

**REGISTRAR'S
COPY**

Company No: 02727984

PACIFIC HEALTH & FITNESS LIMITED

REPORT AND FINANCIAL STATEMENTS

30th SEPTEMBER 2000



Pacific Health and Fitness Limited

Directors

J.M. Lyras
A.R. Barker

Secretary and Registered Office

Cornhill Secretaries Limited
24-26 Baltic Street, London, EC1Y 0RP
Auditors

Moore Stephens
Chartered Accountants
St. Paul's House, Warwick Lane, London, EC4P 4BN

Report of the Directors

The directors present their report and audited financial statements for the year ended 30th September 2000.

Review of Activities

The company is engaged in the ownership and operation of a high quality private health and fitness club.

Results and Dividends

The profit for the financial year amounted to £463,445.

Dividend payments were made as follows:

	<u>2000</u>		<u>1999</u>
Interim (£200 per share)	£ 200,000		£ 250,000

Fixed Assets

Movements in fixed assets are set out in note 8.

Directors' Interests

None of the directors had any interest, as defined by the Companies Act 1985, in the share capital of the company either at the beginning or end of the year.

Auditors

The auditors, Moore Stephens are willing to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be submitted to the annual general meeting.

Pacific Health and Fitness Limited**Report of the Directors (Continued)****Small Company Exemptions**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board


CORNHILL SECRETARIES LIMITED

Secretary

Pacific Health and Fitness Limited**Statement of 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 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;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 records which 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 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.

**Report of the Auditors to the Members of
Pacific Health and Fitness Limited**

We have audited the financial statements on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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.

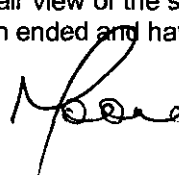
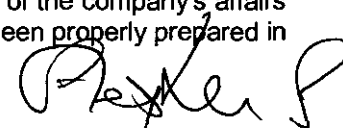
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
London, EC4P 4BN

22 JAN 2001

 
MOORE STEPHENS

Chartered Accountants
Registered Auditor

Pacific Health and Fitness Limited

Profit and Loss Account
For the year ended 30th September 2000

	<u>Note</u>	<u>2000</u>	<u>1999</u>
Turnover		2,524,226	2,622,371
Administration expenses		<u>(1,634,171)</u>	<u>(1,691,662)</u>
Operating Profit	2	890,055	930,709
Interest receivable		26,811	25,253
Interest payable and similar charges	5	<u>(264,383)</u>	<u>(263,662)</u>
Profit on Ordinary Activities before Taxation		652,483	692,300
Taxation	6	<u>(189,038)</u>	<u>(214,492)</u>
Profit on Ordinary activities after Taxation		463,445	477,808
Dividend	7	<u>(200,000)</u>	<u>(250,000)</u>
		<u>£ 263,445</u>	<u>£ 227,808</u>
Summary of Retained Profits			
At 1st October 1999		264,465	36,657
Retained profit for the year		<u>263,445</u>	<u>227,808</u>
At 30th September 2000		<u>£ 527,910</u>	<u>£ 264,465</u>

There are no recognised gains or losses other than those included in the profit and loss account.

Pacific Health and Fitness Limited

Balance Sheet - 30th September 2000

	Note	2000	1999
Fixed Assets	8	3,781,937	3,890,595
Investments - Unlisted		5,000	5,000
Current Assets			
Stock		12,070	10,772
Debtors	9	234,530	314,390
Cash at bank		222,074	184,579
		<u>468,674</u>	<u>509,741</u>
Creditors, amounts falling due within one year	10	<u>(601,451)</u>	<u>(788,871)</u>
Net Current Liabilities		<u>(132,777)</u>	<u>(279,130)</u>
Total Assets Less Current Liabilities		3,654,160	3,616,465
Creditors, amount falling due after more than one year	11	(2,931,250)	(3,165,000)
Provision for Liabilities and Charges	12	<u>(194,000)</u>	<u>(186,000)</u>
		<u>£ 528,910</u>	<u>£ 265,465</u>
Capital and Reserves			
Called up share capital	13	1,000	1,000
Profit and loss account		527,910	264,465
Equity Shareholders' Funds		<u>£ 528,910</u>	<u>£ 265,465</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (Effective March 2000).



Approved by the Board on **19 JAN 2001**

J.M. LYRAS Director

Pacific Health and Fitness Limited

**Financial Statements
For the Year Ended 30th September 2000**

Notes

1. Principal Accounting Policies

(a) 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 March 2000).

(b) Deferred taxation

Provision for deferred tax is made on all timing differences using the liability method.

(c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis over the anticipated useful economic lives of the assets concerned at the following rates:

Freehold land	Nil	
Buildings	2%	per annum
Fixtures and fittings	20%	per annum
Catering/office equipment	20%	per annum
Fitness equipment	20%	per annum
Weights equipment	12.5%	per annum
Computer equipment	25%	per annum

(d) Turnover

Turnover represents joining fees, subscriptions and goods and services sold excluding value added tax. Income from joining fees is recognised when received and subscriptions are accounted for on an accruals basis.

(e) Stock

Stock is stated at the lower of cost and net realisable value.

