

**FITNESS PROFESSIONALS LIMITED**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

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## **FITNESS PROFESSIONALS LIMITED**

### **COMPANY INFORMATION**

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<b>DIRECTORS</b>	Brent Hallo Jane Waller David Roger Llewellyn Andrew Jackson Robert Stanley Meacock
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<b>COMPANY NUMBER</b>	2499039
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<b>REGISTERED OFFICE</b>	Kalbarri House 113 London Road London E13 0DA
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<b>AUDITORS</b>	haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY
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## **FITNESS PROFESSIONALS LIMITED**

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## **FITNESS PROFESSIONALS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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The directors present their report and the financial statements for the year ended 31 December 2011

#### **PRINCIPAL ACTIVITIES**

The Group's principal activity during the year was the provision of fitness products and services to professionals in the fitness industry

#### **BUSINESS REVIEW**

##### **Principal risks and uncertainties**

The Group is reliant on the continued uptake of gym memberships and the popularity of physical exercise and any change in the level of activity is likely to affect results. Notwithstanding the ongoing depressed economic conditions and uncertainty in the key markets of North America and Europe and the inherent risk for the business, the board is of the view that, given the cash reserves in the business, the continuing geographical and product diversification underway and together with the ability to manage costs, the Group is well placed

##### **Significant event after balance sheet date**

On 1 March 2012 Clark Road Limited acquired 100% of the issued shares in Les Mills Fitness UK Limited from Fitness Professionals Limited for a gross cash consideration of £3m. The impact of this transaction (and other discontinued operations) have been classified as "discontinued operations" for reporting purposes in line with accounting standards. The prior year results have also been restated for comparative purposes

The separation of the financial performance of the continuing and discontinued businesses include management's best estimate and judgement in the allocation of certain revenue and cost of sales between continuing and discontinued businesses

##### **Review of the business**

The results for the year are set out on page 6

Despite the continuing uncertainty in trading conditions for many of our customers, revenue for the financial year ended 31 December 2011 increased 8.3% on 2010 levels to £12.1m. Gross profit decreased by 7.8% to £3.6m. The results reflect year end one-off stock write downs in relation to discontinued operations

The revenue from continuing operations increased by 13% to £6.3m,

The loss from continuing operations before tax increased from £1.8m in 2010 to £2.4m in 2011. These losses are stated after deducting the costs associated with the investment we have made in growing our businesses around the world and improving their operational efficiency. The apportionment of corporate and administration expenses to discontinued operations has been limited to the direct costs incurred in relation to the sale of Les Mills Fitness UK Limited

##### **Likely developments and future results**

The Group's restructuring following the sale of Les Mills Fitness UK Limited will be completed in 2012. Over the last two years the Board has invested heavily in the development of its businesses around the world and it will not be necessary to invest at that level in future

The Group has the international infrastructure and financial strength to pursue the opportunities available in its chosen markets

## **FITNESS PROFESSIONALS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation and minority interests, amounted to £233,388 (2010 - £634,589)

The directors consider that the company's results for the year and its position at the year end are satisfactory. During the year, the company paid dividends amounting to £600,000 (2010 £268,686)

#### **FINANCIAL INSTRUMENTS**

The Group's principal financial instruments comprise bank balances, other debtors and other creditors. The main purpose of these instruments is to finance the company's operations.

Other debtors are managed in respect of credit and cash flow risk by the regular monitoring of amounts outstanding. Other creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### **ACQUISITION OF OWN SHARES**

On 25 January 2011 the company repurchased 1,045 of its own Ordinary £1 shares for a consideration of £62,500. This represents 0.5% of the company's issued share capital.

#### **DIRECTORS**

The directors who served during the year were:

Brent Hallo  
Jane Waller  
David Roger Llewellyn  
Andrew Jackson  
Robert Stanley Meacock

Stuart Broster also served as a director during the year (resigned 1 January 2011)

## **FITNESS PROFESSIONALS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the 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 the group and of the profit or loss of the group 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PROVISION OF INFORMATION TO AUDITORS**


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

#### **AUDITORS**

The auditors, Haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf

  
**Brent Hallo**  
Director  
Date 25.09.12

## **FITNESS PROFESSIONALS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FITNESS PROFESSIONALS LIMITED**

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We have audited the financial statements of Fitness Professionals Limited for the year ended 31 December 2011, set out on pages 6 to 25. 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, 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 group's and the parent 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 Directors' report to identify material inconsistencies with the audited financial statements. 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 group's and the parent company's affairs as at 31 December 2011 and of the group's 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**FITNESS PROFESSIONALS LIMITED**

