

**Company Registration No. 3865691**

**LEISURE CONNECTION (HOLDINGS)  
LIMITED**

**Report and Financial Statements**

**27 September 2009**

**Deloitte LLP  
Leeds**



# **LEISURE CONNECTION (HOLDINGS) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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# **LEISURE CONNECTION (HOLDINGS) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

D T Lloyd  
P A Meehan  
R Millman

#### **SECRETARY**

R M Still

#### **REGISTERED OFFICE**

Low Lane  
Horsforth  
LEEDS  
LS18 4ER

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Leeds

# **LEISURE CONNECTION (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 27 September 2009

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

Leisure Connection (Holdings) Limited is the holding company for Leisure Connection Limited

The company has not traded during the year

### **REFINANCING AND GOING CONCERN**

The company is a signatory to multilateral guarantees to secure the borrowings of certain other companies within the group headed by Danoptra Limited (the "Group"), and is part of the Group's cash pooling facility. As a result, the going concern of the Group as a whole and the availability of Group support have been considered by the directors in forming their conclusions on the going concern assumption in preparation of the company's accounts.

The continued downturn in some of the markets operated in by the Group put significant strain on the Group's financial resources. Close cash management and mid-term cash forecasting by the company's and Group's directors enabled early discussions to take place with the Group's lenders regarding future cash requirements and the Group directors were able to report the successful injection of a further £5.0m into the business in an additional refinancing arrangement with the existing lenders on 20 August 2009.

The Group directors consider this injection to be more than adequate to cover the Group and company's cash requirements for the foreseeable future. The new facility is not repayable until 2011 and until repaid the Group will not be required to make any capital or interest payments on any outstanding debt. The lenders, who have equity control of the Group, are working with the Group's directors to amend the August 2008 debt agreements with the intention of discharging the financial covenants. Heads of terms have been concluded but the proposed amendments remain unexecuted as at the date of this report. The Group's directors are confident of finalising the amendments to the debt agreements in the near future and the lenders have agreed to waive any covenant testing for a period of more than 12 months from the date of this report which, together with the headroom in the cash flow forecasts, enables the Group directors to conclude on the going concern basis of the Group.

Consistent with other companies within the market, the current economic conditions and competition within the market create uncertainty, particularly over the demand for the company's and Group's products and services. The company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and Group should be able to operate within the current level of facility.

As a result, and after making enquiries, the directors have a reasonable expectation that the company and the Group to have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **DIRECTORS**

The directors who served during the year, unless otherwise stated, were as follows

D T Lloyd

P A Meehan

G B Farrant (resigned 3 April 2009)

P D Critcher (appointed 20 August 2008, resigned 27 May 2009)

R Millman (appointed 11 May 2009)

# **LEISURE CONNECTION (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

### **AUDITORS**

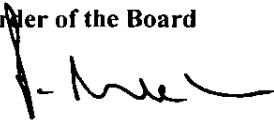
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418A of the Companies Act 2006

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting

By order of the Board



**P A Meehan**  
**Director**  
30 April 2010

## **LEISURE CONNECTION (HOLDINGS) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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). 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 of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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, 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEISURE CONNECTION (HOLDINGS) LIMITED**

We have audited the financial statements of Leisure Connection (Holdings) Limited for the year ended 27 September 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 27<sup>th</sup> September 2009 and of its result for the year 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 matter prescribed by the Companies Act 2006**

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

### **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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.



Geoffrey Taylor (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Leeds, United Kingdom  
30 April 2010

## LEISURE CONNECTION (HOLDINGS) LIMITED

### BALANCE SHEET

As at 27 September 2009

	Note	2009 £ 000	2008 £ 000
<b>FIXED ASSETS</b>			
Investments	3	10,000	10,000
<b>NET ASSETS</b>		10,000	10,000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	1	1
Share premium account	5	43,499	43,499
Profit and loss account	5	(33,500)	(33,500)
<b>SHAREHOLDERS' FUNDS</b>	6	10,000	10,000

The accompanying notes are an integral part of this balance sheet

The financial statements of Leisure Connection (Holdings) Limited (company registration no 3865691) were approved by the Board of Directors on 30 April 2010

Signed on behalf of the Board of Directors

  
P A Meehan

Director



# LEISURE CONNECTION (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 27 September 2009

### 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below. Accounts are drawn up to the close of business on the Sunday that is nearest to 30 September.

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention. Consolidated financial statements have not been prepared as the company is exempt from the obligation to prepare group accounts and to deliver them to the Registrar of Companies under Section 400 of the Companies Act 2006.

