Trainstation Limited

Directors' report and financial statements

Registered number 3381595

For the period ended 31 July 2006

Contents

Company information

Directors	C J Storr S Broster
Secretary	C Storr
Registered office	Sandall Stones Road Kirk Sandall Doncaster South Yorkshire DN3 1QR
Auditors	PriceWaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registered number	3381595
Principal bankers	The Royal Bank of Scotland plc 2 Waterhouse Square 138 -142 Holborn London EC1N 2TH

Directors' report

The Directors present their annual report together with the audited financial statements for the period ended 31 July 2006

Principal activities

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

Business review

On 28 February 2006 all of the share capital of the parent company Crown Sports Limited was acquired by MOP Acquisitions (LAF) Limited Subsequently the operational management of the business was absorbed into the operation of LA Fitness Limited following the closure of the Crown Sports Head Office

The results for the period are set out in the profit and loss account on page 5

Principal risks and uncertainties

The company is a small company and the directors are of the opinion that analysis of the principal risks and uncertainties is not necessary for an understanding of the development, performance or position of the company

Key performance indicators

The company is a small company and the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the company

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

Directors

The directors who held office during the period were as follows

S Broster	(appointed on 31 July 2006)
C Storr	(resigned on 28 February 2006) (re-appointed on 31 July 2006)
M Grealey	(resigned on 28 February 2006)
F Turok	(appointed on 28 February 2006) (resigned on 31 July 2006)
R Taylor	(appointed on 28 February 2006) (resigned on 31 July 2006)
C Purslow	(appointed on 28 February 2006) (resigned on 17 March 2006)

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

Directors' report (continued)

Statement of directors' responsibilities (continued)

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 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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

By order of the board

C Storr
Secretary
3 September 2007

Sandall Stones Road
Kirk Sandall
Doncaster
South Yorkshire
DN3 1QR

Report of Independent Auditors to the Members of Trainstation Limited.

We have audited the financial statements of Trainstation Limited for the period ended 31 July 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 2006 and of its loss for the period 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

During the period the company did not maintain complete and accurate records of its creditors and accruals Whilst we have performed sufficient audit procedures to enable us to express an audit opinion on the financial statements in our opinion proper accounting records have not been kept

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
4 September 2007

Profit and loss account
for the period ended 31 July 2006

	Notes	Period ended 31 July 2006 £	Year ended 31 December 2005 As restated £
Turnover	*1*	**1,489,507**	2,605,018
Cost of sales			
Before exceptional items		**(1,414,408)**	(2,421,495)
Exceptional items	2	**(127,501)**	(788,000)
		(1,541,909)	(3,209,495)
Gross loss		**(52,402)**	(604,477)
Administrative expenses		**(269,966)**	(347,661)
Operating loss		**(322,368)**	(952,138)
Interest payable		**(7,300)**	(2,761)
Interest receivable		-	159,889
Loss on ordinary activities before taxation	*3*	**(329,668)**	(795,010)
Taxation on loss on ordinary activities	*4*	**82,003**	(38,490)
Loss for the financial period	*12*	**(247,665)**	(833,500)

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

Statement of total recognised gains and losses
For the period ended 31 July 2006

		Period ended 31 July 2006 £	Year ended 31 December 2005 As restated £
Loss for the financial period		**(247,665)**	(833,500)
Prior year adjustment	1	**(171,420)**	-
Total recognised gains and losses since last annual report		**(419,085)**	(833,500)

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

Balance sheet
As at 31 July 2006

	Notes		Period ended 31 July 2006		Year ended 31 December 2005 As restated
		£	£	£	£
Fixed assets					
Tangible assets	*5*		**2,462,041**		2,531,049
Current assets					
Stocks	*6*	**3,195**		19,678	
Debtors	*7*	**4,233,194**		260,377	
Cash at bank and in hand		**589,059**		115,052	
		4,825,448		395,107	
Creditors amounts falling due within one year	*8*	**(5,236,100)**		(1,004,909)	
Net current liabilities			**(410,652)**		(609,802)
Total assets less current liabilities			**2,051,389**		1,921,247
Creditors: amounts falling due after more than one year	*9*		**(141,558)**		(8,751)
Provisions	*10*		**(245,000)**		-
Net assets			**1,664,831**		1,912,496
Capital and reserves					
Called up share capital	*11*		**349,537**		349,537
Share premium account	*12*		**2,439,579**		2,439,579
Profit and loss account	*12*		**(1,124,285)**		(876,620)
Equity shareholders' funds	*13*		**1,664,831**		1,912,496

