

Chapel Spa Limited

Financial statements

for the 52 weeks ended 16 April 2006

Registered Number 4154357

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# Chapel Spa Limited

## Financial statements

for the 52 weeks ended 16 April 2006

## Contents

Directors and advisors .....	1
Directors' report for the 52 weeks ended 16 April 2006.....	2
Independent auditors' report to the members of Chapel Spa Limited.....	5
Profit and loss account for the 52 weeks ended 16 April 2006.....	7
Balance Sheet as at 16 April 2006.....	8
Notes to the financial statements for the 52 weeks ended 16 April 2006 .....	9

# **Chapel Spa Limited**

## **Directors and advisors**

### **Directors**

M P Dalby

P Kent

### **Secretary**

M Edgerton

### **Auditors**

PricewaterhouseCoopers LLP

Donington Court

Pegasus Business Park

Castle Donington

East Midlands

DE74 2UZ

### **Solicitors**

Simmons & Simmons

CityPoint

One Ropemaker Street

London

EC2Y 9SS

### **Registered Office**

One Edison Rise

New Ollerton

Newark

Nottinghamshire

NG22 9DP

### **Registered Number**

4154357

# **Chapel Spa Limited**

## **Directors' report for the 52 weeks ended 16 April 2006**

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 16 April 2006.

### **Principal activity**

The principal activity of the Company is the operation of a stand alone day spa centre.

### **Results and dividends**

The results for the 52 weeks are set out in the profit and loss account on page 4.

The directors do not propose the payment of a dividend (period ended 17 April 2005: £nil).

### **Review of business and future developments**

The directors do not expect there to be any significant change to the Company's principal activity in the foreseeable future. During the year the company incurred a net loss of £200,000 and, at that date the company's current liabilities exceeded its total assets by £515,000.

Since the year end the net liabilities have been reduced by a capital injection of £600,000 raised by way of a share issue. Notwithstanding this the Company is still reliant on the support of the Center Parcs group.

Center Parcs (UK) Group Limited announced its intention to dispose of Chapel Spa Limited post year end.

### **Going concern**

The Company has received assurances from Center Parcs (UK) Group Limited that it will continue to provide support to the Company whilst it remains in Center Parcs group ownership. The company is dependent on the support of Center Parcs or any subsequent parent for its ongoing funding. There is a material uncertainty regarding the availability of funding in the event of disposal. If the company was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and to provide for further liabilities that might arise.

Notwithstanding the uncertainty of the timing of any disposal the directors consider that it remains appropriate to prepare the financial statements on a going concern basis.

### **Group restructuring**

A scheme of arrangement document, dated 24 March 2006, to enable the acquisition of the entire issued and to be issued ordinary share capital of Center Parcs (UK) Group plc was approved by the shareholders of that Company on 18 April 2006. The Scheme was sanctioned by the Court on 10 May 2006 and effective from of the acquisition of Center Parcs (UK) Group by Forest Bidco Limited was 12 May 2006.

In December 2006 the financing of the Center Parcs group was restructured.

From this date the directors consider New Cayco 2 Limited to be the ultimate parent of the Company. The ultimate controlling parties are investment funds advised by Blackstone.

# Chapel Spa Limited

## Directors' report for the 52 weeks ended 16 April 2006 (continued)

### Directors and their interests

The directors who held office during the 52 weeks are as follows:

M P Dalby  
S P Lane (resigned 1 March 2006)  
P Kent

None of the directors at 16 April 2006 had any interests in the shares of the Company.

The interests of Messr Dalby in the shares of Center Parcs (UK) Group plc at the period end are disclosed in the financial statements of that company. The interests of P Kent in the shares of Center Parcs (UK) Group plc are disclosed in the accounts of Center Parcs Limited.

There are no other interests in the shares and debentures of group companies which require notification to the Company.

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

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.

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 confirm:

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

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.

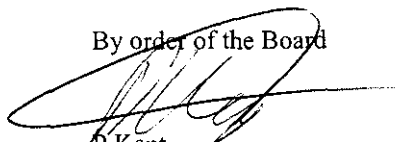
# **Chapel Spa Limited**

## **Directors' report for the 52 weeks ended 16 April 2006 (continued)**

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the AGM.

By order of the Board

A handwritten signature in black ink, appearing to be 'P Kent', written over the text 'By order of the Board'.

