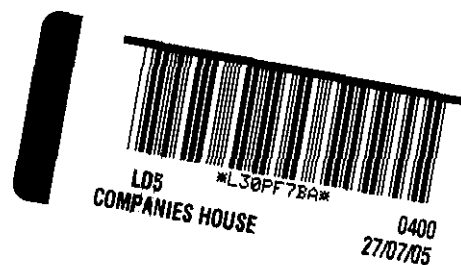


Trainstation Limited

REPORT AND FINANCIAL STATEMENTS

**for the year ended
31 December 2004**

Company Registration No. 03381595



Trainstation Limited

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Trainstation Limited
DIRECTORS AND OFFICERS
Year ended 31 December 2004

Directors	M Grealey D Jarvis (resigned 28 th January 2005) C J Storr (appointed 28 th January 2005)
Secretary	D Jarvis (resigned 28 th January 2005) C J Storr (appointed 28 th January 2005)
Registered Office	33 Imperial Way Purley Way Croydon Surrey CR0 4RR Relocated on 8 th April 2005 Dragons Health Club Carrington Street Castle Ward Derby DE1 2ND Tel: 01332 525825 Fax: 01332 525826
Auditors	KPMG Audit plc 1 Puddle Dock London EC4V 3PD
Bankers	Barclays Bank plc Liverpool City Business Centre 4, Water Street Liverpool L69 2DU
Solicitors	Ashurst Broadwalk House 5 Appold Street London EC2A 2HA
Website	www.crownsportspc.com
Company Number	03381595

Trainstation Limited

DIRECTORS' REPORT

Year ended 31 December 2004

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2004.

Principal activities

The company is engaged in the ownership and management of three health and fitness facilities.

Results and Dividends

The company's profit on ordinary activities before taxation was £251,605 (2003: £144,080). The Directors do not recommend the payment of a dividend. (2003: nil).

Directors and their interests

The Directors who held office during the year and their interests in the company's ordinary shares of 10 pence each were as follows:

M Grealey

D Jarvis (resigned on 28th January 2005)

C Storr (appointed on 28th January 2005)

None of the Directors had any interest in the shares of the company during the year.

No Director had any contract of significance existing during the year or at 31 December 2004, or was materially interested in such a contract with the company or any of its subsidiary companies.

M Grealey is a Director of the immediate holding company Crown Sports plc and his shareholding and share options are disclosed in that company's annual report.

D Jarvis has no beneficial interests in the shares of Crown Sports plc.

D Jarvis beneficial interests in the share options of Crown Sports plc at 31 December 2004 were as follows:

DIRECTOR'S SHARE OPTIONS

	At 1 Jan 2004	Lapsed	At 31 Dec 2004	Exercise price	Earliest date of exercise	Expiry date
D Jarvis	300,000	-	300,000	16p	14 Nov 2004	14 Nov 2011

Following the resignation of D Jarvis, the options granted for 300,000 shares in Crown Sports plc have lapsed.

Changes to Directors' interests since the end of the year

Since the end of the year D Jarvis resigned and C J Storr was appointed as Director and Company Secretary on 28 January 2005.

C J Storr has no beneficial interest in the shares or share options of Crown Sports plc.

Trainstation Limited

DIRECTORS' REPORT

Year ended 31 December 2004

Payments to suppliers

The company does not follow any formal payment code but agrees terms of payment with suppliers when opening an account, to ensure each supplier is made aware of these terms and to comply with payment terms agreed for existing and new accounts. The company makes payment to the majority of its suppliers, tax authorities and employees electronically via the BACS payments system in order to facilitate a fast, effective and secure transmission of payment.

Health and Safety at Work

The company has a positive approach to health and safety at work and copies of health and safety policy statements are available at the clubs.

Employment policies

Employees are encouraged to identify with, and become involved with, the financial performance of the company and service to club members by ongoing internal and external training and by means of bonus arrangements. The company has a policy of keeping employees up to date with major developments by means of regular staff meetings.

It is the policy of the company to give full and fair consideration to applications for employment by people with disabilities. For the purposes of training, career development and promotion, all employees are treated equally.

Auditors

A resolution to re-appoint KPMG Audit plc as auditors for the coming year will be proposed at the Annual General Meeting, in accordance with section 384 of the Companies Act 1985.

