

Trainstation Limited

Directors' report and financial statements

Registered number 3381595

for the 15 month period ended
31 October 2011

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Company information

Directors	M Long R Chester A McColl
Registered office	Sandall Stones Road Kirk Sandall Doncaster South Yorkshire DN3 1QR
Auditors	BDO LLP 1 Bridgewater Place Water Lane Leeds LS11 5RU
Registered number	3381595
Principal bankers	The Royal Bank of Scotland plc 280 Bishopsgate London EC2M 4RB

Directors' report

The Directors present their annual report together with the audited financial statements for the 15 month period ended 31 October 2011

Principal activities

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

Business review

As at 31 October 2011 the company operated two health and fitness clubs in the UK

Turnover of the company increased by 1.9% and operating profit increased by £34,830 to £348,126 before exceptional items. The exceptional item within cost of sales relates to onerous lease provisions (see note 2)

Membership numbers fell from 5,477 at the start of the year to 5,242 as at 31 October 2011

The results for the year are set out in the profit and loss account on page 7

The group headed by MOP Acquisitions (LAF) Limited, which the company is a member of, is dependent on facilities provided to it by Royal Bank of Scotland and its banking syndicate. These facilities were refinanced during the current period and became effective from 30 August 2011. These facilities comprise term loans of approximately £63.4 million as at 31st October 2011, and a revolving credit/overdraft facility of £8 million. They also contain various covenants, which were set in August 2011, with which the group is forecast to comply for the foreseeable future.

Principal risks and uncertainties and key performance indicators.

The directors of MOP Acquisitions (LAF) Limited manage the group's risks at a group level. 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.

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 financial period were as follows

M Long
R Chester
A McColl

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

During the period KPMG LLP were replaced as auditors by BDO LLP Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and BDO LLP will therefore continue in office

By order of the board

R Chester
Director



Sandall Stones Road
Kirk Sandall
Doncaster
South Yorkshire
DN3 1QR

28 February 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing each of the company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. 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.



BDO LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5RU
United Kingdom

Independent auditors' report to the members of Trainstation Limited

We have audited the financial statements of Trainstation Limited for the 15 month period ended 31 October 2011 set out on pages 7 to 15. These comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2011 and of the company's loss for the 15 month period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Trainstation Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Ian Beaumont (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
1 Bridgewater Place
Water Lane
Leeds
LS11 5RU

28 February 2012

BDO LLP is a limited liability partnership registered in England and Wales
(with registered number OC305127)

Profit and loss account
for the 15 month period ended 31 October 2011

	Notes	15 months ending 31 October 2011 £	12 months ending 31 July 2010 £
Turnover	1	2,477,364	2,430,536
Cost of sales			
Before exceptional items		(2,129,238)	(2,117,240)
Exceptional items	2	-	765,386
Cost of sales		(2,129,238)	(1,351,854)
Gross profit		348,126	1,078,682
Administrative expenses	3	-	-
Operating profit		348,126	313,296
Before exceptional items		348,126	313,296
Exceptional items	2	-	765,386
Operating profit		348,126	1,078,682
Loss on sale of club		-	(432,021)
Loss on disposal of assets		(51,984)	-
Profit / (loss) on ordinary activities before taxation	3	296,142	(118,725)
Before exceptional items		296,142	(118,725)
Exceptional items	2	-	765,386
Profit on ordinary activities before taxation		296,142	646,661
Taxation on profit on ordinary activities	5	(50,290)	6,489
Profit for the financial period	12,13	245,852	653,150

The above results are derived wholly from discontinued operations


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 9 to 15 form part of these financial statements

Balance sheet
As at 31 October 2011

	Notes	31 October 2011		31 July 2010	
		£	£	£	£
Fixed assets					
Tangible assets	6		-		1,794,241
Current assets					
Stocks	7		-		8,455
Debtors	8		7,017,088		5,161,153
			<u>7,017,088</u>		<u>5,169,608</u>
Creditors: amounts falling due within one year	9		<u>(4,043,832)</u>		<u>(4,236,445)</u>
Net current assets			<u>2,973,256</u>		<u>933,163</u>
Total assets less current liabilities			<u>2,973,256</u>		<u>2,727,404</u>
Net assets			<u><u>2,973,256</u></u>		<u><u>2,727,404</u></u>
Capital and reserves					
Called up share capital	10		349,537		349,537
Share premium account	11		2,439,579		2,439,579
Profit and loss account	11		184,140		(61,712)
Shareholders' funds	12		<u><u>2,973,256</u></u>		<u><u>2,727,404</u></u>

These financial statements were approved by the board of directors on 28 February 2012 and are signed on its behalf by


R Chester
Director

The notes on pages 9 to 15 form part of these financial statements

Registered number 3381595

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 year 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 2006

Going concern

The financial statements have been prepared on the going concern basis. The company is dependent on funds provided to it by MOP Acquisitions (LAF) Limited, its ultimate UK parent company which itself depends on its banking facilities. These were re-negotiated last year. As noted in the Directors' report the directors of MOP Acquisitions (LAF) Limited believe that the group can operate within the terms of those facilities.