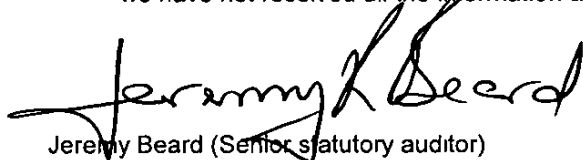
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FITNESS PROFESSIONALS LIMITED**

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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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Jeremy Beard (Senior statutory auditor)

for and on behalf of  
**haysmacintyre**

Statutory Auditors

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

Date 25/9/2012



**FITNESS PROFESSIONALS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2		
Continuing operations		6,329,264	5,600,700
Discontinued operations		5,755,895	5,548,628
		<u>12,085,159</u>	<u>11,149,328</u>
Cost of sales	4	<u>(8,488,108)</u>	<u>(7,246,259)</u>
<b>GROSS PROFIT</b>		3,597,051	3,903,069
Administrative expenses	4	(3,112,015)	(3,161,813)
Other operating income	3	-	100,000
<b>OPERATING PROFIT</b>	5		
Continuing operations		(2,362,513)	(1,792,348)
Discontinued operations		2,847,549	2,633,604
		<u>485,036</u>	<u>841,256</u>
Interest receivable and similar income		13,540	17,193
Interest payable and similar charges	8	<u>(11,552)</u>	<u>(5,477)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		487,024	852,972
Tax on profit on ordinary activities	9	<u>(304,804)</u>	<u>(304,111)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		182,220	548,861
Minority interests		<u>51,168</u>	<u>85,728</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	17	<u><u>233,388</u></u>	<u><u>634,589</u></u>

The notes on pages 11 to 25 form part of these financial statements

**FITNESS PROFESSIONALS LIMITED**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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	2011 £	2010 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	233,388	634,589
Foreign exchange movement	<u>5,016</u>	<u>19,259</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><u>238,404</u></u>	<u><u>653,848</u></u>

The notes on pages 11 to 25 form part of these financial statements

**FITNESS PROFESSIONALS LIMITED**  
**REGISTERED NUMBER 2499039**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £	£
<b>FIXED ASSETS</b>						
Intangible assets	10		1,658,774		1,776,147	
Tangible assets	11		1,531,370		1,556,347	
			<u>3,190,144</u>		<u>3,332,494</u>	
<b>CURRENT ASSETS</b>						
Stocks	13	222,960		409,032		
Debtors	14	1,530,120		1,337,717		
Cash at bank		3,054,817		2,804,843		
		<u>4,807,897</u>		<u>4,551,592</u>		
<b>CREDITORS</b> amounts falling due within one year	15	(2,336,796)		(2,077,463)		
<b>NET CURRENT ASSETS</b>			<u>2,471,101</u>		<u>2,474,129</u>	
<b>NET ASSETS</b>			<u>5,661,245</u>		<u>5,806,623</u>	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	16		206,736		207,781	
Share premium account	17		684,610		684,610	
Capital redemption reserve	17		10,348		9,303	
Profit and loss account	17		4,829,180		5,253,276	
<b>SHAREHOLDERS' FUNDS</b>	18		<u>5,730,874</u>		<u>6,154,970</u>	
<b>MINORITY INTERESTS</b>	20		<u>(69,629)</u>		<u>(348,347)</u>	
			<u>5,661,245</u>		<u>5,806,623</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

**Brent Hallo**  
Director

Date

25.09.12

The notes on pages 11 to 25 form part of these financial statements

**FITNESS PROFESSIONALS LIMITED**  
**REGISTERED NUMBER 2499039**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2011**