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

These financial statements were approved by the board of directors on 3 September 2007 and are signed on its behalf by

C Storr
Director

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

Notes to the accounts

(Forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently with the prior year, except as disclosed below, 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 Financial Reporting Standards for Small Entities (effective January 2005) and with the Companies Act 1985

Prior year reclassification

Following the acquisition of its parent undertaking Crown Sports Limited by MOP Acquisitions (LAF) Limited on 28 February 2006, the comparative profit and loss account figures have been restated to be consistent with the new group's presentation of certain expenses which are now shown in cost of sales rather than administrative expenses This change in presentation has no effect on the result reported for either period nor on the net assets figure at either balance sheet date

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £410,652 which the directors believe to be appropriate for the following reasons The company is dependent on funds provided to it by MOP Acquisitions (LAF) Limited, its UK parent company which itself depends on its banking facilities These have been recently re-negotiated The directors of MOP Acquisitions (LAF) Limited believe that the group can operate within the terms of those facilities

This should enable the company to continue in existence for the foreseeable future As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

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

Dividends

In accordance with Financial Reporting Standard 21 Events after the balance sheet date, dividends are recognised in the period in which they are paid, received or when approved

Turnover

Turnover comprises the value of goods and services supplied by the company, exclusive of value added tax All turnover is derived in the United Kingdom Membership subscription income is recognised evenly over the membership year Joining fee and administration fee income which is non refundable in the event of a member leaving is recognised when received

Prior year adjustment

The directors have reviewed the policy on the recognition of income from subscriptions Income from subscriptions is now recognised in the month to which it relates rather than the month in which the cash is received This has resulted in a decrease in net assets of £171,420 at 1 January 2006 (1 January 2005 decrease of £171,836)

Notes to the accounts *(continued)*

1 Accounting policies *(continued)*

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

Short leasehold property	-	straight line over the period of the lease
Fixtures, fittings and equipment	-	five years straight line

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

Leasing and hire purchase

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and 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 taken to the profit and loss account in constant proportion to the remaining balance of the capital repayment or net obligation 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 for taxation is based on the profit for the period 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

Pension costs

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

Provisions

Provisions are created where the company has a present obligation (legal or constructive) as a result of a past event, where it is probable that the obligation will result in a net outflow of funds from the company, and where the obligation can be measured reliably The amounts provided are based on the company's best estimate of the net present value of future net cash flows Specific property provisions are made as follows

- ***Onerous contracts:*** The company recognises a provision for onerous contracts when the expected future benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations arising under the contract

Notes to the accounts *(continued)*

2 Exceptional costs

The current period impairment of £127,501 relates to the reduction in economic value of fixtures, fittings and equipment The prior year impairment of £788,000 relates to short leasehold property

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	31 July 2006 £	31 December 2005 £
Depreciation on tangible fixed assets		
- owned	**168,871**	333,248
- held under finance leases and hire purchase contracts	**9,856**	4,669
Operating leases rentals		
- land and buildings	**180,107**	299,970
- plant and machinery	**16,694**	15,082
Auditors remuneration – audit fees	**3,000**	3,000

None of the directors received any remuneration in respect to their services to the company during the period *(year to 31 December 2005 nil)*

4 Taxation

Analysis of (credit)/charge in period/year

	31 July 2006 £	31 December 2005 £
UK Corporation tax		
Current tax	**-**	14,514
Adjustments in respect of prior years	**(31,019)**	-
Total current tax	**(31,019)**	14,514
Deferred tax		
Origination/reversal of timing differences	**(48,543)**	23,480
Adjustments in respect of prior years	**(2,441)**	496
Total deferred tax	**(50,984)**	23,976
Tax (credit)/charge on loss on ordinary activities	**(82,003)**	38,490