2. Operating Profit

	<u>2000</u>	<u>1999</u>
Operating profit is stated after charging:		
Directors' emoluments	36,800	62,500
Auditors' remuneration	13,500	13,054
Depreciation	211,411	204,355
	<u>261,711</u>	<u>380,009</u>

Pacific Health and Fitness Limited

**Financial Statements
For the Year Ended 30th September 2000**

Notes (Continued)

3. Directors and Employees

	<u>2000</u>	<u>1999</u>
Directors' emoluments:		
Staff costs include the following emoluments in respect of directors of the company:		
Other emoluments	£ 36,800	£ 62,500
Average number of employees	<u>37</u>	<u>41</u>

4. Staff Costs

Staff costs during the year were as follows:

	<u>2000</u>	<u>1999</u>
Wages and salaries	615,570	708,539
Social security costs	49,351	65,883
Other staff costs	114,254	98,745
	£ <u>779,175</u>	£ <u>873,167</u>

5. Interest Payable

	<u>2000</u>	<u>1999</u>
On bank loan	£ <u>264,383</u>	£ <u>263,662</u>

6. Taxation

	<u>2000</u>	<u>1999</u>
United Kingdom corporation tax	90,500	206,322
Group relief	90,500	-
Deferred taxation	8,000	11,000
Under/(overprovision) in prior years	38	(2,830)
	£ <u>189,038</u>	£ <u>214,492</u>

7. Dividends

	<u>2000</u>	<u>1999</u>
Interim - £200 per share	200,000	250,000
	£ <u>200,000</u>	£ <u>250,000</u>

Pacific Health and Fitness Limited

**Financial Statements
For the Year Ended 30th September 2000**

Notes (Continued)

8. Tangible Fixed Assets

	<u>Land and Buildings</u>	<u>Fixtures, Fittings and Equipment</u>	<u>Fitness Equipment</u>	<u>Total</u>
Cost				
At 1st October 1999	3,914,989	394,699	306,377	4,616,065
Additions	4,923	91,646	6,184	102,753
Disposals	-	-	(1,500)	(1,500)
	<u>3,919,912</u>	<u>486,345</u>	<u>311,061</u>	<u>4,717,318</u>
Depreciation				
At 1st October 1999	259,602	276,717	189,151	725,470
Charge for the year	65,423	89,774	56,214	211,411
Disposals	-	-	(1,500)	(1,500)
	<u>325,025</u>	<u>366,491</u>	<u>243,865</u>	<u>935,381</u>
Net book value				
At 30th September 2000	£ 3,594,887	£ 119,854	£ 67,196	£ 3,781,937
	<u>3,594,887</u>	<u>119,854</u>	<u>67,196</u>	<u>3,781,937</u>
At 30th September 1999	£ 3,655,387	£ 117,982	£ 117,226	£ 3,890,595
	<u>3,655,387</u>	<u>117,982</u>	<u>117,226</u>	<u>3,890,595</u>

9. Debtors

	<u>2000</u>	<u>1999</u>
Due by group undertaking	220,848	202,687
ACT recoverable	-	37,498
Other debtors	-	68,407
Prepayments and accrued income	13,682	5,798
	<u>£ 234,530</u>	<u>£ 314,390</u>

Pacific Health and Fitness Limited

**Financial Statements
For the Year Ended 30th September 2000**

Notes (Continued)

10. Creditors: amounts falling due within one year

	<u>2000</u>	<u>1999</u>
Bank loans (secured)	233,750	233,750
Trade creditors	34,151	51,380
Corporation tax	90,500	206,322
Other taxes and social security	60,797	59,608
Accruals and deferred income	182,253	237,811
	<u>£ 601,451</u>	<u>£ 788,871</u>

11. Creditors: amounts falling due after more than one year

	<u>2000</u>	<u>1999</u>
Bank loan	<u>£ 2,931,250</u>	<u>£ 3,165,000</u>

The bank loan is secured on freehold property and is repayable by 2nd August 2004, by instalments and carries a variable commercial rate of interest. The company has entered into interest rate swap agreements so as to partially hedge the exposure to variable interest rates.

12. Provision for Liabilities and Charges

The movements on provision accounts are as follows:

	<u>Deferred Taxation</u>
At 1st October 1999	186,000
Charge for the year	8,000
At 30th September 2000	<u>£ 194,000</u>

The total potential liability for deferred taxation is £194,000 (1999: £186,000). Deferred taxation is provided in respect of accelerated capital allowances.

Pacific Health and Fitness Limited

**Financial Statements
For the Year Ended 30th September 2000**

Notes (Continued)

13. Called Up Equity Share Capital

	<u>2000</u>	<u>1999</u>
Authorised		
10,000 shares of £1 each	£ 10,000	£ 10,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1,000 equity shares of £1 each	£ 1,000	£ 1,000
	<u> </u>	<u> </u>

14. Ultimate Holding Company

The directors regard Ocean Spirit Limited which is incorporated in Jersey (Channel Islands) as the ultimate holding company.

15. Related Party Transactions

During the year the company recharged £656,234 in respect of staff costs to Baltic Health and Fitness Limited which is a wholly owned subsidiary of Ocean Spirit Limited. At the year end Baltic Health and Fitness Limited owed £220,848 to the company.