P Kent

Director

10<sup>th</sup> January 2007

# Independent auditors' report to the members of Chapel Spa Limited

We have audited the financial statements of Chapel Spa Limited for the period ended 16 April 2006 which comprise the Profit and Loss Account, the Balance Sheet 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 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. However in our audit report for the period ended 17 April 2005, we were unable to form an opinion on whether the financial statements gave a true and fair view of the company's loss for the period. This was because we were unable to carry out auditing procedures necessary to obtain sufficient appropriate audit evidence as regards the opening balances as at 1 January 2004. Any adjustment to the opening balance sheet at 1 January 2004 would have had a consequential significant effect on the loss for the year. Consequently, the comparative figures for that period presented in the profit and loss account for the period ended 16 April 2006 may require adjustment.

## **Qualified opinion in respect of limitation in relation to comparative figures**

In our opinion, except for the financial effect of any adjustments that might have been determined to be necessary had we been able to obtain sufficient appropriate audit evidence regarding the comparative figures in the profit and loss account for the period ended 17 April 2005:

- 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 16 April 2006 and of its loss for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work in respect of the comparative figures in the profit and loss account, we have not received all the information and explanations that we considered necessary for the purposes of our audit.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

## **Independent auditors' report to the members of Chapel Spa Limited (continued)**

### **Emphasis of matter - Going concern**

In forming our opinion we have considered the adequacy of the disclosure made in note 1 to the financial statements regarding the availability of ongoing support from the company's ultimate parent company. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
East Midlands  
10<sup>th</sup> January 2007



# Chapel Spa Limited

## Profit and loss account for the 52 weeks ended 16 April 2006

	Note	52 weeks ended 16 April 2006 £'000	68 weeks ended 17 April 2005 £'000
Turnover		392	501
Cost of sales		(63)	(85)
<b>Gross profit</b>		<b>329</b>	<b>416</b>
Net operating expenses		(529)	(542)
<b>Operating loss</b>	2	<b>(200)</b>	<b>(126)</b>
Interest payable and similar expenses	6	-	(14)
<b>Loss on ordinary activities before taxation</b>		<b>(200)</b>	<b>(140)</b>
Taxation on loss on ordinary activities	7	-	-
<b>Loss for the financial period</b>	14	<b>(200)</b>	<b>(140)</b>

All activities are derived from continuing operations.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

# Chapel Spa Limited

## Balance Sheet as at 16 April 2006

	Note	16 April 2006 £'000	17 April 2005 £'000
<b>Fixed assets</b>			
Tangible assets	8	870	830
<b>Current assets</b>			
Stock	9	21	8
Debtors	10	8	3
Cash at bank and in hand		63	-
		92	11
<b>Creditors: amounts falling due within one year</b>	11	(1,477)	(1,156)
<b>Net current liabilities</b>		(1,385)	(1,145)
<b>Total assets less current liabilities</b>		(515)	(315)
<b>Net liabilities</b>		(515)	(315)
<b>Capital and reserves</b>			
Called up share capital	13	60	60
Retained earnings	14	(575)	(375)
<b>Total equity shareholders' deficit</b>	15	(515)	(315)

The financial statements on pages 7 to 18 were approved by the board of directors on 10<sup>th</sup> January 2007 and were signed on its behalf by:



P Kent  
Director

# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006

### 1 Principal accounting policies

#### General information

The Company is a limited liability company incorporated and domiciled in England and Wales. The address of its registered office is One Edison Rise, New Ollerton, Newark, Nottinghamshire, NG22 9DP.

#### Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Center Parcs (UK) Group Limited announced its intention to dispose of Chapel Spa Limited post year end. The Company has received assurances from Center Parcs (UK) Group Limited that it will continue to provide support to the Company whilst it remains in Center Parcs group ownership. The company is dependent on the support of Center Parcs or any subsequent parent for its ongoing funding. There is a material uncertainty regarding the availability of funding in the event of disposal. If the company was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and to provide for further liabilities that might arise. Notwithstanding the uncertainty of the timing of any disposal the directors consider that it remains appropriate to prepare the financial statements on a going concern basis.

#### Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

#### Cash flow statement

The Company has taken advantage of the exemption permitted by Financial Reporting Standard No 1 (revised 1996) whereby a cash flow statement need not be prepared by a wholly owned subsidiary of an ultimate parent company which itself publishes a consolidated cash flow.

#### Accounting reference date

The Company prepares accounts drawn up to the last Sunday before 22 April each period as permitted under the Companies Act 1985.

#### Turnover

Turnover comprises the total income from the operation of the stand-alone spa day centre, after deduction of value added tax.

