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Registered number 05643248

EPH No 1 Limited ✓

Directors' report and financial
statements

For the period from incorporation on
2 December 2005 to 31 December 2006

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Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditors' report to the members	4
Profit and loss account	6
Statement of total recognised gains and losses	6
Balance sheet	7
Reconciliation of movements in shareholders' funds	8
Notes	9

Directors' report

Directors

G G Timms
S P Charlton
A J Hall
J Dhody

The directors present their report together with the audited financial statements and notes in respect of the period ended 31 December 2006

Principal Activity

The principal activity of the company is that of an intermediate holding company

Esporta Group Limited, a holding company, and Esporta Health & Fitness Limited, a fellow subsidiary undertaking, may enter into contracts and agreements as agent for the Company and act as paying and receiving agent for the Company Where this applies, relevant accounting entries are made in the books of the Company

Business Review

The loss before taxation for the period was £119 as shown in the Profit and Loss Account on page 6 The directors do not recommend the payment of a dividend for the year

On 22 February 2007 the ultimate parent undertaking, Esporta Group Limited was wholly acquired by Bell Leisure Investments No 1 (UK) Limited and Bell Leisure Investments No 2 (UK) Limited

Despite the administration of these companies as disclosed in note 11, great care has been taken to ensure business continues as usual and to insulate the operating businesses within the Esporta group to ensure minimum impact on the trading entities and to ensure that individual clubs continue to trade as normal

As a result, sufficient funding has been provided to meet all of the Esporta Group's operational commitments and to ensure that capital expenditure for the development and the improvement of clubs continues

The Directors' report for the company's ultimate parent undertaking at the year end, Esporta Group Limited, contains a fair review of the business of the Esporta Group including the company, and an indication of future developments as required by section 234ZZB of the Companies Act 1985, using key performance indicators and risk analysis

Indemnity

The Articles of Association provide for the company indemnifying all directors subject to the provisions of the Companies Act 1985 (as amended)

Directors' report (*continued*)

Directors

The directors shown at the head of this report are currently in office. Changes to the directors since incorporation were as follows:

Name	Appointed	Resigned
A Levy	2 December 2005	12 January 2006
D J Pudge	2 December 2005	12 January 2006
N D Gillis	12 January 2006	13 July 2007
M D Ball	12 January 2006	13 August 2007
M E McGuigan	1 March 2006	9 May 2006
T P Moore	10 May 2006	4 April 2007
D J Coupe	22 February 2007	26 March 2008
H Sihra	22 February 2007	26 March 2008
P J Guyer	24 April 2007	12 September 2007
G G Timms	13 July 2007	-
S P Charlton	4 September 2007	-
T J Redburn	4 September 2007	1 November 2007
A J Hall	28 November 2007	-
J Dhody	26 March 2008	-

There were no other directors during the year.

Auditors

Ernst & Young LLP having been appointed as auditors and having confirmed their willingness to act, will continue as auditors to the company pursuant to Section 386 (2) of the Companies Act 1985.

Annual General Meeting

Pursuant to the Elective Resolutions, the Company will not hold an Annual General Meeting unless this is requested by any member.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



R T V Tyson
Secretary

21 APR 2008

Registered Office

Trinity Court
Molly Millars Lane
Wokingham
Berkshire RG41 2PY

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with the 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 these 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of EPH No 1 Limited

We have audited the financial statements of EPH No 1 Limited for the period ended 31 December 2006, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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).

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.

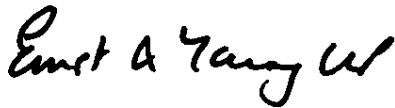
Opinion

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 December 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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued provision of adequate financial support to the company by Esporta Group Limited, a parent undertaking. Esporta Group Limited is itself dependent upon the continued provision of adequate financial support by the administrators to its parent companies (and, in turn, by the parent companies' bankers, Societe Generale). As described in note 1, the directors have concluded that the likelihood of withdrawal of this financial support is remote. However, the possibility of withdrawal of this financing gives rise to a material uncertainty over 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.



Ernst & Young LLP
Registered Auditor
London

Date *23 April* 2008

Profit and loss account
for the period ended 31 December 2006

	<i>Note</i>	2006 £
Provision for loss incurred by subsidiary LLP undertakings		(119)
		<hr/>
Loss on ordinary activities before taxation	2	(119)
Tax on loss on ordinary activities	4	-
		<hr/>
Loss for the financial period	9	(119)
		<hr/> <hr/>

Statement of Total Recognised Gains and Losses
for the period ended 31 December 2006

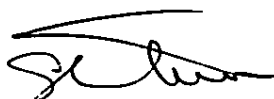
The company has no recognised gains or losses other than the loss for the period and the results relate wholly to continuing operations

Balance sheet
at 31 December 2006

	<i>Note</i>	2006 £	£
Fixed assets			
Investments	5		5
Current assets			
Debtors	6	1	
		<u>1</u>	
Creditors amounts falling due within one year	7	(124)	
Net current liabilities			(123)
Net assets			<u>(118)</u>
Capital and reserves			
Called up share capital	8		1
Profit and loss account	9		(119)
Equity shareholders' funds			<u>(118)</u>

These financial statements were approved by the board of directors on
on its behalf by

21 APR 2008 and signed



A J Hall
Director

Reconciliation of movements in shareholders' funds
for the period ended 31 December 2006

	2006 £
On incorporation	-
Issue of share capital	1
Loss for the financial period	(119)
	<hr/>
Closing shareholders' funds	(118)
	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention and within the requirements of the Companies Act 1985

Exemption from preparation of consolidated financial statements

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

These accounts have been prepared on a going concern basis as Esporta Group Limited, a parent undertaking of the company, has indicated its intention to provide the company with continuing financial support.

