



Financial statements

The Gym Limited

For the year ended 31 December 2009



Company No. 05659669

Officers and professional advisers

Company registration number	05659669
Registered office	Blenheim Centre Prince Regent Road Hounslow TW3 1NL
Directors	J Phillips Ms A-M Harris J Treharne P W Newborough A J Mathews
Secretary	A J Mathews
Bankers	HSBC Bank plc 431 Oxford Street London W1C 2DA
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Melton Street Euston Square London NW1 2EP

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2009

Principal activities and business review

The principal activity of the company during the year was the provision and operation of gym facilities

In 2009 The Gym has successfully opened a further 5 UK sites and all 6 sites are trading strongly. Our pilot site at Hounslow has been very successful and this site has been extended by a further 40% (6,000 square feet) to cope with the membership demand. To date, Bridges Ventures Limited has invested £5m to facilitate the growth in 2009.

The plan for 2010 is to open 8 to 10 further sites with the support from Bridges Ventures Limited, mixed with Senior Bank Debt. The new sites will primarily be in regeneration areas to benefit the community within these areas. The management team are determined to continue to produce high quality health and fitness facilities to enable its members to enjoy the facilities 24 hours a day, with no membership contract and at low cost.

Directors

The directors who served the company during the year were as follows

J Phillips
Ms A-M Harris
J Treharne
P W Newborough
A J Mathews

J Phillips was appointed as a director on 1 April 2009. A J Mathews was appointed as a director on 22 December 2009.

Directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the directors (continued)

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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP were appointed auditors on 1 February 2010 to fill a casual vacancy in accordance with the Companies Act 2006.

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 478(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD



A J Mathews
Secretary

Date 07 06 10



Report of the independent auditor to the members of The Gym Limited

We have audited the financial statements of The Gym Limited for the year ended 31 December 2009. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the members of The Gym 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, 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, or
- the directors were not entitled to prepare the financial statements and the report of the directors in accordance with the small companies regime



Mark Henshaw
Senior Statutory auditor
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
LONDON

Date **7 June 2010**

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The principal accounting policies of the company remain unchanged from the previous year and are set out below.

Going concern

At the year end the company had net liabilities of £411,838 and incurred a loss for the year of £57,601. The company is reliant upon the continued financial support of the shareholders, who have confirmed that such support will be made available. Accordingly these financial statements have been prepared on a going concern basis.

Turnover

Turnover represents net invoiced sales of services provided in the year and non-refundable joining fees received during the year, exclusive of value added tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	Straight line over life of the lease
Fixtures & fittings	-	20% per annum straight line
Computer equipment	-	33% per annum straight line
Gym equipment	-	20% per annum straight line
Website design	-	20% per annum straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss at a constant rate of charge on the balance of the capital repayments outstanding.

Accounting policies (continued)

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for further instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Rent free periods in respect of property leases are charged evenly over the period from the opening of the facility to the first rent review.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Finance costs

Finance costs directly incurred on the loan instruments are capitalised and amortised over the life of the loan in accordance with FRS15.

Finance costs which are directly attributable to the development of a specific gym site are capitalised. Capitalisation commences when finance costs are incurred and expenditure on the site begins. Capitalisation ceases when the development of the site is brought into use.

Profit and loss account

	Note	2009 £	2008 £
Turnover		2,653,156	488,232
Cost of sales		<u>115,621</u>	<u>38,358</u>
Gross profit		2,537,535	449,874
Other operating charges	1	<u>2,389,730</u>	<u>592,181</u>
Operating profit/(loss)	2	147,805	(142,307)
Interest receivable		1,174	7,922
Interest payable and similar charges		<u>(206,580)</u>	<u>(103,221)</u>
Loss on ordinary activities before taxation		<u>(57,601)</u>	<u>(237,606)</u>
Tax on loss on ordinary activities		—	—
Loss for the financial year	10	<u>(57,601)</u>	<u>(237,606)</u>

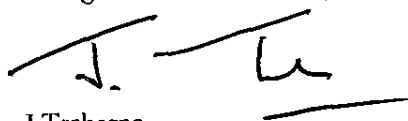
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	3	<u>6,664,592</u>	<u>1,882,489</u>
Current assets			
Stocks		21,516	4,995
Debtors	4	447,259	273,047
Cash at bank		<u>222,523</u>	<u>204,829</u>
		691,298	482,871
Creditors: amounts falling due within one year	5	<u>1,160,850</u>	<u>252,357</u>
Net current (liabilities)/assets		<u>(469,552)</u>	<u>230,514</u>
Total assets less current liabilities		<u>6,195,040</u>	<u>2,113,003</u>
Creditors, amounts falling due after more than one year	6	<u>6,606,878</u>	<u>2,469,740</u>
		<u>(411,838)</u>	<u>(356,737)</u>
Capital and reserves			
Called-up equity share capital	9	47,500	45,000
Profit and loss account	10	<u>(459,338)</u>	<u>(401,737)</u>
Deficit		<u>(411,838)</u>	<u>(356,737)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 07/09/10, and are signed on their behalf by


