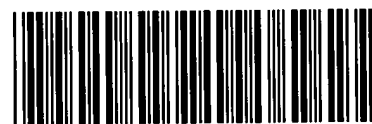


**PACIFIC HEALTH AND FITNESS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**30th SEPTEMBER 2016**

WEDNESDAY



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12/04/2017

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COMPANIES HOUSE

**Pacific Health and Fitness Limited****Directors**

J.M. Lyras  
M.J. Lyras  
V. Hava – *Resigned 1st November 2016*

**Registered Office**

24-26 Baltic Street, London, EC1Y 0RP

**Registered Number**

02727984

**Strategic Report**

The directors are pleased to present their strategic report for the year ended 30th September 2016.

**Fair Review of the Business**

The principal activity of the company is the ownership and operation of a high quality private health and fitness club. There have been no significant changes to trading activity during the year.

The directors are satisfied with the profit made during the year and anticipate that the company will achieve a reasonable level of profitability in the forthcoming year.

**The Key Performance Indicators**

The directors have identified the following key performance indicators which are regularly monitored:

	<u>2016</u>	<u>2015</u>
Sales growth	-1.1%	4.1%
Operating profit margin	28.9%	36.4%

**Risks and Uncertainties**

The company is exposed to principal risks and uncertainties which include conditions of the economic climate, changes in lifestyle trends and fluctuations in interest rates. Management regularly monitor membership levels and implement marketing initiatives to stimulate demand.

By Order of the Board on 7 March 2017



J.M. LYRAS

Director

**Pacific Health and Fitness Limited****Report of the Directors**

The directors are pleased to present their directors report for the year ended 30th September 2016.

Please refer to the Strategic report on page 1 for the names of the directors, the activities and likely future developments of the company and a discussion of the key risks and uncertainties.

**Results and Dividends**

The company reports a profit of £1,020,670 (2015: £1,012,968). During the year dividends totalling £700,000 (2014: £750,000) were paid. Further dividends of £500,000 were declared in November 2016.

**Directors' Confirmation**

The directors confirm that:

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each director has taken all the steps that ought to have been taken as a director, in order to be aware of any relevant information and to establish that the company's auditors are aware of that information.

By Order of the Board on 7 March 2017



J.M. LYRAS

Director

**Pacific Health and Fitness Limited****Statement of Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

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

We have audited the financial statements of Pacific Health and Fitness Limited for the year ended 30th September 2016 which are set out on pages 5 to 15. 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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in UK and Republic of Ireland".

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 30th September 2016 and of its profit for the year ended 30 September 2016;
- 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**

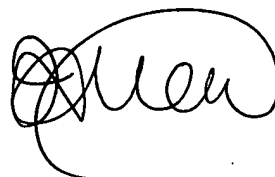
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

**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.

Joanne Allen, *Senior Statutory Auditor*  
For and on behalf of Moore Stephens LLP, *Statutory Auditor*  
150 Aldersgate Street  
London  
EC1A 4AB



12th April 2017

## Pacific Health and Fitness Limited

**Statement of Comprehensive Income  
For the year ended 30th September 2016**

	<u>Note</u>	<u>2016</u> £	<u>2015</u> £
<b>Turnover</b>	2(b)	3,505,342	3,545,378
Operating expenses		<u>(2,490,859)</u>	<u>(2,253,629)</u>
<b>Operating Profit</b>	3	1,014,483	1,291,749
Interest receivable and similar income		<u>764</u>	<u>1,056</u>
<b>Profit on Ordinary Activities before Taxation</b>		1,015,247	1,292,805
Taxation on profit on ordinary activities	5	<u>5,423</u>	<u>(279,837)</u>
<b>Total Comprehensive Income for the Year</b>		<u>1,020,670</u>	<u>1,012,968</u>

There are no items of other comprehensive income.

The notes on pages 9 to 15 form part of these financial statements.

**Proforma Statement of Comprehensive Income  
excluding Deferred Taxation**

	<u>2016</u> £	<u>2015</u> £
<b>Turnover</b>	3,505,342	3,545,378
Operating expenses	<u>(2,490,859)</u>	<u>(2,253,629)</u>
<b>Operating Profit</b>	1,014,483	1,291,749
Interest receivable and similar income	<u>764</u>	<u>1,056</u>
<b>Profit on Ordinary Activities before Taxation</b>	1,015,247	1,292,805
Current tax charge	<u>(213,843)</u>	<u>(272,403)</u>
<b>Profit on Ordinary Activities after Current Tax Charge</b>	<u>801,404</u>	<u>1,020,402</u>