#### Pensions

Company employees can choose to be a member of a defined contribution stakeholder pension scheme. There are no employer contributions.

#### Stocks and work in progress

The basis of valuation of stocks and work in progress is the lower of cost and estimated net realisable value; a provision is made for obsolete and slow moving stock.

# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)

### 1 Principal accounting policies (continued)

#### Fixed assets

The cost of tangible fixed assets includes directly attributable costs. Finance costs are capitalised where appropriate and are depreciated as part of the total cost.

Depreciation on the cost of fixed assets is provided on all assets (except freehold land) so as to write off the cost of tangible fixed assets, less their residual value, on a straight line basis over the expected useful economic life of the assets concerned, using the following rates:

Freehold buildings	- 50 years
Leasehold land and buildings	- 2.5%, or by equal instalments over the length of the lease, whichever is the greater.
Fixtures and fittings	- 2 to 10 years
Plant and equipment	- 2 to 10 years

#### Deferred taxation

Deferred taxation is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for taxation purposes.

A deferred tax liability is recognised if transactions or events result in the Company having an obligation to pay more tax in future periods. Where transactions or events that have occurred before the balance sheet date give the Company the right to pay less tax in future, a deferred tax asset will only be recognised to the extent it is considered to be more likely than not that it will be recovered. Deferred tax balances are not discounted.

# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)

### 2 Operating loss

	52 weeks ended 16 April 2006 £'000	68 weeks ended 17 April 2005 £'000
<b>Operating loss is stated after charging:</b>		
Depreciation of property, plant and equipment (note 8)	52	106
Employee costs (note 5)	337	237
Auditors' remuneration	-	9

Auditors remuneration of £136,000 (2005: £115,000) is included within the financial statements of Center Parcs (Operating Company) Limited, a fellow group company. This included £5,000 (2005: £nil) in respect of Chapel Spa Limited.

### 3 Directors' emoluments

#### Directors

	52 weeks ended 16 April 2006 £'000	68 weeks ended 17 April 2005 £'000
Aggregate emoluments (including benefits)	-	17

Retirement benefits are accruing to two directors (2005: three) under a defined benefit pension scheme. This scheme is operated by Center Parcs Limited, a fellow group undertaking.

During the period the emoluments of Messrs Dalby, Lane and Kent were paid by a fellow group company, Center Parcs (Operating Company) Limited, which made no recharge to the Company. Due to the fact that the Service Agreements of Messrs Dalby, Lane and Kent are held with another group company, Center Parcs Limited, and this company acts as a management company for the UK Center Parcs group, their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of that company. The directors of Center Parcs Limited do not believe it is possible to make an accurate apportionment of their emoluments in respect of each of the group companies.

# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)

### 4 Employee information

The average number of persons (including executive directors) employed by the Company during the period was:

#### By activity

	52 weeks ended 16 April 2006 Number	68 weeks ended 17 April 2005 Number
Administration	1	1
Leisure, food & retail	18	13
	19	14

In addition to the employees stated above, there are three employees of Center Parcs (2005: one) that work exclusively for Chapel Spa. Their employee costs are paid by Center Parcs (Operating Company) Limited and a recharge is made to Chapel Spa Limited on a period basis. Their employee costs are included in the costs shown below.

### 5 Employee costs

	52 weeks ended 16 April 2006 £'000	68 weeks ended 17 April 2005 £'000
Wages and salaries	307	221
Social security costs	23	16
Pension costs	7	-
	337	237

### 6 Interest payable and similar expenses

	52 weeks ended 16 April 2006 £'000	68 weeks ended 17 April 2005 £'000
Bank interest payable	-	14

# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)

### 7 Tax on loss on ordinary activities

	52 weeks ended 16 April 2006 £'000	68 weeks ended 17 April 2005 £'000
<b>Current tax</b>		
- UK corporation tax on loss for the period	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences (ACA and other):		
- Current period	-	-
- Prior period	-	-
Total deferred tax (note 13)	-	-

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	52 weeks ended 16 April 2006 £'000	68 weeks ended 17 April 2005 £'000
Loss on ordinary activities before taxation	(200)	(140)
Loss on ordinary activities multiplied by standard corporation tax rate in the UK of 30%	(60)	(42)
Effects of:		
Expenses not deductible for tax	-	14
Deferred tax not recognised	-	28
Group relief surrendered not paid for	60	-
Current tax charge for the period	-	-

# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)