Signed on behalf of the directors



.....
C J Storr
Finance Director and Company Secretary

22/12/.....2005

Trainstation Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Year ended 31 December 2004

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 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.

Trainstation Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAINSTATION LIMITED

Year ended 31 December 2004

We have audited the financial statements on pages 6 to 16.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Directors' report, and as described on page 4, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 group is not disclosed.

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 affairs of the company as at 31 December 2004 and of the loss of the company for the year then ended; and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit plc
Chartered Accountants
Registered Auditor

KPMG Audit plc 26 July 2005

Trainstation Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2004

	Notes	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Turnover	1	2,707,085	2,754,701
Cost of sales		<u>(41,065)</u>	<u>(62,498)</u>
Gross profit		2,666,020	2,692,203
Administrative expenses		<u>(2,413,923)</u>	<u>(2,547,188)</u>
Operating profit	4	252,097	145,015
Interest payable	5	<u>(492)</u>	<u>(935)</u>
Profit on ordinary activities before taxation		251,605	144,080
Taxation	6	<u>(276,079)</u>	<u>(98,467)</u>
Retained (loss)/profit for the financial year		<u>(24,474)</u>	<u>45,613</u>

All the results are derived from continuing operations and there is no difference between results of the financial year as reported compared to a historical cost basis.

There are no gains or losses other than those reflected in the profit and loss account for the year.


Trainstation Limited

BALANCE SHEET

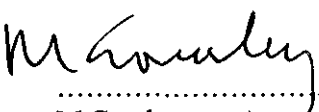
As at 31 December 2004

	Notes	31 December 2004 £	31 December 2003 £
Fixed Assets			
Tangible assets	7	3,392,250	3,762,437
Current assets			
Stocks	8	12,983	11,328
Debtors	9	202,188	344,480
Cash at bank and in hand		-	211,956
		<u>215,171</u>	<u>567,764</u>
Creditors: Amounts falling due within one year	10	<u>(672,198)</u>	<u>(1,387,895)</u>
Net current liabilities		<u>(457,027)</u>	<u>(820,131)</u>
Total assets less current liabilities		<u>2,935,223</u>	<u>2,942,306</u>
Creditors amounts falling due after more than one year	11	<u>(17,391)</u>	<u>-</u>
Net assets		<u><u>2,917,832</u></u>	<u><u>2,942,306</u></u>
Capital and reserves			
Called up share capital	13	349,537	349,537
Share premium account	14	2,439,579	2,439,579
Profit and loss account	15	<u>128,716</u>	<u>153,190</u>
Shareholders' Funds	16	<u><u>2,917,832</u></u>	<u><u>2,942,306</u></u>

These financial statements were approved by the directors on 22/7/.....2005, and are signed on their behalf by:



 C J Storr
 Finance Director and Company Secretary



 M Grealey
 Chief Executive

Trainstation Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the provision of the Company's Act 1985 and applicable accounting standards. All accounting policies have been consistent throughout the year.

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No1 (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.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

The principal annual rates used for this purpose are:

Short Leasehold Property	- Over the unexpired term of the lease
Surface finishes	- 15 years
Fixtures, Fittings & Equipment	- 3 – 10 years
Motor Vehicles	- 4 years

Land is not depreciated.

The Directors carry out regular impairment reviews of the leasehold buildings in accordance with Financial Reporting Standard No 11. Provisions for impairments in value are taken to the profit and loss account.

Turnover

Turnover is derived from the provision of health club facilities in the United Kingdom and represents membership entrance fees and subscription income receivable in respect of the year together with sales of leisure and catering services at invoice value excluding value added tax. Membership fees are time apportioned over the period that they apply. Joining fees are recognised on receipt.

Stocks

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

Trainstation Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

1. Accounting Policies (continued)

Hire Purchase and Finance Lease Agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Taxation

The charge for tax is based on the profit and loss account for the year and takes into account tax deferred because of timing differences between the different treatment of certain items for tax and accounting purposes. Provision is made for deferred tax without discounting in accordance with the requirements of Financial Reporting Standard 19 'Deferred Taxation' which was adopted in 2002. Except where required by FRS 19, this standard requires full provision to be made for taxation in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets arising from unrelieved losses are only recognised to the extent that they are regarded as recoverable.

Going Concern

The financial statements have been prepared on the going concern basis.

Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Pension Costs

Pension costs relate to defined contribution schemes and are charged to the profit and loss account as incurred.

Interest and other debt related costs

Interest on the company's bank borrowings is written off to profit and loss as incurred including all interest charged during the redesign of clubs prior to opening.

Trainstation Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

2. Particulars of employees

	2004 Number	2003 Number
The average monthly number of persons (including directors) employed by the company during the year was:		
Office and management	3	3
Administration	<u>73</u>	<u>78</u>
	<u>76</u>	<u>81</u>
	Year ended 31 December 2004 £	Year ended 31 December 2003 £

The aggregate payroll costs of the above were:

Staff costs for above persons:

Wages and salaries	737,002	763,135
Social security costs	44,510	56,933
Pension costs	<u>1,200</u>	<u>4,644</u>
	<u>782,712</u>	<u>824,712</u>

3. Directors' remuneration

The Directors who served during 2004 and 2003 were employees of Dragons Health Clubs plc and received their remuneration from that company.

4. Operating Profit is Stated After Charging

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Depreciation:		
Tangible owned fixed assets	456,158	459,066
Tangible assets held under finance leases and hire purchase contracts	4,672	-
Operating leases rentals:		
land & building	283,407	302,109
plant & machinery	<u>12,067</u>	<u>116,611</u>

Auditors remuneration and other fees were paid by the parent company Crown Sports plc and are disclosed in the group consolidated financial statements.

Trainstation Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

5. Interest Payable

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
On bank loans and overdrafts	148	935
Finance Lease and Hire Purchase contracts	<u>344</u>	<u>-</u>
	<u>492</u>	<u>935</u>

6. Taxation on Profit on Ordinary Activities

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
a) Analysis of tax charges for the year		
Current Tax		
UK Corporation Tax charge (note 6b)	<u>167,381</u>	<u>-</u>
Deferred Tax (note 6c)		
Current year	15,438	98,467
Adjustments to prior years	<u>93,260</u>	<u>-</u>
Tax charge on loss on ordinary activities	<u>276,079</u>	<u>98,467</u>

b) Factors affecting current tax

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation in the UK of 30% (2003: 30%). The differences are reconciled below:

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Profit on ordinary activities	<u>251,605</u>	<u>144,080</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	75,482	43,224
Capital allowances (greater) / less than depreciation	(10,718)	(21,336)
Tax losses brought forward and used in the current year	-	(94,263)
Group relief received	-	(26,232)
Non deductible trading expenses	<u>102,617</u>	<u>98,607</u>
Total current tax charge (note 6a)	<u>167,381</u>	<u>-</u>

Trainstation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2004

6. Taxation on Profit on Ordinary Activities (continued)

c) Deferred tax

The deferred tax included in the balance sheet as follows:

£

Shown on the balance sheet under Current Assets

At 1 January 2004	150,405
Capital allowances (greater) / less than depreciation	(15,438)
Adjustments to brought forward capital allowances available	<u>(93,260)</u>
At 31 December 2004	<u>41,707</u>

7. Tangible Fixed Assets

	Improvements to short Leasehold Property	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 January 2004	4,263,327	954,286	10,553	5,228,166
Additions	4,019	91,744	-	95,763
Disposals	-	-	(10,553)	(10,553)
At 31 December 2004	<u>4,267,346</u>	<u>1,046,030</u>	<u>-</u>	<u>5,313,376</u>
Depreciation				
At 1 January 2004	998,406	461,890	5,433	1,465,729
Charged in the Year	329,553	131,277	-	460,830
Disposals	-	-	(5,433)	(5,433)
At 31 December 2004	<u>1,327,959</u>	<u>593,167</u>	<u>-</u>	<u>1,921,126</u>
Net book value				
At 31 December 2004	<u>2,939,387</u>	<u>452,863</u>	<u>-</u>	<u>3,392,250</u>
At 31 December 2003	<u>3,264,921</u>	<u>492,396</u>	<u>5,120</u>	<u>3,762,437</u>

Fixtures and fittings at 31 December 2004 includes assets held under hire purchase and finance lease agreements which have a net book value of £22,046 (31 December 2003: £nil).

