

# **Trainstation Limited**

## **REPORT AND FINANCIAL STATEMENTS**

**for the year ended  
31 December 2001**

**Company Registration No. ~~2305174~~ 3381595.**



**CLB**  
Chartered  
Accountants

# Trainstation Limited

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# Trainstation Limited

## DIRECTORS AND OFFICERS

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<b>Directors</b>	M Grealey D Jarvis RA Davies
<b>Secretary</b>	RA Davies
<b>Registered Office</b>	33 Imperial Way Purley Way Croydon, Surrey CR0 4RR
<b>Auditors</b>	CLB Chartered Accountants & Registered Auditors Aldwych House 81 Aldwych London WC2B 4HP
<b>Bankers</b>	Barclays Bank plc Liverpool City Business Centre 4, Water Street Liverpool L69 2DU
<b>Solicitors</b>	Ashurst Morris Crisp Broadwalk House 5 Appold Street London EC2A 2HA
<b>Website</b>	<a href="http://www.crownsportsplc.com">www.crownsportsplc.com</a>

# Trainstation Limited

## DIRECTORS' REPORT

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The directors have pleasure in presenting their report and the financial statements of Trainstation Limited for the year ended 31 December 2001.

### Principal activities and business review

The principal activity of the company during the year was the ownership and management of health clubs and the provision of health and leisure facilities.

The retained profit for the year was £560,547 (2000- Loss £137,109). The directors are pleased with the development of the company's business during the year and the state of affairs at the year-end. On 10 July 2001, Dragons Health Clubs Plc acquired the entire share capital of the company for consideration (excluding costs) of £6.26 million.

The leasehold properties were valued at 31 December 2001, by Chesterton HMH (Chartered Surveyors) acting as external valuers, as fully equipped operational entities having regard to their trading potential, at a combined valuation of £8.75 million. This represents a difference of £4,770,092 between the market value of the properties and the stated book value of £3,979,691 recognised in the accounts.

### Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements. The directors have not recommended a dividend.

### Directors

The following directors have held office during the year:

R A Davies	(appointed 11 July 2001)
J R Treharne	(appointed 11 July 2001) (resigned 25 March 2002)
P F Bird	(resigned 11 July 2001)
S B Turnock	(resigned 11 July 2001)
G G Street	(resigned 11 July 2001)

On 25 March 2002, J R Treharne resigned as a director of the Company and M Grealey was appointed in his place. On 4 April 2002, D Jarvis was appointed a director of the Company.

The directors' beneficial interests in the company are as follows:-

	At 31 December 2001 £1 ordinary shares	At 31 December 2000 £1 ordinary shares
P F Bird	-	87,500
S B Turnock	-	87,500
G G Street	-	13,275

Under the Crown Sports plc 2000 Senior Executive Share Option Scheme J R Treharne and R A Davies were granted on 26 January 2001, 1,000,000 and 500,000 options respectively in respect of Crown Sports Plc shares, exercisable between 26 January 2004 and 26 January 2011 at 30 pence per share. D Jarvis was granted 300,000 options on 14 November 2001, in respect of Crown Sports Plc shares, exercisable between 14 November 2004 and 14 November 2011 at 16 pence per share.

Following J R Treharne's resignation from the Board on 25 March 2002, options granted for 1,000,000 shares have lapsed.

# Trainstation Limited

## DIRECTORS' REPORT

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### Political and Charitable Contributions

During the year the company made charitable contributions of £651

### Auditors

CLB, Chartered Accountants, were appointed auditors during the year. A resolution to re-appoint CLB as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



I.A. DAVIES  
Company Secretary

2<sup>nd</sup> September 2002

# Trainstation Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 preparing those financial statements, the directors are required to:

select suitable accounting policies as described on page 8 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; 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 requirements of the Companies Act 1985. The directors 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.

Signed by order of the Board of Directors



D Jarvis  
Director

2<sup>nd</sup> September 2002

# Trainstation Limited

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

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We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### **Respective responsibilities of the directors and the auditors**

As described on page 4 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 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 the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Aldwych House  
81 Aldwych  
London  
WC2B 4HB

