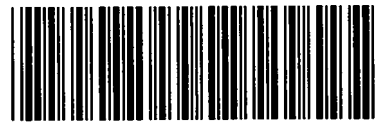


**COMPANIES  
HOUSE  
COPY**

**Company Registration No. 00644831 (England and Wales)**

**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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# **ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

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# **ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

## **COMPANY INFORMATION**

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**Directors**

C P Johnson  
D M Johnson

**Secretary**

J Hodd

**Company number**

00644831

**Registered office**

Radnor Park  
Greenfield Road  
Congleton  
Cheshire  
CW12 4TW

**Auditors**

Cowgill Holloway LLP  
Regency House  
45-53 Chorley New Road  
Bolton  
BL1 4QR

**Bankers**

The Royal Bank of Scotland Plc  
Congleton Branch  
56 High Street  
Congleton  
CW12 1BB

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# **ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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The directors present the strategic report and financial statements for the year ended 31 December 2014.

### **Review of the business**

The directors are pleased to report turnover for 2014 of £4.3m, representing an 11% growth over the prior year. This has been driven by a combination of a significant redevelopment project on top of the stable revenues derived from membership income and operational support to our leisure partners.

Since its formation in 1959, Rock Merchanting has been a valuable resource to its leisure industry Partners. Despite the recent economic instability, Rock Merchanting has supported its leisure partners, retaining and maintaining its existing membership community and attracting new memberships within their leisure centres, by a mix of innovative sales and marketing strategies alongside a focus on the provision of quality gym operations. Rock Merchanting's offering is based on assisting its leisure partners to ensure efficient and effective operational management processes and value for money marketing strategies.

### **Principal risks and uncertainties**

The directors have considered the exposure of the company to risks. The principal risks are foreign currency risk, credit risk and liquidity risk. The company is funded through its retained earnings and borrowings. The directors regularly monitor cash flow projections of the company in order to ensure that it has sufficient available funds for its continuing operations. The company is exposed to direct currency risk. However it manages to safeguard itself by using amounts received in foreign currencies from its customers to pay overseas suppliers. The company has policies in place such that credit checks are made on all potential customers prior to sales being made. Key suppliers are also subject to credit checks in order to mitigate supply chain failure.

### **Position of the company at the year end**

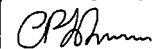
The company has significant net assets which demonstrates that the company is in a strong financial position and has the ability to both invest in the company's future and commit to future customer projects. Overall the directors are delighted with the company's performance and look forward to healthy profits in the future as the company continues to prosper.

### **Future developments**

Looking forward, the directors will continue to assist its current leisure partners with efficient and effective operational support as well as innovative and effective membership and marketing strategies. In addition, Rock Merchanting is well placed to provide a suite of operational support and financing options for future prospective leisure partners.

On behalf of the board

DocuSigned by:



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C P Johnson

**Director**

12 August 2015 | 2:39 PM GMT

# ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report and financial statements for the year ended 31 December 2014.

### Principal activities

The principal activity of Rock Merchanting Limited is the provision of operational management services to the leisure industry. Activities such as direct debit management, sales and marketing support, training services, operational management and the supply of leisure management software.

### Results and dividends

The results for the year are set out on page 5.

### Directors

The following directors have held office since 1 January 2014:

C P Johnson

D M Johnson

### Auditors

The auditors, Cowgill Holloway LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 judgements and accounting 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.

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.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

DocuSigned by:  
  
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C P Johnson

Director

12 August 2015 | 2:39 PM GMT

## **ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE MEMBERS OF ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

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We have audited the financial statements of Rock Merchanting Limited (t/a Pulse Fitness) for the year ended 31 December 2014 set out on pages 5 to 17. 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 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 set out on page 2, 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 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2014 and of its profit 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

### **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

#### **TO THE MEMBERS OF ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

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##### **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.