### 8 Tangible fixed assets

	Freehold land and buildings £'000	Fixtures and fittings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>				
At 18 April 2005	517	383	60	960
Additions	-	51	41	92
<b>At 16 April 2006</b>	<b>517</b>	<b>434</b>	<b>101</b>	<b>1,052</b>
<b>Accumulated depreciation</b>				
At 18 April 2005	4	103	23	130
Charge for the period	13	26	13	52
<b>At 16 April 2006</b>	<b>17</b>	<b>129</b>	<b>36</b>	<b>182</b>
<b>Net book value</b>				
<b>At 16 April 2006</b>	<b>500</b>	<b>305</b>	<b>65</b>	<b>870</b>
At 17 April 2005	513	280	37	830

### 9 Stocks

	16 April 2006 £'000	17 April 2005 £'000
Goods held for resale	21	8



# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)

### 10 Debtors

	16 April 2006 £'000	17 April 2005 £'000
Amounts owed by Group undertakings	6	-
Prepayments and accrued income	2	3
	8	3

### 11 Creditors: amounts falling due within one year

	16 April 2006 £'000	17 April 2005 £'000
Trade creditors	16	1
Payments received on account	28	10
Bank overdraft	-	13
Amounts owed to Group undertakings	1,310	1,092
Taxation and social security	29	6
Other creditors	12	-
Accruals and deferred income	82	34
	1,477	1,156

# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)

### 12 Deferred tax asset

No deferred tax asset has been recognised in the period (2005: nil). The unrecognised deferred tax asset is made up as follows:

	16 April 2006 £'000	17 April 2005 £'000
Accelerated capital allowances	6	12
Tax losses	82	82
Unrecognised deferred tax asset	88	94

### 13 Called up share capital

	16 April 2006 £'000	17 April 2005 £'000
<b>Authorised, Allotted, called up and fully paid</b>		
500 ordinary A shares of £1 each and 500 ordinary B shares of £1 each	1	1
58,584 ordinary C shares of £1 each	59	59
	60	60

On 28 April 2006, the Company increased its authorised share capital to 1,000,000 £1 ordinary shares and issued 600,000 shares to Center Parcs Spa Division Holdings Limited.

### 14 Reserves

	Profit and loss account £'000
As at 18 April 2005	(375)
Loss for the financial period	(200)
As at 16 April 2006	(575)

# Chapel Spa Limited

## Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)

### 15 Reconciliation of movements in shareholders' deficit

	16 April 2006 £'000	17 April 2005 £'000
Loss for the financial period	(200)	(140)
Issue of share capital	-	59
Shareholders' deficit brought forward	(315)	(234)
Shareholders' deficit carried forward	(515)	(315)

### 16 Related party transactions

The Company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" not to disclose related party transactions between companies which are 90% owned by the ultimate parent company.

### 17 Capital commitments

There were no capital commitments at 16 April 2006 (17 April 2005: £nil).

### 18 Post Balance Sheet Events

A scheme of arrangement document, dated 24 March 2006, to enable the acquisition of the entire issued and to be issued ordinary share capital of Center Parcs (UK) Group plc was approved by the shareholders of that Company on 18 April 2006.

The Scheme was sanctioned by the Court on 10 May 2006 and effective from of the acquisition of Center Parcs (UK) Group by Forest Bidco Limited was 12 May 2006.

On 28 April 2006, the Company increased its authorised share capital to 1,000,000 £1 ordinary shares and issued 600,000 shares to Center Parcs Spa Division Holdings Limited.

On the 12 May 2006, Center Parcs (UK) Group plc was re-registered as the private company Center Parcs (UK) Group Limited. It then cancelled its entire existing share capital and issued new ordinary shares of 1 pence each equal to the number of shares that had been cancelled. These shares were then allotted and issued, credited as fully paid to Forest Bidco.

# **Chapel Spa Limited**

## **Notes to the financial statements for the 52 weeks ended 16 April 2006 (continued)**

### **19 Ultimate parent company and controlling party**

At 16 April 2006, the Company was 100% owned by Center Parcs Spa Division Limited, a company registered in England and Wales. For the 52 weeks ended 16 April 2006 the largest and smallest group of which the Company is a member and for which group accounts are drawn up is that of Center Parcs (UK) Group plc. At 16 April 2006, the directors regard the ultimate parent company to be Center Parcs (UK) Group plc, a company registered in England and Wales.

The effective date of the acquisition of Center Parcs (UK) Group by Forest Bidco Limited was 12 May 2006. From this date the directors consider New Cayco 2 Limited to be the ultimate parent of the Company. The ultimate controlling parties are investment funds advised by Blackstone.