

Company Registration No. 1403318 (England and Wales)

**HOGARTH LEISURE LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2003**



# HOGARTH LEISURE LIMITED

## COMPANY INFORMATION

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**Directors**

C White FRICS  
P J T White MA (Cantab)  
I J Chaffey (Appointed 23 March 2003)  
T J Slater (Appointed 23 March 2003)  
D R Main (Appointed 23 March 2003)

**Secretary**

D R Main

**Company number**

1403318

**Registered office**

Airedale Avenue  
Chiswick  
London  
W4 2NW

**Auditors**

Stapely Benfold  
Admirals Quarters  
Portsmouth Road  
Thames Ditton  
Surrey  
KT7 0XA

**Bankers**

Bank of Scotland  
38 Threadneedle Street  
London  
EC2P 2EH

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# HOGARTH LEISURE LIMITED

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# HOGARTH LEISURE LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

### Principal activities and review of the business

The principal activity of the company during the year continued to be the design and operation of health clubs and other sports facilities. The company also provided certain facilities for other group companies which were recharged at cost.

### Results and dividends

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

### Directors

The following directors have held office since 1 April 2002:

C White FRICS	
P J T White MA (Cantab)	
I J Chaffey	(Appointed 23 March 2003)
T J Slater	(Appointed 23 March 2003)
D R Main	(Appointed 23 March 2003)

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
C White FRICS	-	-
P J T White MA (Cantab)	-	-
I J Chaffey	-	-
T J Slater	-	-
D R Main	-	-

C White and P J T White are interested in the company by virtue of their shareholding in The Hogarth Group Limited.

Charitable donations	2003	2002
	£	£

During the year the company made the following payments:

Charitable donations	-	900
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### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Stapely Benfold be reappointed as auditors of the company will be put to the Annual General Meeting.

# HOGARTH LEISURE LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

On behalf of the board



D R Main

**Director**

22 December 2003

# **HOGARTH LEISURE LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HOGARTH LEISURE LIMITED**

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We have audited the financial statements of Hogarth Leisure Limited for the year ended 31 March 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention and 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 judgements 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.

# HOGARTH LEISURE LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF HOGARTH LEISURE LIMITED

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### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Stapely Benfold**  
**Chartered Accountants &**  
**Registered Auditor**  
Admirals Quarters  
Portsmouth Road  
Thames Ditton  
Surrey  
KT7 0XA

23 December 2003

# HOGARTH LEISURE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover	2	1,069,538	761,495
Cost of sales		(561,406)	(502,906)
Gross profit		508,132	258,589
Administrative expenses		(507,337)	(296,006)
Operating profit/(loss)	3	795	(37,417)
Other interest receivable and similar income		-	191
Interest payable and similar charges	4	(2,014)	(2,559)
Loss on ordinary activities before taxation		(1,219)	(39,785)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	11	(1,219)	(39,785)

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.



# HOGARTH LEISURE LIMITED

## BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	6		86,081		111,248
<b>Current assets</b>					
Debtors	7	145,283		278,170	
Cash at bank and in hand		28		28	
		<u>145,311</u>		<u>278,198</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(150,589)</u>		<u>(303,115)</u>	
<b>Net current liabilities</b>			<u>(5,278)</u>		<u>(24,917)</u>
<b>Total assets less current liabilities</b>			80,803		86,331
<b>Creditors: amounts falling due after more than one year</b>	9		<u>(9,268)</u>		<u>(13,577)</u>
			<u>71,535</u>		<u>72,754</u>
<b>Capital and reserves</b>					
Called up share capital	10		100		100
Profit and loss account	11		71,435		72,654
<b>Shareholders' funds - equity interests</b>	12		<u>71,535</u>		<u>72,754</u>

The financial statements were approved by the Board on 22 December 2003



C White FRICS  
Director



P J T White MA (Cantab)  
Director

# HOGARTH LEISURE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		20,634		89,506
<b>Returns on investments and servicing of finance</b>				
Interest received	-		191	
Interest paid	(2,014)		(2,559)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(2,014)		(2,368)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(3,232)		(70,498)	
Receipts from sales of tangible assets	-		10,200	
<b>Net cash outflow for capital expenditure</b>		(3,232)		(60,298)
<b>Net cash inflow before management of liquid resources and financing</b>		15,388		26,840
<b>Financing</b>				
Capital element of hire purchase contracts	(4,309)		-	
<b>Net cash outflow from financing</b>		(4,309)		-
<b>Increase in cash in the year</b>		11,079		26,840

# HOGARTH LEISURE LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities	2003 £	2002 £
	Operating profit/(loss)	795	(37,417)
	Depreciation of tangible assets	28,399	34,548
	Loss on disposal of tangible assets	-	3,297
	Decrease in debtors	132,887	281,497
	Decrease in creditors within one year	(141,447)	(192,419)
	<b>Net cash inflow from operating activities</b>	<b>20,634</b>	<b>89,506</b>