#### **Basis of preparation and going concern**

The company is a signatory to multilateral guarantees to secure the borrowings of certain other companies within the group headed by Danoptra Limited (the "Group"), and is part of the Group's cash pooling facility. As a result, the going concern of the Group as a whole and the availability of Group support have been considered by the directors in forming their conclusions on the going concern assumption in preparation of the company's accounts.

The continued downturn in some of the markets operated in by the Group put significant strain on the Group's financial resources. Close cash management and mid-term cash forecasting by the company's and Group's directors enabled early discussions to take place with the Group's lenders regarding future cash requirements and the Group directors were able to report the successful injection of a further £5.0m into the business in an additional refinancing arrangement with the existing lenders on 20 August 2009.

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Consistent with other companies within the market, the current economic conditions and competition within the market create uncertainty, particularly over the demand for the company's and Group's products and services. The company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and Group should be able to operate within the current level of facility.

As a result, and after making enquiries, the directors have a reasonable expectation that the company and the Group to have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Investments**

Investments in subsidiary undertakings are stated at cost. Provision is made in respect of any impairment.

#### **Profit & Loss account**

No profit and loss account is presented with these financial statements because the company hasn't received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding accounting period. There have been no movements in shareholder funds during the year under review or the preceding accounting period. The audit fees and Companies House fees in both the current year and prior period were borne by a fellow group undertaking. This amounted to £1,000 (2008: £1,000).

# LEISURE CONNECTION (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 27 September 2009

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Cash flow statement

During the period the company was a wholly owned subsidiary of Danoptra Limited and its cash flows are included in the consolidated cash flow statement of that company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing its own cash flow statement.

### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees other than the directors during the year (2008: None). No remuneration was paid to the directors by Leisure Connection (Holdings) Limited (2008: £nil). Remuneration of £730,000 (2008: £526,000) was paid by Kunick Limited, an intermediate holding company, for the services of two (2008: four) of the directors as directors to the group. The directors do not consider it to be practicable to allocate their remuneration between group companies. Details of the directors' remuneration are given in the financial statements of Kunick Limited. Directors' remuneration of £254,000 (2008: £541,000) was paid by other group companies for the services of the other directors. No retirement benefits are accruing to these directors under the parent company's defined benefit scheme.

### 3. FIXED ASSET INVESTMENT

Shares in group undertakings	£ 000
Cost	
At 1 October 2008 and 27 September 2009	43,500
Provisions for impairment	
At 1 October 2008 and 27 September 2009	(33,500)
Net book value	
At 1 October 2008 and 27 September 2009	10,000

The principal trading subsidiaries of the company, all of which were incorporated and operate solely in the United Kingdom were as follows:

Details of subsidiary undertakings	Activity	Percentage held
Leisure Connection Limited	Leisure management	100%
Relaxion FM Limited*	Leisure management	100%

\* Company limited by guarantee

# LEISURE CONNECTION (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 27 September 2009

### 4. CALLED UP SHARE CAPITAL

	2009 £ 000	2008 £ 000
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1	1
<b>Called up, issued and fully paid</b>		
1,000 ordinary shares of £1 each	1	1

### 5. RESERVES

	Profit and loss account £ 000	Share premium account £ 000
<b>At 1 October 2008 and 27 September 2009</b>	<b>(33,500)</b>	<b>43,499</b>

### 6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £ 000's	2008 £ 000's
Profit for the financial year	-	-
Net movement in shareholders' funds	-	-
Opening shareholders' funds	10,000	10,000
Closing shareholders' funds	10,000	10,000

### 7. CONTINGENT LIABILITIES

At 27 September 2009 the company was a signatory to multilateral guarantees to secure the borrowings of certain other group companies and the amount outstanding under these arrangements was £92,450,000 (2008 £79,200,000). As of 24 April 2010, the gross contingent liability under the guarantee was approximately £97,470,000.

### 8. RELATED PARTY DISCLOSURES

Advantage has been taken of the exemption in financial Reporting Standard No 8 "Related Party Transactions" not to disclose any transactions between the company and other companies within the Danoptra Limited group as these have been eliminated on consolidation in the consolidated financial statements of Danoptra Limited.

### 9. ULTIMATE PARENT COMPANY

The directors regard Danoptra Limited, a company registered in England and Wales, as the ultimate parent company and as the ultimate controlling party by virtue of its 100% interest in the equity share capital of the company. Kunick Limited is regarded as the immediate parent undertaking. Danoptra Limited is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the consolidated financial statements may be obtained from The Secretary, Danoptra Limited, Low Lane, Horsforth, Leeds LS18 4ER.