2<sup>nd</sup> September 2002

  
CLB  
Chartered Accountants  
& Registered Auditors

# Trainstation Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Note	Year ended 31 December 2001 £	Year ended 31 December 2000 £
	s		
<b>Turnover</b>	1		
Continuing operations		3,831,143	3,235,581
Discontinued operations		-	-
		<u>3,831,143</u>	<u>3,235,581</u>
Cost of sales		(258,282)	(281,380)
<b>Gross profit</b>		<u>3,572,861</u>	<u>2,954,201</u>
Administrative expenses		(2,997,589)	(2,908,972)
<b>Operating profit</b>		<u>575,272</u>	<u>45,229</u>
Continuing operations		575,272	45,229
Discontinued operations		-	-
		<u>575,272</u>	<u>45,229</u>
Interest payable	2	(43,975)	(153,088)
<b>Profit/(loss) on ordinary activities before taxation</b>	3	<u>531,297</u>	<u>(107,859)</u>
Taxation	5	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>		<u>531,297</u>	<u>(107,859)</u>
Dividends	6	29,250	(29,250)
<b>Retained profit/(loss) for the financial year</b>		<u><u>560,547</u></u>	<u><u>(137,109)</u></u>

The company has no recognised gains or losses other than the results for the year as set out above.  
All of the activities of the company are classed as continuing.



# Trainstation Limited

## BALANCE SHEET

31 December 2001

	Note	31 December 2001 £	31 December 2000 £
<b>Fixed Assets</b>			
Tangible assets	7	3,979,691	4,075,578
<b>Current assets</b>			
Stocks	8	32,738	41,382
Debtors	9	69,102	84,006
Cash at bank and in hand		109,233	2,769
		211,073	128,157
<b>Creditors: Amounts falling due within one year</b>	10	(1,875,584)	(1,280,695)
<b>Net current liabilities</b>		(1,664,511)	(1,152,538)
<b>Total assets less current liabilities</b>		2,315,180	2,923,040
<b>Creditors: Amounts falling due after more than one year</b>	11	-	(1,168,027)
<b>Net assets</b>		2,315,180	1,755,013
<b>Capital and reserves</b>			
Called up share capital	14	349,537	349,537
Share premium account	15	2,439,579	2,439,959
Profit and loss account	16	(473,936)	(1,034,483)
<b>Shareholders' Funds</b>	17	2,315,180	1,755,013

These financial statements were approved by the directors on 2<sup>nd</sup> September 2002, and are signed on their behalf by:



M Grealey  
Director



R A Davies  
Director

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2001

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### **Basis of accounting**

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

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### **Turnover**

Turnover represents membership entrance fees and subscriptions income receivable in respect of the year together with sales of leisure and catering services at invoice value excluding value added tax.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### **Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

### **Tangible fixed assets**

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold improvements	Over the term of the lease
Motor vehicles	25% (reducing balance)
Equipment, Fixtures and Tools	10% - 33 1/3 % on Cost

### **Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value.

### **Hire purchase and finance lease agreements**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lesser.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

### **Going Concern**

The financial statements have been prepared on the going concern basis based on the continued support of the Group's bankers.

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

### 1 Turnover and profit on ordinary activities before taxation

The company's turnover and profit before taxation (2000 – loss) were all derived from its principal activity and were carried out wholly in the UK.

### 2 Interest Payable

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
On bank loans and overdrafts	23,640	126,543
Other interest	5,590	3,262
Finance leases	14,745	26,545
	<u>43,975</u>	<u>156,350</u>

### 3 Profit/(loss) on ordinary activities

	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets:		
leased assets	-	33,597
owned assets	211,856	159,850
Operating leases rentals:		
land & building	187,080	182,316
plant & machinery	-	17,340
Auditors' remuneration	7,500	5,850
Exceptional items	-	85,706
	<u>          </u>	<u>          </u>

### 4 Particulars of employees

	Year ended 31 December 2001 No	Year ended 31 December 2000 No
The average monthly number of persons (including directors) employed by the company during the year was:		
Office and management	10	16
Administration	116	112
	<u>126</u>	<u>128</u>

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

4	Particulars of employees (continued)	Year ended	Year ended
		31 December 2001 £	31 December 2000 £
	Staff costs for above persons:		
	Wages and salaries	1,184,593	1,256,885
	Social security costs	85,356	92,477
		<u>1,269,949</u>	<u>1,349,362</u>
		Year ended	Year ended
		31 December 2001 £	31 December 2000 £
	<b>Directors' remuneration</b>		
	Emoluments	<u>118,939</u>	<u>203,094</u>
5	<b>Taxation on profit on ordinary activities</b>		
	In view of the tax losses brought forward, the directors are of the opinion that no provision for corporation tax is required.		
6	<b>Dividends</b>	Year ended	Year ended
		31 December 2001 £	31 December 2000 £
	Ordinary	<u>(29,250)</u>	<u>29,250</u>

The amounts stated in 2001 represent the reversal of a prior year provision no longer required.