**Pacific Health and Fitness Limited**  
 [Registered number 02727984]

**Statement of Financial Position as at 30th September 2016**

	<u>Note</u>	<u>2016</u>		<u>2015</u>	
		£	£	£	£
<b>Fixed Assets</b>					
Property, plant and equipment	6		223,803		3,431,071
<b>Current Assets</b>					
Inventories		31,881		28,469	
Receivables	7	3,635,932		398,224	
Cash and cash equivalents		<u>248,701</u>		<u>234,877</u>	
		3,916,514		661,570	
<b>Payables, amounts falling due within one year</b>	8	<u>(591,611)</u>		<u>(645,339)</u>	
<b>Net Current Assets</b>			<u>3,324,903</u>		<u>16,231</u>
<b>Total Assets less Current Liabilities</b>			3,548,706		3,447,302
Deferred taxation	9		<u>(39,961)</u>		<u>(259,227)</u>
<b>Net Assets</b>			<u>3,508,745</u>		<u>3,188,075</u>
<b>Capital and Reserves</b>					
Share capital	10		1,000		1,000
Retained earnings			<u>3,507,745</u>		<u>3,187,075</u>
			<u>3,508,745</u>		<u>3,188,075</u>

The notes on pages 9 to 15 form part of these financial statements.

Approved by the Board on 7 March 2017



J.M. LYRAS - Director

## Pacific Health and Fitness Limited

## Statement of Changes in Equity for the year ended 30th September 2016

	Share capital	Retained earnings	Total equity
	£	£	£
At 1st October 2014	1,000	2,924,107	2,925,107
Total comprehensive income for the year	-	1,012,968	1,012,968
Dividends	-	(750,000)	(750,000)
At 30th September 2015	1,000	3,187,075	3,188,075
Total comprehensive income for the year	-	1,020,670	1,020,670
Dividends	-	(700,000)	(700,000)
At 30th September 2016	1,000	3,507,745	3,508,745

The notes on pages 9 to 15 form part of these financial statements.



## Pacific Health and Fitness Limited

**Cash Flow Statement**  
**For the year ended 30th September 2016**

	<u>Note</u>	<u>2016</u>		<u>2015</u>	
		£	£	£	£
<b>Cash Flows from Operating Activities</b>	11		1,115,484		1,287,672
Interest paid		(868)		(4,654)	
Taxation paid		<u>(270,540)</u>		<u>(260,269)</u>	
<b>Net Cash used in Operating Activities</b>			(271,408)		(264,923)
<b>Cash Flows from Investing Activities</b>					
Interest received		764		1,056	
Purchase of property, plant and equipment		<u>(47,257)</u>		<u>(71,276)</u>	
<b>Net Cash used in Investing Activities</b>			(46,493)		(70,220)
<b>Cash Flows from Financing Activities</b>					
Dividends paid		(700,000)		(750,000)	
Repayment of bank loan		<u>(90,000)</u>		<u>(180,000)</u>	
			(790,000)		(930,000)
<b>Increase in Cash and Cash Equivalents</b>			7,583		22,529
Cash and Cash Equivalents at Beginning of Year	11		220,702		198,173
<b>Cash and Cash Equivalents at End of Year</b>	11		<u>228,285</u>		<u>220,702</u>

**Pacific Health and Fitness Limited****Financial Statements for the year ended 30th September 2016****Notes****1. General Information**

Pacific Health and Fitness Limited is a UK company limited by shares. It is both incorporated and domiciled in England and Wales.

**2. Principal Accounting Policies****(a) Basis of accounting**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise stated.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 17.

The financial statements are presented in sterling, which is the company's functional currency, as that is the currency of the primary economic environment in which the company operates.

**(b) Turnover**

Turnover represents joining fees, subscriptions and income from goods and services net of value added tax. Income from joining fees is recognised when received and subscriptions are accounted for on an accruals basis. All turnover is generated in the U.K.

**(c) Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation. Depreciation on the assets concerned is provided at the following rates:

Freehold land	Nil
Buildings	2% straight line
Fixtures, fittings, catering and office equipment	20% reducing balance
Computer equipment	25% straight line
Fitness equipment	20% straight line
Weights equipment	12.5% straight line

No depreciation is charged in the year of disposal.

**(d) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a first-in, first-out basis.

**(e) Receivables**

Short term receivables are measured at transaction price, less any impairment. Other financial assets, our measured initially at fair value, and subsequently measured at amortised cost using the effective interest method, less any impairment.

**Pacific Health and Fitness Limited****Financial Statements for the year ended 30th September 2016****Notes (Continued)****2. Principal Accounting Policies (Continued)****(f) Payables**

Short term payables are measured at the transaction price. Other financial liabilities, are measured initially at fair value, and subsequently measured at amortised cost using the effective interest method, less any impairment.