The depreciation charged to the account in the year in respect of such assets amounted to £4,672 (31st December 2003: £nil)

Trainstation Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

8. Stocks

	31 December 2004 £	31 December 2003 £
Goods for resale	<u>12,983</u>	<u>11,328</u>

9. Debtors

	31 December 2004 £	31 December 2003 £
Trade Debtors	483	1,508
Other Debtors	70,248	225
Prepayments and accrued income	89,750	192,342
Deferred tax asset	<u>41,707</u>	<u>150,405</u>
	<u>202,188</u>	<u>344,480</u>

10. Creditors: Amounts falling due within one year

	31 December 2004 £	31 December 2003 £
Bank Overdraft	150,315	-
Trade creditors	81,281	213,192
Amounts due to group undertakings	37,239	846,477
Other taxation and social security	86,582	95,146
Corporation Tax	167,381	-
Other creditors	2,284	1,502
Obligations under finance leases	6,833	-
Accruals and deferred income	<u>140,283</u>	<u>231,578</u>
	<u>672,198</u>	<u>1,387,895</u>

Trainstation Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2004

11. Creditors: Amounts falling due after more than one year

	31 December 2004 £	31 December 2003 £
Obligations under finance leases	<u>17,391</u>	-
	<u>17,391</u>	-

12. Commitments under hire purchase and finance lease agreements

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

	31 December 2004 £	31 December 2003 £
Amounts payable within one year	6,833	2,976
Amounts payable between one and two years	17,391	-
Amounts payable between two and five years	-	-
	<u>24,224</u>	<u>2,976</u>

13. Share capital

	31 December 2004 £	31 December 2003 £
Authorised:		
Equity interests:		
3,495,370 Ordinary shares of 10 pence each	<u>349,537</u>	<u>349,537</u>
Allotted, called up and fully paid:		
Equity interests:		
3,495,370 Ordinary shares of 10 pence each	<u>349,537</u>	<u>349,537</u>

Trainstation Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

14. Share premium account

	31 December 2004 £	31 December 2003 £
Equity interests:		
Balance at beginning and end of year	123,609	123,609
Non-equity interests:		
Balance at beginning and end of year	<u>2,315,970</u>	<u>2,315,970</u>
	<u>2,439,579</u>	<u>2,439,579</u>

15. Profit and loss account

	31 December 2004 £	31 December 2003 £
Balance brought forward	153,190	107,577
Retained profit / (loss) for the year	<u>(24,474)</u>	<u>45,613</u>
Balance carried forward	<u>128,716</u>	<u>153,190</u>

16. Reconciliation of movements in shareholders' funds

	31 December 2004 £	31 December 2003 £
Profit / (loss) on ordinary activities for the financial year	(24,474)	45,613
Opening shareholders' funds	<u>2,942,306</u>	<u>2,896,693</u>
Closing shareholders' funds	<u>2,917,832</u>	<u>2,942,306</u>

Trainstation Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

17. Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Within one year	-	-	4,691	-
More than one year and less than five years	-	-	9,066	83,812
More than five years	<u>283,407</u>	<u>274,626</u>	<u>-</u>	<u>-</u>
	<u>283,407</u>	<u>274,626</u>	<u>13,757</u>	<u>83,812</u>

18. Contingent Liability

In April 2002, group bank facilities totalling £53 million were arranged with the parent company Crown Sports plc's bankers HSBC Bank Plc and Barclays Bank plc. These replace a range of facilities which had existed within the businesses and following several repayments being deducted from the original facility of £53 million, the balance outstanding at 31 December 2004 was £13.6 million (2003: £17.4m). The bank loan facility is shown on the balance sheet of Crown Sports plc and is secured against the assets of the entire group including Trainstation Ltd.

19. Ultimate parent company

The company is a wholly owned subsidiary of Dragons Health Clubs plc, registered in England and Wales. Dragons Health Clubs plc is a wholly owned subsidiary of Crown Sports plc, registered in England and Wales.

Crown Sports plc prepares group financial statements and copies can be obtained from Crown Sports plc, Dragons Health Club, Carrington Street, Castle Ward, Derby, DE1 2ND.

20. Related party transactions

The company is a wholly owned subsidiary of Crown Sports plc, a company which at the year end was quoted on the UK Stock Exchange, with effect from 6th May 2004 is quoted on the Alternative Investment Market. 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 hold 90% or more of the voting rights.

21. Capital Commitments

The company had capital expenditure contracted for but not provided for in the financial statements amounting to £5,822 (2003: £10,369).