Esporta Group Limited is itself dependent on the financial support of its parent companies. The parent companies of Esporta Group Limited (Bell Leisure Investments No 1(UK) Limited and Bell Leisure Investments No 2(UK) Limited) are in administration. Esporta Group Limited has confirmed that it has obtained the financial support of the administrators to these companies which has in turn been provided by their bankers, Societe Generale. The administrators have confirmed to Esporta Group Limited that it is their current intention that this financial support will continue until such time as the administrators vacate office or Esporta Group Limited and its subsidiaries are subject to sale or other material disposal. The directors are of the opinion that, in the case of such an event, the group would be sold on a going concern basis with suitable financing being put in place.

Should the intention of the administrators change such that this financial support is withdrawn, then the going concern basis of preparation of these financial statements may not be appropriate. However having consulted with the administrators, the directors believe that the likelihood of the withdrawal of the financial support is remote.

Related party transactions

The directors have taken advantage of the exemption in FRS 8, Paragraph 3(c) and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Cash flow statement

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Esporta Group Limited and is included within the publicly available consolidated financial statements of that company.

Investments

Investments held as fixed assets are stated at cost less impairment provision. Such investments are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be appropriate. The company's share of the profits and losses attributable from subsidiary undertakings which have been incorporated as Limited Liability Partnerships are recognised in the profit and loss account of the company.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes (continued)

2 Loss on ordinary activities before taxation

	2006 £
<i>Loss on ordinary activities before taxation is arrived at after charging</i>	
Provision for loss incurred by subsidiary LLP undertakings	(119)

Auditors' remuneration is paid by a fellow subsidiary undertaking

3 Directors' remuneration

The directors received no remuneration from the company during the period but were remunerated by the company's fellow subsidiary undertaking, Esporta Health & Fitness Limited. It is not possible to identify separately this remuneration in respect of services to the company.

4 Tax on profit on ordinary activities

No corporation tax has been charged for the period.

Factors affecting the current tax for the period

The current tax for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	2006 £
<i>Current tax reconciliation</i>	
Profit on ordinary activities before tax	(119)
Current tax at 30%	(36)
<i>Effects of</i>	
Group relief received without payment	36
Total current tax (above)	-

Future tax charges are expected to remain below the current rate of tax due to the existence of tax losses in the Esporta group.

Notes (continued)

5 Investments

	Other Investments £
<i>Cost</i>	
At 2 December 2005	-
Additions	5
	<hr/>
At end of year	5
	<hr/> <hr/>

The investments of the company at 31 December 2006 are set out below

Name of unincorporated business	Nature of business	Percentage of partnership capital held
Esporta PH LLP	Property company	0.0010%
Esporta Hampshire PH LLP	Property company	0.0010%
Esporta PH No1 LLP	Property company	0.0026%
Esporta PH No2 LLP	Property company	0.0016%
Esporta PH No3 LLP	Property company	0.0021%

The investments were impaired at 31 December 2006 due to losses generated during the period to date

6 Debtors

	2006 £
Amounts owed by group undertakings	1
	<hr/> <hr/>

7 Creditors: amounts falling due within one year

	2006 £
Amounts owed to group undertakings	5
Provision for loss incurred by subsidiary LLP undertakings	119
	<hr/>
	124
	<hr/> <hr/>

8 Called up share capital

	2006 £
<i>Authorised</i>	
100 Ordinary shares of £1 each	100
	<hr/> <hr/>
<i>Allotted and fully paid</i>	
1 Ordinary shares of £1 each	1
	<hr/> <hr/>

Notes (continued)

9 Profit and loss account

	£
At the beginning of the period	-
Loss for the financial period	(119)
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At end of period	(119)
	<hr/>

10 Ultimate parent undertaking

The company's immediate parent undertaking is Dollview Limited, registered in England

At 31 December 2006, the company's ultimate parent undertaking was Esporta Group Limited, registered in England. The only consolidated Financial Statements including the results of the company are those of Esporta Group Limited. These Financial Statements may be obtained from Trinity Court, Molly Millars Lane, Wokingham, Berkshire RG41 2PY. With effect from 22 February 2007 the ultimate parent undertaking became Bell Leisure Group Limited, incorporated in Jersey.

11 Post balance sheet events

On 22 February 2007 Bell Leisure Group Limited acquired the company's then ultimate parent undertaking, Esporta Group Limited, through intermediate holding companies Bell Leisure Investments No 1 (UK) Limited and Bell Leisure Investments No 2 (UK) Limited. On 13 August 2007 Martin Ellis, Andrew Hosking and Mark Byers, partners in Grant Thornton UK LLP, were appointed joint administrators of Bell Leisure Investments No 1 (UK) Limited and Bell Leisure Investments No 2 (UK) Limited. The administrators' strategy is to facilitate a financial restructuring of the capital structure of these companies or an appropriate sale. Esporta Group Limited is not in administration.