	Note	£	2011	£	£	2010	£
<b>FIXED ASSETS</b>							
Tangible assets	11			1,051,703		1,079,898	
Investments	12			1,938,625		1,943,853	
				<u>2,990,328</u>		<u>3,023,751</u>	
<b>CURRENT ASSETS</b>							
Stocks	13	222,960			409,032		
Debtors	14	1,337,846			1,508,779		
Cash at bank		2,412,488			2,352,596		
		<u>3,973,294</u>			<u>4,270,407</u>		
<b>CREDITORS</b> , amounts falling due within one year	15	(1,837,113)			(1,811,991)		
<b>NET CURRENT ASSETS</b>				<u>2,136,181</u>		<u>2,458,416</u>	
<b>NET ASSETS</b>				<u>5,126,509</u>		<u>5,482,167</u>	
<b>CAPITAL AND RESERVES</b>							
Called up share capital	16			206,736		207,781	
Share premium account	17			684,610		684,610	
Capital redemption reserve	17			10,348		9,303	
Profit and loss account	17			4,224,815		4,580,473	
<b>SHAREHOLDERS' FUNDS</b>	18			<u>5,126,509</u>		<u>5,482,167</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

Brent Hallo  
 Director



Date 25.01.12

The notes on pages 11 to 25 form part of these financial statements

**FITNESS PROFESSIONALS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	21	1,251,458	834,651
Returns on investments and servicing of finance	22	1,989	11,716
Taxation		(338,049)	(438,248)
Capital expenditure and financial investment	22	(31,650)	(152,218)
Acquisitions and disposals	22	(63,761)	(2,457)
Equity dividends paid		(600,000)	(268,686)
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>219,987</b>	<b>(15,242)</b>
Financing	22	29,987	-
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>249,974</b>	<b>(15,242)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
Increase/(Decrease) in cash in the year	249,974	(15,242)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>249,974</b>	<b>(15,242)</b>
Net funds at 1 January 2011	2,804,843	2,820,085
<b>NET FUNDS AT 31 DECEMBER 2011</b>	<b>3,054,817</b>	<b>2,804,843</b>

The notes on pages 11 to 25 form part of these financial statements

## **FITNESS PROFESSIONALS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

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#### **1. ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### **1.2 Going concern**

The directors have made due consideration of the group's forecasts and cashflows and have concluded that it is appropriate to prepare the financial statements on the going concern basis

##### **1.3 Basis of consolidation**

The financial statements consolidate the accounts of Fitness Professionals Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

##### **1.4 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

##### **1.5 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life of 20 years

Web development costs are stated at cost less amortisation. These are amortised to the Profit and loss account over an estimated economic life of 3 years

##### **1.6 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Motor vehicles	-	25%
Office equipment	-	25%

Land and buildings have not been depreciated due to the high residual value of the buildings

##### **1.7 Investments**

Investments in subsidiaries are valued at cost less provision for impairment

##### **1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

**FITNESS PROFESSIONALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

**1.10 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

**1.11 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

# **FITNESS PROFESSIONALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

### **2. TURNOVER**

A geographical analysis of turnover is as follows

	2011 £	2010 £
United Kingdom	8,799,378	8,758,016
Rest of European Union	428,035	422,716
Rest of world	2,857,746	1,968,596
	<u>12,085,159</u>	<u>11,149,328</u>

The whole of the turnover and profit before taxation from discontinuing activities is attributable to the UK

### **3 OTHER OPERATING INCOME**

	2011 £	2010 £
Sundry income	<u>-</u>	<u>100,000</u>

### **4 ANALYSIS OF OPERATING (LOSS)/PROFIT**

	2011		2010	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	6,329,264	5,755,895	5,600,700	5,548,628
Cost of sales	(5,709,691)	(2,778,417)	(4,331,235)	(2,915,024)
Gross profit	<u>619,573</u>	<u>2,977,478</u>	<u>1,269,465</u>	<u>2,633,604</u>
Administrative expenses	(2,982,086)	(129,929)	(3,161,813)	-
Other operating income	-	-	100,000	-
Operating (loss)/profit	<u>(2,362,513)</u>	<u>2,847,549</u>	<u>(1,792,348)</u>	<u>2,633,604</u>



## FITNESS PROFESSIONALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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#### 5. OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Amortisation of goodwill	92,986	90,528
Depreciation of tangible fixed assets		
- owned by the group	58,482	73,742
- held under finance leases	-	7,306
Auditors' remuneration	21,700	21,390
Difference on foreign exchange	3,489	18,573
Amortisation of development costs	26,162	98,888
	<u>          </u>	<u>          </u>

Auditors fees for the company were £11,900 (2010 - £11,900)

#### 6 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	3,076,772	2,951,596
Social security costs	258,992	260,612
Other pension costs	34,991	25,204
	<u>          </u>	<u>          </u>
	<u>3,370,755</u>	<u>3,237,412</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
Sales and administration	<u>95</u>	<u>95</u>