Notes to the accounts *(continued)*

5 Tangible fixed assets

	Improvements to short leasehold property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2006	4,290,996	1,287,096	5,578,092
Additions	-	237,220	237,220
At 31 July 2006	**4,290,996**	**1,524,316**	**5,815,312**
Depreciation			
At 1 January 2006	2,337,074	709,969	3,047,043
Charge in the period	(16,665)	195,392	178,727
Impairment	-	127,501	127,501
At 31 July 2006	**2,320,409**	**1,032,862**	**3,353,271**
Net book value			
At 31 July 2006	**1,970,587**	**491,454**	**2,462,041**
At 31 December 2005	1,953,922	577,127	2,531,049

Fixtures and fittings at 31 July 2006 includes assets held under hire purchase and finance lease agreements which have a net book value of £207,517 (2005 £17,387)

The depreciation charged to the profit and loss account in the period in respect of such assets amounted to £9,856 (2005 £4,669)

6 Stocks

	31 July 2006 £	31 December 2005 £
Goods for resale	**3,195**	19,678

7 Debtors

	31 July 2006 £	31 December 2005 £
Trade debtors	**2,506**	123
Other debtors	**141,075**	52,866
Prepayments and accrued income	**206,915**	189,657
Amounts due from group undertakings	**3,766,459**	-
Corporation tax asset	**47,524**	-
Deferred tax asset	**68,715**	17,731
	4,233,194	260,377

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

Notes to the Accounts *(continued)*

8 Creditors: amounts falling due within one year

	31 July 2006 £	31 December 2005 £ As restated
Trade creditors	**508,006**	174,517
Amounts due to group undertakings	**4,091,232**	442,191
Social security and other taxes	**175,104**	13,701
Corporation tax	**-**	14,514
Other creditors	**4,190**	3,560
Obligations under finance leases	**79,445**	6,960
Accruals and deferred income	**378,123**	349,466
	5,236,100	1,004,909

Obligations under finance leases are secured on the assets concerned

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

9 Creditors: amounts falling due after more than one year

	31 July 2006 £	31 December 2005 £
Obligations under finance leases	**141,558**	8,751

Obligations under finance leases are secured on the assets concerned

10 Provisions

	£
As at 1 January 2006	**-**
Provision created during the period	**245,000**
As at 31 July 2006	**245,000**

The provision relates to onerous leases

11 Share capital

	31 July 2006 £	31 December 2005 £
Authorised:		
3,495,370 Ordinary shares of 10 pence each	**349,537**	349,537
Allotted, called up and fully paid:		
3,495,370 Ordinary shares of 10 pence each	**349,537**	349,537

Notes to the Accounts *(continued)*

12 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2006 as previously reported	2,439,579	(705,200)
Prior year adjustment	-	(171,420)
At 1 January 2006 as restated	2,439,579	(876,620)
Loss for the period	-	(247,665)
At 31 July 2006	2,439,579	(1,124,285)

13 Reconciliation of movements in equity shareholders' funds

	31 July 2006 £	31 December 2005 £
Loss for the financial period	(247,665)	(833,500)
Net reduction in equity shareholders' funds	(247,665)	(833,500)
Opening equity shareholders' funds as previously reported	2,083,916	2,917,832
Prior year adjustment	(171,420)	(171,836)
Opening equity shareholders' funds as restated	1,912,496	2,745,996
Closing equity shareholders' funds	1,664,831	1,912,496

14 Commitments under operating leases

At 31 July 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	31 July 2006 £	31 December 2005 £	31 July 2006 £	31 December 2005 £
Within one year	-	-	28,418	1,100
Between two and five years	-	-	-	13,982
In more than five years	215,577	299,970	-	-
	215,577	299,970	28,418	15,082

15 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 £97,515,000 (*2005 £2,473,000*)

Notes to the Accounts *(continued)*

16 Capital commitments

The company had capital expenditure contracted for but not provided for in the financial statements amounting to £nil (2005 £46,014)

17 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

18 Parent undertakings and controlling parties

The company is controlled by Dragons Health Clubs Limited, a company registered in England and Wales

The parent undertaking of the largest and smallest group for which consolidated accounts 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