DocuSigned by:



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**Stuart Stead (Senior Statutory Auditor)**  
**for and on behalf of Cowgill Holloway LLP**

12 August 2015 | 5:00 PM GMT  
.....

**Chartered Accountants**  
**Statutory Auditor**

Regency House  
45-53 Chorley New Road  
Bolton  
BL1 4QR

**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £	2013 £
<b>Turnover</b>	<b>2</b>	4,340,477	3,915,200
Cost of sales		(3,715,080)	(3,079,066)
<b>Gross profit</b>		625,397	836,134
Administrative expenses		(532,873)	(626,850)
<b>Operating profit</b>	<b>3</b>	92,524	209,284
Interest payable and similar charges	<b>4</b>	(4,507)	(5,234)
<b>Profit on ordinary activities before taxation</b>		88,017	204,050
Tax on profit on ordinary activities	<b>5</b>	(20,422)	48,659
<b>Profit for the year</b>	<b>14</b>	67,595	252,709

The profit and loss account has been prepared on the basis that all operations are continuing operations.

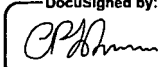
There are no recognised gains and losses other than those passing through the profit and loss account.



**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)****BALANCE SHEET****AS AT 31 DECEMBER 2014**

	Notes	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets	8	1,230,081		1,449,355	
Investments	9	500,000		500,000	
		<u>1,730,081</u>		<u>1,949,355</u>	
<b>Current assets</b>					
Debtors	10	1,056,626		655,677	
Cash at bank and in hand		55,061		228,583	
		<u>1,111,687</u>		<u>884,260</u>	
<b>Creditors: amounts falling due within one year</b>	11	(999,550)		(1,037,049)	
<b>Net current assets/(liabilities)</b>			<u>112,137</u>		<u>(152,789)</u>
<b>Total assets less current liabilities</b>			<u>1,842,218</u>		<u>1,796,566</u>
<b>Provisions for liabilities</b>	12		(59,167)		(81,110)
			<u>1,783,051</u>		<u>1,715,456</u>
<b>Capital and reserves</b>					
Called up share capital	13	126,500		126,500	
Profit and loss account	14	1,656,551		1,588,956	
<b>Shareholders' funds</b>	15	<u>1,783,051</u>		<u>1,715,456</u>	

Approved by the Board and authorised for issue on 12 August 2015 | 2:39 PM GMT

DocuSigned by:  
  
 .....6581C9872F24473.....  
 C P Johnson  
 Director

Company Registration No. 00644831

**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2014**

	£	2014 £	£	2013 £
<b>Net cash (outflow)/inflow from operating activities</b>		(78,307)		698,602
<b>Returns on investments and servicing of finance</b>				
Interest paid	-		(5,234)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		-		(5,234)
<b>Taxation</b>		-		(9)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(95,215)		(275,292)	
Receipts from sales of tangible assets	-		43,453	
<b>Net cash outflow for capital expenditure</b>		(95,215)		(231,839)
<b>Equity dividends paid</b>		-		(242,820)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(173,522)		218,700
<b>(Decrease)/increase in cash in the year</b>		(173,522)		218,700

**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)****NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit	92,524	209,284
Depreciation of tangible assets	314,489	332,475
(Increase)/decrease in debtors	(400,949)	195,097
Decrease in creditors within one year	(84,371)	(38,254)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(78,307)</b>	<b>698,602</b>

<b>2 Analysis of net funds</b>	<b>1 January 2014</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 December 2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:				
Cash at bank and in hand	228,583	(173,522)	-	55,061
Bank deposits	-	-	-	-
<b>Net funds</b>	<b>228,583</b>	<b>(173,522)</b>	<b>-</b>	<b>55,061</b>

<b>3 Reconciliation of net cash flow to movement in net funds</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
(Decrease)/increase in cash in the year	(173,522)	218,700
<b>Movement in net funds in the year</b>	<b>(173,522)</b>	<b>218,700</b>
Opening net funds	228,583	9,883
<b>Closing net funds</b>	<b>55,061</b>	<b>228,583</b>

# **ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

---

### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **1.2 Turnover**

Turnover represents amounts receivable for services provided net of VAT and trade discounts. Income advanced to the company for the construction of the gym and supply of gym equipment is released to turnover immediately.