2	Analysis of net debt	1 April 2002 £	Cash flow £	Other non- cash changes £	31 March 2003 £
	Net cash:				
	Cash at bank and in hand	28	-	-	28
	Bank overdrafts	(29,668)	11,079	-	(18,589)
		<u>(29,640)</u>	<u>11,079</u>	<u>-</u>	<u>(18,561)</u>
	Debt:				
	Finance leases	(17,886)	4,309	-	(13,577)
	<b>Net debt</b>	<b><u>(47,526)</u></b>	<b><u>15,388</u></b>	<b><u>-</u></b>	<b><u>(32,138)</u></b>

3	Reconciliation of net cash flow to movement in net debt	2003 £	2002 £
	Increase in cash in the year	11,079	26,840
	Cash outflow from decrease in debt and lease financing	4,309	3,950
	<b>Movement in net debt in the year</b>	<b>15,388</b>	<b>30,790</b>
	Opening net debt	(47,526)	(78,316)
	<b>Closing net debt</b>	<b>(32,138)</b>	<b>(47,526)</b>

# HOGARTH LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

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### 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 goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets 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:

Office equipment	25% Reducing balance method
Computer equipment	25% Reducing balance method
Motor vehicles	25% Reducing balance method

#### 1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

#### 1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

### 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/(loss)	2003 £	2002 £
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	28,399	34,548
Loss on disposal of tangible assets	-	3,297
Operating lease rentals	-	960
Auditors' remuneration	42,639	52,538

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# HOGARTH LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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4	Interest payable	2003 £	2002 £
	Hire purchase interest	2,014	2,235
	On overdue tax	-	324
		<hr/>	<hr/>
		2,014	2,559
		<hr/>	<hr/>

### 5 Taxation

No taxation charge arises due to the availability of group relief.

# HOGARTH LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

### 6 Tangible fixed assets

	Office equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2002	46,212	112,339	68,796	227,347
Additions	3,232	-	-	3,232
At 31 March 2003	49,444	112,339	68,796	230,579
<b>Depreciation</b>				
At 1 April 2002	36,268	62,162	17,669	116,099
Charge for the year	3,073	12,544	12,782	28,399
At 31 March 2003	39,341	74,706	30,451	144,498
<b>Net book value</b>				
At 31 March 2003	10,103	37,633	38,345	86,081
At 31 March 2002	9,944	50,177	51,127	111,248

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
<b>Net book values</b>	
At 31 March 2003	15,353
At 31 March 2002	20,471
<b>Depreciation charge for the year</b>	
31 March 2003	5,118
31 March 2002	6,824

### 7 Debtors

	2003 £	2002 £
Trade debtors	147,754	184,499
Amounts owed by parent and fellow subsidiary undertakings	(29,539)	89,342
Other debtors	27,068	4,329
	145,283	278,170

# HOGARTH LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

<b>8 Creditors: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	18,589	29,668
Net obligations under hire purchase contracts	4,309	4,309
Trade creditors	58,337	35,852
Taxes and social security costs	66,354	231,786
Other creditors	-	1,500
Accruals and deferred income	3,000	-
	<u>150,589</u>	<u>303,115</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

<b>9 Creditors: amounts falling due after more than one year</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Net obligations under hire purchase contracts	<u>9,268</u>	<u>13,577</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	4,309	4,309
Repayable between one and five years	9,268	13,577
	<u>13,577</u>	<u>17,886</u>
Included in liabilities falling due within one year	(4,309)	(4,309)
	<u>9,268</u>	<u>13,577</u>

<b>10 Share capital</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

# HOGARTH LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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

	Profit and loss account £
Balance at 1 April 2002	72,654
Retained loss for the year	(1,219)
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Balance at 31 March 2003	71,435
	<hr/>

### 12 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Loss for the financial year	(1,219)	(39,785)
Opening shareholders' funds	72,754	112,539
	<hr/>	<hr/>
Closing shareholders' funds	71,535	72,754
	<hr/>	<hr/>

### 13 Directors' emoluments

	2003 £	2002 £
Emoluments for qualifying services	246,752	80,894
	<hr/>	<hr/>

### 14 Transactions with directors

C White and P J T White are interested in the provision of goods and services to other group company's and in interest free loans made by and to other group company's takings by reason of their shareholding in the group's parent undertaking. In the year to 31 March 2003 the cost of goods sold to other group companies was £1,069,538 (2002 £761,895).



# HOGARTH LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

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### 15 Employees

#### Number of employees

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

	2003 Number	2002 Number
	22	20
	<u>          </u>	<u>          </u>
 Employment costs		
	£	£
Wages and salaries	682,187	493,978
Social security costs	26,709	8,547
	<u>          </u>	<u>          </u>
	708,896	502,525
	<u>          </u>	<u>          </u>

### 16 Related party transactions

The company's parent undertaking is The Hogarth Group Limited. It has included the company in its group accounts, copies of which are available from its registered office: Airedale Avenue, Chiswick, London W4 2NW.

In the directors' opinion the company is controlled by The Hogarth Group Limited.