**(g) Operating leases**

Payments made under operating lease net of incentives received from the lesser are recognised on a straight line basis over the period of the lease.

**(h) Taxation**

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred taxation is provided on timing differences that have originated but have not been reversed by the reporting date on a non-discounted basis. Deferred taxation assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which future reversals of the underlying timing differences can be deducted.

**(i) Going concern**

The financial statements have been prepared on the going-concern basis, which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business. The ability of the company to continue as a going concern is dependent upon financial support from the parent company. The parent company has agreed not to seek repayment of its loan within the next twelve months and to provide financial support to the company for the foreseeable future, sufficient to enable it to meet its future liabilities as they fall due.

No adjustments have been made in these financial statements to the carrying value of assets and the amounts and classification of liabilities which may be necessary in the event that the company is no longer a going concern.

**(j) Critical accounting estimates and judgements**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The directors assess the recoverability of receivables on a regular basis. If events or circumstances indicate that the carrying value may not be recoverable, the value is adjusted to the recoverable amount based on the director's best estimate of future cash flows.

## Pacific Health and Fitness Limited

## Financial Statements for the year ended 30th September 2016

## 3. Operating Profit

Operating profit is stated after charging:

	<u>2016</u>	<u>2015</u>
	£	£
Auditors' remuneration – audit	13,200	12,200
Auditors' remuneration – corporation tax	10,372	2,951
Auditors' remuneration – payroll	4,753	3,432
Operating lease expense – land and buildings	166,667	-
Depreciation	66,354	141,901
Directors emoluments	<u>134,000</u>	<u>127,675</u>

## 4. Key Management Personnel and Employees

	<u>2016</u>	<u>2015</u>
	£	£
Staff costs include the following emoluments in respect of key management personnel of the company:		
Key management personnel's emoluments	<u>149,355</u>	<u>144,575</u>
Staff costs including key management personnel during the year were as follows:		
Wages and salaries	994,525	924,945
Social security costs	67,145	65,058
Pension costs	<u>4,251</u>	<u>3,166</u>
	<u>1,065,921</u>	<u>993,169</u>

The comparative figures for 2015 have been restated to include only the costs for staff employed directly by the company and to exclude freelance costs.

	<u>Number</u>	<u>Number</u>
The average monthly number of persons employed by the company during the year was:		
Administration and management	<u>71</u>	<u>77</u>

## Pacific Health and Fitness Limited

## Financial Statements for the year ended 30th September 2016

## Notes (Continued)

## 5. Taxation on Ordinary Activities

	<u>2016</u> £	<u>2015</u> £
Analysis of tax charge for the year		
United Kingdom corporation tax	213,871	280,401
Prior year over provision	<u>(28)</u>	<u>(7,998)</u>
Current tax charge	213,843	272,403
Deferred taxation (note 9)	<u>(219,266)</u>	<u>7,434</u>
Total tax (credit)/charge	<u>(5,423)</u>	<u>279,837</u>

Factors affecting the tax charge for the year:

	<u>2016</u> £	<u>2015</u> £
Profit on ordinary activities before taxation	<u>1,015,247</u>	<u>1,292,805</u>
	<u>2016</u> £	<u>2015</u> £
Profit on ordinary activities at standard rate of taxation of 20% (2015: 20.5%)	203,049	265,025
Non-taxable expenses	45	1,825
Non-trade relationships	8,019	
Other timing differences	(1,672)	13,551
Accelerated capital allowances on disposal of asset	(210,396)	-
Change in tax rate	(4,440)	7,434
Prior year over provision	<u>(28)</u>	<u>(7,998)</u>
Current tax (credit)/charge	<u>(5,423)</u>	<u>279,837</u>

## 6. Fixed Assets

	<u>Land and Buildings</u> £	<u>Fixtures, Fittings and Equipment</u> £	<u>Fitness Equipment</u> £	<u>Total</u> £
Cost				
At 1st October 2015	4,659,476	1,059,264	331,072	6,049,812
Additions	-	36,916	10,338	47,254
Disposals	<u>(4,659,476)</u>	<u>-</u>	<u>-</u>	<u>(4,659,476)</u>
At 30th September 2016	<u>-</u>	<u>1,096,180</u>	<u>341,410</u>	<u>1,437,590</u>
Depreciation				
At 1st October 2015	1,471,308	861,623	285,810	2,618,741
Charge for the year	-	55,610	10,744	66,354
Disposals	<u>(1,471,308)</u>	<u>-</u>	<u>-</u>	<u>(1,471,308)</u>
At 30th September 2016	<u>-</u>	<u>917,233</u>	<u>296,554</u>	<u>1,213,787</u>
Net book value				
At 30th September 2016	<u>-</u>	<u>178,947</u>	<u>44,856</u>	<u>223,803</u>
At 30th September 2015	<u>3,188,168</u>	<u>197,641</u>	<u>45,262</u>	<u>3,431,071</u>

On 28th April 2016 the company sold its land and buildings for £3,188,168 to a related entity (see note 14).