Management income is recognised as it is earned.

#### **1.3 Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fitness equipment  
Fixtures & fittings

Cost less residual value of 35% depreciated over 5 years  
Written off on a straight line basis over 3 to 5 years

#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.7 Long term contracts**

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

#### **1.8 Pensions**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

# ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### 1 Accounting policies

(Continued)

##### 1.9 Deferred taxation

Deferred taxation is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised for tax purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued asset and the resulting gain or loss has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates which are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws which have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit	2014 £	2013 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	314,489	332,475
	Auditors' remuneration (including expenses and benefits in kind)	8,500	8,800
		<u>          </u>	<u>          </u>
4	Interest payable	2014 £	2013 £
	Other interest	4,507	5,234
		<u>          </u>	<u>          </u>

**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>5</b>	<b>Taxation</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	42,365	67,774
	Adjustment for prior years	-	40,617
	<b>Total current tax</b>	<b>42,365</b>	<b>108,391</b>
	<b>Deferred tax</b>		
	Deferred tax charge/(credit) current year	(21,943)	(157,050)
		<u>20,422</u>	<u>(48,659)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>88,017</u>	<u>204,050</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2013 - 23.00%)	<u>18,484</u>	<u>46,932</u>
	Effects of:		
	Non deductible expenses	419	12
	Depreciation add back	66,043	76,469
	Capital allowances	(42,913)	(55,710)
	Adjustments to previous periods	-	40,617
	Other tax adjustments	332	71
		<u>23,881</u>	<u>61,459</u>
	<b>Current tax charge for the year</b>	<b><u>42,365</u></b>	<b><u>108,391</u></b>
	Other taxation adjustments relate to marginal relief.		
<b>6</b>	<b>Dividends</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
	Ordinary interim paid	-	242,820

During the year the company paid dividends of £nil per Ordinary shares (2013: £3.84).

**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2014****7 Intangible fixed assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2014 & at 31 December 2014	874,093
<b>Amortisation</b>	
At 1 January 2014 & at 31 December 2014	874,093
<b>Net book value</b>	
At 31 December 2014	-
At 31 December 2013	-

**8 Tangible fixed assets**

	<b>Fitness equipment £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2014	2,740,133	137,050	2,877,183
Additions	89,015	6,200	95,215
At 31 December 2014	2,829,148	143,250	2,972,398
<b>Depreciation</b>			
At 1 January 2014	1,299,028	128,800	1,427,828
Charge for the year	307,814	6,675	314,489
At 31 December 2014	1,606,842	135,475	1,742,317
<b>Net book value</b>			
At 31 December 2014	1,222,306	7,775	1,230,081
At 31 December 2013	1,441,105	8,250	1,449,355

# ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 9 Fixed asset investments

	Shares in participating interests £
<b>Cost</b>	
At 1 January 2014 & at 31 December 2014	500,000
<b>Net book value</b>	
At 31 December 2014	500,000
At 31 December 2013	500,000

Historically £500,000 of an intercompany debt between Rock Merchanting Limited and Pulse Fitness Limited was capitalised, resulting in Rock Merchanting Limited being issued with 500,000 preference shares in Pulse Fitness Limited.

10 Debtors	2014 £	2013 £
Trade debtors	249,986	228,437
Amounts owed by parent and fellow subsidiary undertakings	102,176	102,176
Other debtors	704,464	299,720
Prepayments and accrued income	-	25,344
	<u>1,056,626</u>	<u>655,677</u>

Amounts falling due after more than one year and included in the debtors above are:

	2014 £	2013 £
Trade debtors	<u>4,998</u>	<u>17,446</u>

Included in trade debtors is £23,751 (2013: £36,199) which is secured on assets sold by the company on a hire purchase agreement.