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

### 7 Tangible Fixed Assets

	Leasehold property £	Fixtures and fittings £	Total £
<b>Cost</b>			
1 January 2001	3,823,605	596,754	4,420,359
Additions	84,852	35,313	120,165
Disposals	-	(5,380)	(5,380)
<b>31 December 2001</b>	<b>3,908,457</b>	<b>626,687</b>	<b>4,535,144</b>
<b>Depreciation</b>			
1 January 2001	208,330	136,452	344,782
Charged in the Year	120,964	90,892	211,856
Disposals	-	(1,185)	(1,185)
<b>31 December 2001</b>	<b>329,294</b>	<b>226,159</b>	<b>555,453</b>
<b>Net book value</b>			
<b>31 December 2001</b>	<b>3,579,163</b>	<b>400,528</b>	<b>3,979,691</b>
<b>31 December 2000</b>	<b>3,615,275</b>	<b>460,302</b>	<b>4,075,578</b>

### Hire purchase agreements

Included within the net book value of £3,979,691 there are no assets held under hire purchase agreements (2000 - £341,208). The depreciation charged to the accounts in the year in respect of such assets was therefore Nil (2000 - £33,597).

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

8	<b>Stocks</b>	<b>31 December 2001 £</b>	<b>31 December 2000 £</b>
	Goods for resale	<b>32,738</b>	<b>41,382</b>
9	<b>Debtors</b>	<b>31 December 2001 £</b>	<b>31 December 2000 £</b>
	Other debtors	<b>19,077</b>	<b>21,790</b>
	Prepayments and accrued income	<b>50,025</b>	<b>62,216</b>
		<b>69,102</b>	<b>84,006</b>
10	<b>Creditors: Amounts falling due within one year</b>	<b>31 December 2001 £</b>	<b>31 December 2000 £</b>
	Bank loans and overdrafts (secured)	-	<b>471,007</b>
	Trade creditors	<b>61,995</b>	<b>177,816</b>
	Amounts due to group undertakings	<b>1,407,794</b>	-
	Other taxation and social security	<b>146,340</b>	<b>111,555</b>
	Other creditors	<b>875</b>	<b>28,337</b>
	Accruals and deferred income	<b>258,580</b>	<b>349,641</b>
	Proposed dividend	-	<b>29,250</b>
	Obligations under finance leases	-	<b>113,089</b>
		<b>1,875,584</b>	<b>1,280,695</b>
11	<b>Creditors: Amounts falling due after more than one year</b>	<b>31 December 2001 £</b>	<b>31 December 2000 £</b>
	Bank loans and overdrafts	-	<b>1,057,609</b>
	Obligations under finance leases	-	<b>110,418</b>
		<b>-</b>	<b>1,168,027</b>

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

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### Analysis of bank loan repayments

	2001	2000
	£	£
Within one year	-	478,507
Between one and two years	-	257,500
Between two and five years	-	697,711
In five years or more	-	102,398
	<u>-</u>	<u>1,536,116</u>

As part of the consideration paid by Crown Sports Plc for the acquisition of the Company, £1,323,865 was paid to Barclays Bank Plc in settlement of the company's indebtedness to the bank in respect of its treasury loan and bank overdraft.

Also as part of the consideration paid by Crown Sports Plc, £180,751 was paid to Carlsberg – Tetley Brewing Limited in respect of the brewery loan and allocated trading liabilities. This figure was included within other creditors in 2000 at £139,898. Accordingly, the debenture dated 8<sup>th</sup> June 1999 (regulated by a deed of priority between Barclays Bank Plc and Carlsberg – Tetley Brewing Ltd) and the first legal charge, was discharged, as was the fixed and floating charge in favour of Carlsberg-Tetley Brewing Limited.

### 12 Provision for liabilities and charges

Future commitments under hire purchase and finance lease agreements are as follows:

	2001	2000
	£	£
Amounts payable within one year	-	113,089
Amounts payable between one and two years	-	93,745
Amounts payable between two to five years	-	16,673
	<u>-</u>	<u>223,507</u>

As part of the consideration paid by Crown Sports Plc for the acquisition of the Company, £162,722 was paid to Barclays Mercantile Credit Limited in full settlement of the Company's indebtedness in respect of all hire purchase and finance lease liabilities existing at the date of acquisition.

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

### 13 Deferred Tax

Taxation deferred and unprovided is in respect of capital allowances in excess of depreciation and amounts to £337,000 against which there are offset losses carried forward within the Group.