**FITNESS PROFESSIONALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**7. DIRECTORS' REMUNERATION**

	2011 £	2010 £
Emoluments	<u>366,795</u>	<u>364,202</u>
Company pension contributions to defined contribution pension schemes	<u>27,567</u>	<u>16,907</u>

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of defined contribution pension schemes  
The highest paid director received remuneration of £152,917 (2010 - £138,511)

**8. INTEREST PAYABLE**

	2011 £	2010 £
On bank loans and overdrafts	<u>11,552</u>	<u>5,477</u>

**9 TAXATION**

	2011 £	2010 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	304,804	309,314
Adjustments in respect of prior periods	-	(5,203)
<b>Tax on profit on ordinary activities</b>	<u>304,804</u>	<u>304,111</u>

## FITNESS PROFESSIONALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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#### 9. TAXATION (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	487,024	852,972
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	129,061	238,832
<b>Effects of</b>		
Non-tax deductible amortisation of goodwill and impairment	103,692	25,349
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13,590	2,553
Capital allowances for year in excess of depreciation	5,080	1,734
Higher rate taxes on overseas earnings	15,207	(8,141)
Adjustments to tax charge in respect of prior periods	-	(5,203)
Other timing differences leading to an increase (decrease) in taxation	8,589	-
Unrelieved tax losses carried forward	29,585	48,987
<b>Current tax charge for the year (see note above)</b>	<b>304,804</b>	<b>304,111</b>

##### Factors that may affect future tax charges

There were no factors that may affect future tax charges

**FITNESS PROFESSIONALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**10. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Development £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2011	83,096	1,813,028	1,896,124
On acquisition of subsidiaries	-	300,761	300,761
Foreign exchange movement	1,775	-	1,775
At 31 December 2011	<u>84,871</u>	<u>2,113,789</u>	<u>2,198,660</u>
<b>Amortisation</b>			
At 1 January 2011	29,449	90,528	119,977
Charge for the year	26,162	92,986	119,148
Provision for impairment	-	300,761	300,761
At 31 December 2011	<u>55,611</u>	<u>484,275</u>	<u>539,886</u>
<b>Net book value</b>			
At 31 December 2011	<u>29,260</u>	<u>1,629,514</u>	<u>1,658,774</u>
At 31 December 2010	<u>53,647</u>	<u>1,722,500</u>	<u>1,776,147</u>

During the year the company acquired a further 38% of the share capital of PTA Global Inc for a consideration of £63,761 paid in cash. The total net liabilities of PTA Global on acquisition were £(623,687) and were not materially different from their fair values.

**FITNESS PROFESSIONALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**11 TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold property £</b>	<b>Office equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2011	1,483,356	692,094	74,743	2,250,193
Additions	-	31,650	-	31,650
Disposals	-	(379,402)	(7,830)	(387,232)
Foreign exchange movement	500	1,382	14	1,896
At 31 December 2011	1,483,856	345,724	66,927	1,896,507
<b>Depreciation</b>				
At 1 January 2011	13,258	609,861	70,727	693,846
Charge for the year	-	56,946	1,536	58,482
On disposals	-	(379,402)	(7,830)	(387,232)
Foreign exchange movement	-	33	8	41
At 31 December 2011	13,258	287,438	64,441	365,137
<b>Net book value</b>				
At 31 December 2011	1,470,598	58,286	2,486	1,531,370
At 31 December 2010	1,470,098	82,233	4,016	1,556,347
<b>Company</b>				
<b>Cost</b>				
At 1 January 2011	1,034,635	623,294	62,980	1,720,909
Additions	-	9,017	-	9,017
Disposals	-	(379,402)	(7,830)	(387,232)
At 31 December 2011	1,034,635	252,909	55,150	1,342,694
<b>Depreciation</b>				
At 1 January 2011	13,258	564,773	62,980	641,011
Charge for the year	-	37,212	-	37,212
On disposals	-	(379,402)	(7,830)	(387,232)
At 31 December 2011	13,258	222,583	55,150	290,991
<b>Net book value</b>				
At 31 December 2011	1,021,377	30,326	-	1,051,703
At 31 December 2010	1,021,377	58,521	-	1,079,898