**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2014**

<b>11 Creditors: amounts falling due within one year</b>	<b>2014 £</b>	<b>2013 £</b>
Trade creditors	283,372	214,985
Amounts owed to related undertakings	-	75,000
Corporation tax	176,207	133,842
Other taxes and social security costs	216,493	173,133
Other creditors	-	132,687
Accruals and deferred income	323,478	307,402
	<u>999,550</u>	<u>1,037,049</u>

<b>12 Provisions for liabilities</b>	<b>Deferred tax liability £</b>
Balance at 1 January 2014	81,110
Profit and loss account	(21,943)
Balance at 31 December 2014	<u>59,167</u>

The deferred tax liability is made up as follows:

	<b>2014 £</b>	<b>2013 £</b>
Accelerated capital allowances	<u>59,167</u>	<u>81,110</u>

<b>13 Share capital</b>	<b>2014 £</b>	<b>2013 £</b>
<b>Allotted, called up and fully paid</b>		
63,250 Ordinary shares of £1 each	63,250	63,250
63,250 Deferred shares of £1 each	63,250	63,250
	<u>126,500</u>	<u>126,500</u>

The holders of the deferred shares have no right to dividend. On winding up, return of capital or otherwise they shall be entitled to one tenth of the capital paid or credited as paid on the shares held by them. No other rights are conferred on the deferred shares.

# ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2014

#### 14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2014	1,588,956
Profit for the year	67,595
Balance at 31 December 2014	1,656,551

#### 15 Reconciliation of movements in Shareholders' funds

	2014 £	2013 £
Profit for the financial year	67,595	252,709
Dividends	-	(242,820)
Net addition to shareholders' funds	67,595	9,889
Opening Shareholders' funds	1,715,456	1,705,567
Closing Shareholders' funds	1,783,051	1,715,456

#### 16 Contingent liabilities

The company has entered into a multilateral guarantee with The Royal Bank of Scotland Plc for the liabilities and obligations of the company Pulse Fitness Limited. At the year end the amount due to The Royal Bank of Scotland Plc under these guarantees amounted to £1,330,703 (2013: £676,892).

**ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2014****17 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was:

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Commercial	19	22
Client support	152	160
	<u>171</u>	<u>182</u>

**Employment costs**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,081,235	2,045,157
Social security costs	116,729	126,874
	<u>2,197,964</u>	<u>2,172,031</u>

**18 Control**

The ultimate parent undertaking is Pulse Fitness Holdings Ltd, a company registered in England and Wales and under the control of C P and D M Johnson.

## **ROCK MERCHANTING LIMITED (T/A PULSE FITNESS)**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2014**

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#### **19 Related party relationships and transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

The company is related to Pulse Fitness Limited, Pulse Equipment Group Limited and Pulse Soccer Limited by virtue of common control.

During the year, the company was recharged expenses amounting to £223,589 (2013: £173,924), purchased fixed assets and services amounting to £1,177,576 (2013: £728,692) and made sales amounting to £nil (2013: £43,453) to Pulse Fitness Limited. Additionally during the year the company made transfers amounting to £1,805,907 (2013: £803,727) to Pulse Fitness Limited. All purchases and sales were made on an arms length basis. Rock Merchanting Limited continues to hold 500,000 preference shares within Pulse Fitness Limited. At the year end as included within debtors is a balance of £704,464 (2013: £299,720) due from Pulse Fitness Limited. This balance is non-interest bearing, unsecured and repayable on demand.

The directors CP Johnson and DM Johnson have provided a joint and several personal guarantee of £500,000 (2013: £500,000) to the company bankers.

Also during the year the company was charged management fees totalling £50,000 (2013: £75,000) from Pulse Soccer Limited. At the balance sheet date the company owed Pulse Soccer Limited £nil (2013: £75,000). This balance is non interest bearing, unsecured and repayable on demand.