14	Share capital	31 December 2001 £	31 December 2000 £
	<b>Authorised:</b>		
	<b>Equity interests:</b>		
	188,725 Ordinary shares of £1 each	188,725	188,725
	154,412 'A' Ordinary shares of £1 each	154,412	154,412
		<u>343,137</u>	<u>343,137</u>
	<b>Non-equity interests:</b>		
	450,000 Preference shares of 1 pence each	4,500	4,500
	1,900,000 'A' Preference shares of 1 pence each	1,900	1,900
		<u>349,537</u>	<u>349,537</u>
	<b>Allotted, called up and fully paid:</b>		
	<b>Equity interests:</b>		
	188,725 Ordinary shares of £1 each	188,725	188,725
	154,412 'A' Ordinary shares of £1 each	154,412	154,412
		<u>343,137</u>	<u>343,137</u>
	<b>Non-equity interests:</b>		
	450,000 Preference shares of 1 pence each	4,500	4,500
	1,900,000 'A' Preference shares of 1 pence each	1,900	1,900
		<u>349,537</u>	<u>349,537</u>

On 10 July 2001 the entire share capital of the Company was acquired by Dragons Health Clubs Plc.



# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

15	Share premium account	31 December	31 December
		2001	2000
		£	£
	<b>Equity interests:</b>		
	Balance at beginning and end of year	123,609	123,609
		<u>          </u>	<u>          </u>
	<b>Non-equity interests:</b>		
	Balance at beginning of year	2,316,350	2,036,650
	Premium on shares issued during the year	-	299,700
	Expenses on issue of shares	-	(20,000)
	Legal costs (3i)	(380)	-
		<u>          </u>	<u>          </u>
	Balance at year end	2,315,970	2,316,350
		<u>          </u>	<u>          </u>
	<b>Total interests at year end</b>	<b>2,439,579</b>	<b>2,439,959</b>
		<u>          </u>	<u>          </u>
16	Profit and loss account	31 December	31 December
		2001	2000
		£	£
	<b>1 January 2001</b>	<b>(1,034,483)</b>	<b>(897,374)</b>
	Profit (Loss) for the financial Year	560,547	(137,109)
		<u>          </u>	<u>          </u>
	<b>31 December 2001</b>	<b>(473,936)</b>	<b>(1,034,483)</b>
		<u>          </u>	<u>          </u>

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

17	Reconciliation of movements in shareholders' funds	31 December 2001 £	31 December 2000 £
	Profit/(Loss) on ordinary activities for the financial year	531,297	(107,859)
	Dividends	29,250	(29,250)
	Expenses on issue of shares	(380)	(20,000)
	New share capital subscribed	-	300
	Premium on shares issued	-	299,700
	Net addition to shareholders' funds	560,167	142,891
	Opening shareholders' funds	1,755,013	1,612,122
	Closing shareholders' funds	2,315,180	1,755,013

## 18 Commitments under operating leases

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2001 £	2000 £	2001 £	2000 £
Within one year	-	-	94,820	41,488
More than one year and less than five years	-	-	71,034	167,970
More than five years	167,500	162,500	-	-
	167,500	162,500	165,854	209,458

## 19 Contingencies

A balance of account cross guarantee exists between Crown Sports Plc and other companies within the Group in respect of bank loans and overdrafts. The total group borrowings at 31 December 2001 were £48,825,858. In April 2002, group bank facilities totalling £53 million were arranged with the group's bankers HSBC Bank plc and Barclays Bank Plc. These replace a range of facilities which had existed within the businesses and consist of an aggregate £50 million of term loan and revolving facility and £3 million of overdraft facility.

20	Capital commitments	2001 £	2000 £
	Capital expenditure contracted for but not provided for in the financial statements	-	40,000

The outstanding commitments relate to the improvement of the Clubs.

# Trainstation Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

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### 21 **Ultimate parent company**

In view of the change of ownership of the company, the company is now a wholly owned subsidiary of Dragons Health Clubs Plc. The ultimate parent company is now Crown Sports Plc, a company registered in England and Wales.

Crown Sports plc prepares group financial statements and copies can be obtained from 33, Imperial Way, Purley Way, Croydon, Surrey. CR0 4RR.

### 22 **Related party transactions**

The company is a wholly owned subsidiary of Dragons Health Clubs Plc, and ultimately of Crown Sports Plc, a company which is quoted on the UK Stock Exchange. There is no ultimate controlling party for the Group at the year end.

In accordance with the exemption stated in Financial Reporting Standard No.8 no details are shown of related party transactions with the company's parent and fellow subsidiaries in which the parent company holds 90% or more of the voting rights.