# **FITNESS PROFESSIONALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

### **12. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2011	1,943,853
Additions	156,248
At 31 December 2011	2,100,101
<b>Impairment</b>	
At 1 January 2011	-
Provision for impairment in the year	161,476
At 31 December 2011	161,476
<b>Net book value</b>	
At 31 December 2011	1,938,625
At 31 December 2010	1,943,853

Details of the principal subsidiaries can be found under note number 28

### **13. STOCKS**

	<b>Group</b>		<b>Company</b>	
	2011 £	2010 £	2011 £	2010 £
Goods for resale	222,960	409,032	222,960	409,032

### **14. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	1,133,254	888,375	870,114	802,630
Amounts owed by group undertakings	-	-	127,815	287,071
Other debtors	229,903	281,062	194,237	261,161
Prepayments and accrued income	166,963	168,280	145,680	157,917
	1,530,120	1,337,717	1,337,846	1,508,779

**FITNESS PROFESSIONALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**15. CREDITORS**

Amounts falling due within one year

	<b>Group</b>		<b>Company</b>	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	508,746	376,988	441,707	376,387
Amounts owed to group undertakings	-	-	166,307	163,594
Corporation tax	76,872	110,117	29,194	97,721
Social security and other taxes	279,568	232,199	279,568	232,199
Other creditors	425,959	321,298	-	218
Accruals and deferred income	1,045,651	1,036,861	920,337	941,872
	<u>2,336,796</u>	<u>2,077,463</u>	<u>1,837,113</u>	<u>1,811,991</u>

**16 SHARE CAPITAL**

	2011	2010
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
154,736 (2010 - 155,781) Ordinary shares of £1 each	154,736	155,781
52,000 "A" Ordinary shares of £1 each	52,000	52,000
	<u>206,736</u>	<u>207,781</u>

**17 RESERVES**

	Share premium account	Capital redempt'n reserve	Profit and loss account
	£	£	£
<b>Group</b>			
At 1 January 2011	684,610	9,303	5,253,276
Profit for the year			233,388
Dividends Equity capital			(600,000)
Purchase of own shares			(62,500)
Transfer on purchase of own shares		1,045	
Foreign exchange movement			5,016
	<u>684,610</u>	<u>10,348</u>	<u>4,829,180</u>
At 31 December 2011			

# **FITNESS PROFESSIONALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

### **17. RESERVES (continued)**

<b>Company</b>	<b>Share premium account £</b>	<b>Capital redempt'n reserve £</b>	<b>Profit and loss account £</b>
At 1 January 2011	684,610	9,303	4,580,473
Profit for the year			306,842
Dividends Equity capital			(600,000)
Purchase of own shares			(62,500)
Transfer on purchase of own shares		1,045	
At 31 December 2011	<u>684,610</u>	<u>10,348</u>	<u>4,224,815</u>

### **18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

<b>Group</b>	<b>2011 £</b>	<b>2010 £</b>
Opening shareholders' funds	6,154,970	5,769,808
Profit for the year	233,388	634,589
Dividends (Note 19)	(600,000)	(268,686)
Shares redeemed/cancelled during the year	(62,500)	-
Foreign exchange movement	5,016	19,259
Closing shareholders' funds	<u>5,730,874</u>	<u>6,154,970</u>

<b>Company</b>	<b>2011 £</b>	<b>2010 £</b>
Opening shareholders' funds	5,482,167	5,011,084
Profit for the year	306,842	739,769
Dividends (Note 19)	(600,000)	(268,686)
Shares redeemed/cancelled during the year	(62,500)	-
Closing shareholders' funds	<u>5,126,509</u>	<u>5,482,167</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year dealt with in the accounts of the company was £306,842 (2010 - £739,769)

### **19 DIVIDENDS**

	<b>2011 £</b>	<b>2010 £</b>
Dividends paid on equity capital	<u>600,000</u>	<u>268,686</u>



**FITNESS PROFESSIONALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**20. MINORITY INTERESTS**

Equity	£
At 1 January 2011	(348,347)
Proportion of profit/(loss) after taxation for the year	(51,168)
Shares issued during the year	20,661
Purchase of minority interests	300,761
Foreign exchange movement	8,464
	<hr/>
At 31 December 2011	(69,629)
	<hr/>

**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2011 £	2010 £
Operating profit	485,036	841,256
Amortisation of intangible fixed assets	419,909	189,416
Depreciation of tangible fixed assets	58,482	73,742
Decrease/(increase) in stocks	186,072	(78,764)
Increase in debtors	(192,403)	(232,491)
Increase in creditors	294,362	41,492
	<hr/>	<hr/>
Net cash inflow from operating activities	1,251,458	834,651
	<hr/>	<hr/>