The ultimate UK parent company has provided confirmation of support 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.

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.

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 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*)

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.

Operating lease rentals 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. Certain leases contain inflation-driven rental uplifts with pre-determined minimums; the amount payable in respect of these uplifts is charged to the profit and loss account as it arises.

Taxation

The charge or credit for taxation is based on the profit or loss 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. These provisions are discounted at 8%.

Notes to the financial statements *(continued)*

2 Exceptional costs

	2011 £	2010 £
Property provisions – onerous lease	-	(765,386)

3 Profit on ordinary activities before taxation

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

	2011 £	2010 £
Depreciation on tangible fixed assets	390,134	303,068
Operating leases rentals		
- land and buildings	230,938	325,640
Rent receivable	(57,800)	(63,291)

Audit fees and administrative expenses for the current period were borne by LA Leisure Limited

4 Staff numbers and costs

The average number of employees during the period was as follows	2011	2010
Service	26	30

The aggregate payroll costs of these employees were as follows	2011 £	2010 £
Wages and salaries	603,801	633,162
Social security costs	39,190	33,275
Other pension costs	-	-
	642,991	666,437

None of the directors received any remuneration in respect to their services to the company during the period (2010 £nil)

Notes to the financial statements *(continued)*

5 Taxation

Analysis of credit in period

	2011 £	2010 £
<i>UK Corporation tax</i>		
Adjustments in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination/reversal of timing differences	45,632	(11,661)
Adjustments in respect of prior years	(7,075)	-
Effect of rate change 28% to 26%	11,733	5,172
	<hr/>	<hr/>
Total deferred tax	50,290	(6,489)
	<hr/>	<hr/>
Tax credit on profit on ordinary activities	50,290	(6,489)
	<hr/>	<hr/>

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 27% (2010 28%). An analysis of the current year charge is given below

	2011 £	2010 £
Profit on ordinary activities before tax	296,142	646,661
	<hr/>	<hr/>
Current tax at 27% (2010 28%)	80,136	181,065
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	167,558	181,731
Capital allowances for period in excess of depreciation	(49,392)	12,094
Group relief	(198,302)	(374,890)
	<hr/>	<hr/>
Total current tax credit (see above)	-	-
	<hr/>	<hr/>

Unrecognised deferred tax in the period consisted of £293,605 unutilised capital losses

Notes to the financial statements (continued)

6 Tangible fixed assets

	Improvements to short leasehold property £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 August 2010	2,975,520	1,552,722	4,528,242
Additions	-	119,848	119,848
Disposals	-	(1,315,482)	(1,315,482)
Intra Group Transfers	(2,975,520)	(357,088)	(3,332,608)
At 31 October 2011	-	-	-
Depreciation			
At 1 August 2010	1,485,306	1,248,695	2,734,001
Charge in the period	229,437	160,697	390,134
Disposals	316,086	(1,525,676)	(1,209,590)
Intra Group Transfers	(2,030,829)	116,284	(1,914,545)
At 31 October 2011	-	-	-
Net book value			
At 31 October 2011	-	-	-
At 31 July 2010	1,490,214	304,027	1,794,241

7 Stocks	2011 £	2010 £
Goods for resale	-	8,455
8 Debtors	2011 £	2010 £
Prepayments and accrued income	-	159,623
Amounts due from group undertakings	7,017,088	4,850,213
Deferred tax asset (see note below)	-	151,317
	7,017,088	5,161,153

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

Deferred Tax	£
At 1 August 2010	151,317
Credit in the period	(50,290)
Intragroup transfers	(101,027)
At 31 October 2011	-

Deferred tax asset relates to accelerated capital allowances

Notes to the financial statements *(continued)*

9	Creditors: amounts falling due within one year	2011	2010
		£	£
	Amounts due to group undertakings	4,043,832	4,043,832
	Accruals and deferred income	-	192,613
		<u>4,043,832</u>	<u>4,236,445</u>

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

LA Leisure Limited, a fellow 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	Share capital	2011	2010
		£	£
	Allotted, called up and fully paid:		
	3,495,370 Ordinary shares of 10 pence each	349,537	349,537
		<u>349,537</u>	<u>349,537</u>

11	Reserves	Share premium account	Profit and loss account
		£	£
	At 1 August 2010 as previously reported	2,439,579	(61,712)
	Profit for the financial period	-	245,852
	At 31 October 2011	<u>2,439,579</u>	<u>184,140</u>

Notes to the financial statements *(continued)*

12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial period	245,852	653,150
Opening shareholders' funds	2,727,404	2,074,254
Closing shareholders' funds	<u>2,973,256</u>	<u>2,727,404</u>

13 Commitments under operating leases

At 31 October 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011 £	2010 £
In more than five years	-	186,016

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 period end this amounted to £107,451,275 (2010 £97,762,197)

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 a subsidiary undertaking of 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

17 Disposals

On 31 October 2011 the company disposed of its trade and assets, at book value, to LA Leisure Limited, a fellow subsidiary