## Pacific Health and Fitness Limited

## Financial Statements for the year ended 30th September 2016

## Notes (Continued)

## 7. Receivables

	<u>2016</u> £	<u>2015</u> £
Trade receivables	12,676	16,559
Amounts due from fellow subsidiaries	3,605,238	371,213
Directors loan account (note 13)	-	3,100
Prepayments and accrued income	<u>18,018</u>	<u>7,352</u>
	<u>3,635,932</u>	<u>398,224</u>

The amounts due from a fellow subsidiary are unsecured, interest free and repayable on demand, however the company has agreed not to seek repayment of the amounts due for the foreseeable future and to provide continuing financial support to the fellow subsidiary if required.

## 8. Payables, amounts falling due within one year

	<u>2016</u> £	<u>2015</u> £
Bank overdraft	20,416	14,175
Bank loan	-	90,000
Trade payables	77,334	77,946
Corporation tax	79,585	136,282
Other taxes and social security	27,426	191,022
Accruals and deferred income	<u>386,850</u>	<u>135,914</u>
	<u>591,611</u>	<u>645,339</u>

The bank loan was repaid in full in October 2015.

## 9. Deferred Taxation

	<u>2016</u> £	<u>2015</u> £
At 1st October 2015	259,227	251,793
Accelerated capital allowances	(214,826)	-
Change in tax rate	<u>(4,440)</u>	<u>(7,434)</u>
At 30th September 2016	<u>39,961</u>	<u>259,227</u>

Deferred taxation is in respect of accelerated capital allowances.

## 10. Share Capital

	<u>2016</u> £	<u>2015</u> £
Allotted, called up and fully paid 1,000 shares of £1 each	<u>1,000</u>	<u>1,000</u>

## Pacific Health and Fitness Limited

## Financial Statements for the year ended 30th September 2016

## Notes (Continued)

## 11. Reconciliation of Operating Profit to Cash Inflow from Operating Activities

	<u>2016</u> £	<u>2015</u> £
Operating profit	1,014,483	1,291,749
Depreciation	66,354	141,901
Increase in inventories	(3,412)	(466)
Increase in receivables	(49,537)	(88,891)
Increase/(decrease) in payables	96,686	(56,621)
	<u>1,115,484</u>	<u>1,287,672</u>

Cash and cash equivalents in the statement of cashflows comprise:

	<u>2016</u> £	<u>2015</u> £
Cash at bank	248,701	234,877
Bank overdraft	(20,416)	(14,175)
	<u>228,285</u>	<u>220,702</u>

## 12. Operating Lease Commitments

At 30th September 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

## Land and Buildings

	<u>2016</u> £	<u>2015</u> £
Less than one year	400,000	-
Between one to two years	400,000	-
Between two to five years	1,033,333	-
	<u>1,833,333</u>	<u>-</u>

**Pacific Health and Fitness Limited****Financial Statements for the year ended 30th September 2016****Notes (Continued)****13. Ultimate Holding Company**

In the opinion of the directors, the immediate parent company and ultimate holding company is Ocean Spirit Limited, a company incorporated in the British Virgin Islands. There is no ultimate controlling party.

**14. Related Party Transactions**

During the year the company recharged £865,742 (2015: £818,643) 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 £417,023 (2015: £371,213) to the company.

At the year end, the company was owed £3,188,215 from Pacific Freehold Properties Limited, which is a wholly owned subsidiary of Ocean Spirit Limited.

During the year the company entered into an operating lease commitment in relation to land and buildings with Pacific Freehold Properties Limited to which the company owed £166,667 at the year end.

The company has entered into a commitment to fund any expected cash shortfall in Baltic Health and Fitness Limited for the next twelve months.

During the year, dividends totalling £700,000 (2015: £750,000) were declared to Ocean Spirit Limited.

During the year ended 30th September 2014 a loan of £10,000 was made to V. Hava, a director of the company. The loan carried interest of 3% per annum and was repayable in equal monthly instalments to 1st February 2016. The loan was fully repaid in the year. The balance outstanding at the year-end was £Nil (2015: £3,100).

**15. Subsequent events**

The company declared dividends totalling £500,000 to Ocean Spirit Limited in November 2016.

**16. First Time Adoption of FRS 102**

This is the first period that Pacific Health and Fitness Limited has presented its accounts under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 30th September 2015 and the date of transition to FRS 102 was therefore 1st October 2015.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.