**FITNESS PROFESSIONALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**22 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	13,540	17,193
Interest paid	(11,552)	(5,477)
Dividends paid to minority interests	1	-
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u>1,989</u>	<u>11,716</u>
	2011 £	2010 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	-	(39,950)
Purchase of tangible fixed assets	(31,650)	(112,268)
<b>Net cash outflow from capital expenditure</b>	<u>(31,650)</u>	<u>(152,218)</u>
	2011 £	2010 £
<b>Acquisitions and disposals</b>		
Purchase of shares in subsidiary	(63,761)	(2,457)
	2011 £	2010 £
<b>Financing</b>		
Issue of ordinary shares by subsidiary	92,487	-
Purchase of own shares	(62,500)	-
<b>Net cash inflow from financing</b>	<u>29,987</u>	<u>-</u>

**23 ANALYSIS OF CHANGES IN NET FUNDS**

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	2,804,843	249,974	-	3,054,817
<b>Net funds</b>	<u>2,804,843</u>	<u>249,974</u>	<u>-</u>	<u>3,054,817</u>

## **FITNESS PROFESSIONALS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

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#### **24. PENSION COMMITMENTS**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £34,991 (2010 - £25,204). Contributions totalling £699 (2010 - £882) were payable to the fund at the balance sheet date and are included in creditors.

#### **25. RELATED PARTY TRANSACTIONS**

PTA Global Inc, a company incorporated in USA, is a 89% subsidiary of Fitness Professionals Limited in which B Hallo and R Meacock are directors. During the year Fitness Professionals Limited made loans to PTA Global Inc totalling £15,039 to fund R&D expenditure and provide working capital for the company. Fitness Professionals Limited participated in a PTA Global Inc share placement and its subscription requirements were in part satisfied by a reduction in loan of £90,217. At 31 December 2011 the balance owing from PTA Global Inc to Fitness Professionals Limited was £64,511 (2010 £139,689).

ViPR LLC is a company incorporated in USA in which B Hallo is a director. During the year Fitness Professionals Limited loaned £23,788 (2010 £71,057) to ViPR LLC towards the development of the ViPR product, in which Fitness Professionals Limited has a distribution agreement with ViPR LLC. During the year loan repayments of £88,453 (2010 £nil) were received. At 31 December 2011 the balance owing from ViPR LLC to Fitness Professionals Limited was £190,211 (2010 £254,966).

Sabukat Technologies PTY Limited is an Australian IT development company that provides services to the group. Fitness Professionals Limited have a 30% shareholding in Sabukat which formed part of the Personal Training on the Net Pty acquisition. During the year Sabukat Technologies provided services to Fitness Professionals Limited amounting to £255,054 (2010 £176,032). At 31 December 2011 the balance owed to Sabukat Technologies from Fitness Professionals Limited was £15,192 (2010 £25,275). In addition the PTA Global Inc balance owing to Sabukat Technologies was £Nil (2010 £5,377) and the Personal Training on the Net Pty Limited balance owing to Sabukat Technologies was £11,048 (2010 £19,012).

During the year the company paid dividends of £150,538 (2010 £nil) to R Llewellyn who is a director and shareholder of the company. During the year the company paid dividends of £428,453 (2010 £268,686) to the Hallo Family Trust. J Waller is a director of the company and a trustee of the Hallo Family Trust.

The group has taken advantage of the exemption under FRS8 from disclosing transactions between wholly owned group companies.

#### **26. POST BALANCE SHEET EVENTS**

On 1 March 2012 Clark Road Limited acquired 100% of the issued shares in Les Mills Fitness UK Limited from Fitness Professionals Limited for a gross cash consideration of £3m.

#### **27. CONTROLLING PARTY**

The directors consider that there is no ultimate controlling party.

**FITNESS PROFESSIONALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**28. PRINCIPAL SUBSIDIARIES**

<b>Company name</b>	<b>Country</b>	<b>Shareholding</b>	<b>Description</b>
Personal Training on the Net PTY LTD	Australia	100%	Online education for fitness professionals
PTA Global Inc	USA	89%	Online certification for fitness professionals
Les Mills Fitness UK Limited	UK	100%	Dormant