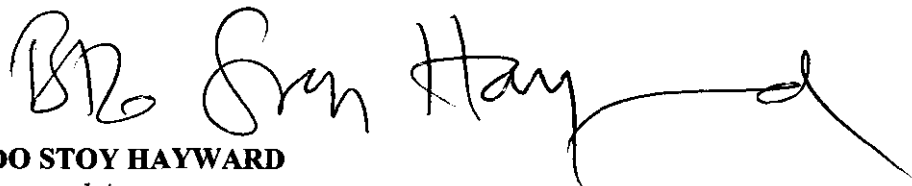
# **HUMAN CAPITAL RESOURCES LIMITED**

## **Accountants' Report**

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### **To the directors of Human Capital Resources Limited**

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 March 2000, set out on pages 4 to 9, and you consider that the company is exempt from an audit under section 249A(1) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', with a long horizontal flourish extending to the right.

**BDO STOY HAYWARD**  
*Chartered Accountants*  
Reading

Date: 31 October 2000

# **HUMAN CAPITAL RESOURCES LIMITED**

## **Consolidated profit and loss account for the year ended 31 March 2000**

	<b>Note</b>	<b>2000 £</b>	<b>1999 £</b>
<b>Turnover</b>	1	<b>124,646</b>	<b>16,325</b>
Cost of sales		<b>81,825</b>	<b>11,932</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>42,821</b>	<b>4,393</b>
Administrative expenses		<b>199,867</b>	<b>16,166</b>
		<hr/>	<hr/>
<b>Loss on ordinary activities</b>	2	<b>(157,046)</b>	<b>(11,773)</b>
Minority interest		<b>7,808</b>	<b>1,949</b>
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(149,238)</b>	<b>(9,824)</b>
Loss brought forward		<b>(11,069)</b>	<b>(1,245)</b>
		<hr/>	<hr/>
<b>Loss carried forward</b>		<b>(160,307)</b>	<b>(11,069)</b>
		<hr/> <hr/>	<hr/> <hr/>

There are no movements in shareholders' funds apart from the loss for the year.

All amounts relate to continuing activities

The notes on pages 7 to 9 form part of these financial statements

# HUMAN CAPITAL RESOURCES LIMITED

## Consolidated balance sheet at 31 March 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Intangible assets	3	27,441	-
Tangible assets	4	22,565	2,651
		<u>50,006</u>	<u>2,651</u>
<b>Current assets</b>			
Debtors	6	25,753	3,758
Cash at bank		8,911	3,358
		<u>34,664</u>	<u>7,116</u>
<b>Creditors: amounts falling due within one year</b>	7	193,323	22,385
<b>Net current liabilities</b>		<u>(158,659)</u>	<u>(15,269)</u>
		<u>(108,653)</u>	<u>(12,618)</u>
<b>Capital and reserves</b>			
Called up share capital	8	1,250	100
Share premium account		59,861	-
Profit and loss account		(160,307)	(11,069)
Minority interest		(9,457)	(1,649)
		<u>(108,653)</u>	<u>(12,618)</u>
<b>Equity shareholders' funds</b>		<u>(108,653)</u>	<u>(12,618)</u>

The directors have taken advantage of the exemption conferred by S.249A(1) not to have these financial statements audited and confirm that no notice has been deposited under S.249B(2) of the Companies Act 1985. The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with S.221 of the Companies Act 1985; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 March 2000 and of its loss for the period then ended in accordance with the requirement of S.226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

In preparing these financial statements advantage has been taken of the special exemptions applicable to small companies on the grounds that the company is entitled to the benefit of those exemptions as a small company.

The financial statements were approved by the Board on 31 October 2000

J B Verity  
Director

The notes on pages 7 to 9 form part of these financial statements

# HUMAN CAPITAL RESOURCES LIMITED

## Company balance sheet at 31 March 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Tangible assets	4	10,540	2,651
Investments	5	752	700
		<u>11,292</u>	<u>3,351</u>
<b>Current assets</b>			
Debtors	6	51,749	3,458
Cash at bank		-	3,137
		<u>51,749</u>	<u>6,595</u>
<b>Creditors: amounts falling due within one year</b>	7	131,138	16,367
<b>Net current liabilities</b>		<u>(79,389)</u>	<u>(9,772)</u>
		<u>(68,097)</u>	<u>(6,421)</u>
<b>Capital and reserves</b>			
Called up share capital	8	1,250	100
Share premium account		59,861	-
Profit and loss account		(129,208)	(6,521)
<b>Equity shareholders funds</b>		<u>(68,097)</u>	<u>(6,421)</u>

The directors have taken advantage of the exemption conferred by S.249A(1) not to have these financial statements audited and confirm that no notice has been deposited under S.249B(2) of the Companies Act 1985. The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with S.221 of the Companies Act 1985; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 March 2000 and of its loss for the period then ended in accordance with the requirement of S.226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

In preparing these financial statements advantage has been taken of the special exemptions applicable to small companies on the grounds that the company is entitled to the benefit of those exemptions as a small company.