J Treharne
Director

Company Registration Number: 05659669

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Other operating charges

	2009 £	2008 £
Administrative expenses	<u>2,389,730</u>	<u>592,181</u>

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging

	2009 £	2008 £
Directors' remuneration	233,367	62,500
Directors' pension contributions	11,590	4,375
Depreciation of owned fixed assets	147,808	33,314
Depreciation of assets held under hire purchase agreements	186,222	40,665
Auditor's fees	<u>10,250</u>	<u>5,000</u>

3 Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Gym equipment £	Website design £	Total £
Cost						
At 1 Jan 2009	1,337,254	42,375	8,173	531,141	37,525	1,956,468
Additions	<u>3,421,967</u>	<u>75,517</u>	<u>29,039</u>	<u>1,567,217</u>	<u>21,335</u>	<u>5,115,075</u>
At 31 Dec 2009	<u>4,759,221</u>	<u>117,892</u>	<u>37,212</u>	<u>2,098,358</u>	<u>58,860</u>	<u>7,071,543</u>
Depreciation						
At 1 Jan 2009	20,815	3,112	2,724	42,453	4,875	73,979
Charge for the year	<u>97,330</u>	<u>11,571</u>	<u>5,974</u>	<u>209,584</u>	<u>8,513</u>	<u>332,972</u>
At 31 Dec 2009	<u>118,145</u>	<u>14,683</u>	<u>8,698</u>	<u>252,037</u>	<u>13,388</u>	<u>406,951</u>
Net book value						
At 31 Dec 2009	<u>4,641,076</u>	<u>103,209</u>	<u>28,514</u>	<u>1,846,321</u>	<u>45,472</u>	<u>6,664,592</u>
At 31 Dec 2008	<u>1,316,439</u>	<u>39,263</u>	<u>5,449</u>	<u>488,688</u>	<u>32,650</u>	<u>1,882,489</u>

Included within the net book value of £6,664,592 is £1,735,795 (2008 £479,578) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £186,222 (2008 £40,665).

4 Debtors

	2009	2008
	£	£
Trade debtors	3,013	23,161
Other debtors	92,009	141,439
Prepayments and accrued income	352,237	108,447
	<u>447,259</u>	<u>273,047</u>

5 Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	432,832	64,389
Corporation tax	117	—
PAYE and social security	19,028	5,645
Amounts due under hire purchase agreements	404,791	94,573
Other creditors	10,635	1,155
Accruals and deferred income	293,447	86,595
	<u>1,160,850</u>	<u>252,357</u>

6 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Amounts due under hire purchase agreements	1,335,818	382,836
Secured loan notes	4,881,940	1,960,000
Accruals and deferred income	389,120	126,904
	<u>6,606,878</u>	<u>2,469,740</u>

The secured loan notes are repayable in July 2012 and are repayable by means other than by instalments
Interest is charged at a fixed rate of 8% per annum and is payable on redemption

The loan notes are secured by a debenture including fixed and floating charge over the company's assets

7 Commitments under operating leases

At 31 December 2009 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	Land & buildings	
	2009	2008
	£	£
Operating leases which expire		
After more than 5 years	<u>816,517</u>	<u>268,910</u>

8 Related party transactions

Bridges Ventures Limited, the company's ultimate controlling party, charged the company £15,000 (2008 £15,000) in respect of monitoring fees in the year, of which £3,750 (2008 £7,500) was outstanding at the year end

Bridges Community Ventures Nominees Limited subscribed for £3,000,000 (2008 £1,000,000) of secured loan stock issued by the company in the year and charged the company £262,216 (2008 £93,238) of interest on this in the year. At the year end, the company owed capital of £4,960,000 (2008 £1,960,000) and interest of £389,120 (2008 £126,904) to Bridges Community Ventures Nominees Limited. Interest accrued is included within accruals due in more than one year.

During the year the company was charged £1,289,600 (2008 £nil) for services from Closewall Limited, a company under the control of a family member of a director, J Treharne. At the year end, £139,900 (2008 £nil) was owed to Closewall Limited.

9 Share capital

Authorised share capital

	2009 £	2008 £
1,000,000 A Ordinary shares of £0.01 each	10,000	10,000
4,000,000 B Ordinary shares of £0.01 each	40,000	40,000
	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid

	2009		2008	
	No	£	No	£
750,000 A Ordinary shares (2008 500,000) of £0.01 each	750,000	7,500	500,000	5,000
4,000,000 B Ordinary shares of £0.01 each	4,000,000	40,000	4,000,000	40,000
	<u>4,750,000</u>	<u>47,500</u>	<u>4,500,000</u>	<u>45,000</u>

During the year the company issued 150,000 A ordinary shares of £0.01 each for a consideration of £1,500 to J Phillips, a director of the company. The company also issued 100,000 A ordinary shares of £0.01 each for a consideration of £1,000 to A J Mathews, who is also a director of the company.

Respective rights of ordinary share classes

On winding up or capital reduction of the company, the B Ordinary shares entitle holders to receive the subscription price together with any unpaid dividend entitlement ahead of the holders of the A Ordinary shares. The A and B classes of ordinary shares rank *pari passu* in all other respects.

10 Profit and loss account

	2009 £	2008 £
Balance brought forward	(401,737)	(164,131)
Loss for the financial year	<u>(57,601)</u>	<u>(237,606)</u>
Balance carried forward	<u>(459,338)</u>	<u>(401,737)</u>