The financial statements were approved by the Board on .

J B Verity  
Director

The notes on pages 7 to 9 form part of these financial statements



# HUMAN CAPITAL RESOURCES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000

## 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The company has taken advantage of exemption from presenting its own profit and loss account under S230 of the Companies Act 1985 – the company's own loss for the year is £122,687 (1999 - £5,276 loss). The following principal accounting policies have been applied:

### *Basis of consolidation.*

The consolidated financial statements incorporate the financial statements of Human Capital Resources Limited and its subsidiary undertakings made up to 31 March 2000. The group uses the acquisition method of accounting to consolidate the results of its subsidiary undertakings and recognises goodwill where this arises. The results of subsidiary undertakings are included from the date of acquisition and excluded from the date of sale.

### *Turnover*

Turnover represents sales to outside customers at invoiced amounts less value added tax.

### *Depreciation*

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rate:

Fixtures, fittings and equipment - 25% per annum

## 2 Loss on ordinary activities

	Group £	Company £
Loss on ordinary activities in stated after charging:		
Depreciation	6,327	2,509
Non audit services	2,380	750
	<u>          </u>	<u>          </u>

There were no directors' emoluments during the year.

## 3 Intangible fixed assets

	Group £	Company £
Goodwill	27,441	-
	<u>          </u>	<u>          </u>

This amount relates to the acquisition of the shares and liabilities of Lute and Pearce International Limited.

# HUMAN CAPITAL RESOURCES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (*Continued*)

4 Fixed assets		Fixtures, fittings and equipment	
		Group	Company
		£	£
<i>Cost</i>			
At 1 April 1999		18,961	4,086
Additions		14,715	10,398
At 31 March 2000		33,676	14,484
<i>Depreciation</i>			
At 1 April 1999		4,784	1,435
Charge for the year		6,327	2,509
At 31 March 2000		11,111	3,944
<i>Net book value</i>			
At 31 March 2000		22,565	10,540
At 31 March 1999		14,177	2,651
<b>5 Investments</b>		<b>2000</b>	<b>1999</b>
		£	£
At 1 April 1999		700	700
Acquired during year		52	-
At 31 March 2000		752	700

The following were the subsidiary undertakings at the end of the year:

During the year the company acquired the issued share capital of Lute & Pearce International Limited.

Name	Country of Incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Lighten Up Limited	England	75%	Physical well-being service
Lute and Pearce International	England	100%	Music and media

All amounts shown under debtors fall due for payment within one year.

# HUMAN CAPITAL RESOURCES LIMITED

Notes forming part of the financial statements for the year ended 31 March 2000 (Continued)

6 Debtors	2000		1999	
	Group £	Company £	Group £	Company £
Trade debtors	4,478	2,813	452	-
Taxation and social security	1,876	1,876	3,306	3,306
Other debtors	19,399	47,060	-	152
	<u>25,753</u>	<u>51,749</u>	<u>3,758</u>	<u>3,458</u>
7 Creditors: amounts falling due within one year				
	2000		1999	
	Group £	Company £	Group £	Company £
Trade creditors	32,270	13,232	1,946	343
Bank overdraft	22,717	22,717	-	-
Taxation and social security	22,319	5,245	1,840	1,605
Directors' loan account	90,209	86,872	18,104	14,419
Other creditors	3,072	3,072	495	-
Loan account	21,236	-	-	-
Accruals	1,500	-	-	-
	<u>193,323</u>	<u>131,138</u>	<u>22,385</u>	<u>16,367</u>
8 Share capital				
	2000		1999	
	Authorised £	Allotted called up and fully paid £	Authorised £	Allotted called up and fully paid £
Ordinary shares of £1 each	2,000	1,250	1,000	100

During the year the company increased the authorised share capital from 1,000 ordinary £1 shares to 2,000 and also increased the allotted, called up and fully paid share capital from £100 to £1,250

## 9 Cashflow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe the company is "small" under the Companies Act 1985.

## 10 Post balance sheet events

On April 17 2000 the authorised share capital was increased to £3,000 with the closing of an equity offering on 2 May 2000. On that date a private placement was completed raising £366,000 in new equity capital for the issue of 622 ordinary £1 shares in Human Capital Resources Limited.