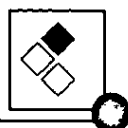


D.C. Leisure (Midlands) Limited

ANNUAL REPORT

Year ended 31 March 2007



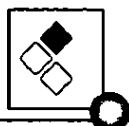
D C LEISURE GROUP



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COMPANIES HOUSE

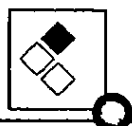
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Company Information

Directors	S Dodd T C Hewett P Kirkham
Secretary	S Dodd
Registered office	Otium House 2 Freemantle Road Bagshot Surrey GU19 5LL
Registered number	2745079
Auditors	Grant Thornton UK LLP Chartered Accountants 30 Finsbury Square London EC2P 2YU
Bankers	Lloyds TSB Plc City Office PO Box 72 Bailey Drive Gillingham Business Park Gillingham Kent ME8 0LS



Report of the Directors

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

Principal activity

D C Leisure (Midlands) Limited is engaged in the management of leisure facilities

Business review and future developments

The directors are satisfied with the results of the company for the year. The company will continue to manage these facilities in the future.

Results and dividends

The company's results for the year are set out on page 6. No dividend was paid during the year (2006 - £nil).

Directors and their interests

The directors who held office during the year set out on page 1.

None of the directors had any interest in the shares of any other group company at any time during the financial period, except for their shareholdings in the ultimate parent company. The interests of the directors in the shares of the ultimate parent company, DCL (Holdings) Limited, are disclosed in the accounts of that company.

Disclosure of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- As far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- Each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

RSM Robson Rhodes LLP ("Robson Rhodes") merged its audit practice with that of Grant Thornton UK LLP ("Grant Thornton") with effect from 2 July 2007, with the successor firm being Grant Thornton. Robson Rhodes resigned as auditors on 26 July 2007 creating a casual vacancy which the directors have filled by appointing Grant Thornton. A resolution to reappoint Grant Thornton as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors has been prepared in accordance with the special provision of Part VII of the Companies Act relating to small companies.

The report of the directors was approved by the Board on 27th September 2007 and signed on its behalf by



S Dodd
Director



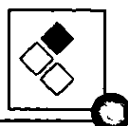
Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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 proper accounting 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



Independent Auditors' Report to the Shareholders of D.C. Leisure (Midlands) Limited

We have audited the financial statements on pages 6 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities 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 International Standards on Auditing (UK and Ireland).

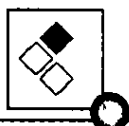
We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has 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 is not disclosed.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.



Independent Auditors' Report to the Shareholders of D.C. Leisure (Midlands) Limited (Continued)

Opinion

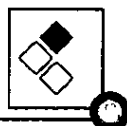
In our opinion

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 March 2007 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies
- The information given in the directors' report is consistent with the financial statements

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors

London, England *27 September 2007*



D C LEISURE GROUP

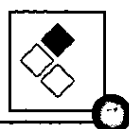
Profit and Loss Account

For the year ended 31 March 2007

	Note	2007 £	2006 £
Turnover	1	1,793,971	1,717,110
Cost of sales		(1,342,105)	(1,294,447)
Gross profit		<u>451,866</u>	<u>422,663</u>
Administrative expenses		(249,943)	(257,765)
Operating profit being profit on ordinary activities before taxation	2	<u>201,923</u>	<u>164,898</u>
Tax on profit on ordinary activities	3	(63,483)	(49,820)
Profit on ordinary activities after taxation being retained profit for the financial year		<u>138,440</u>	<u>115,078</u>
Retained profit brought forward		906,425	791,347
Retained profit carried forward		<u>1,044,865</u>	<u>906,425</u>

All amounts derive from continuing activities

There are no recognised gains or losses or movements in shareholders' funds for the current financial year and the previous financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses or reconciliation of shareholders' funds has been presented.



Balance Sheet

at 31 March 2007

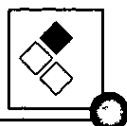
	Note	2007 £	2006 £
Fixed assets			
Tangible assets	4	9,495	7,231
Current assets			
Stock	5	20,017	15,849
Debtors	6	1,321,021	70,502
Cash at bank and in hand		124,381	1,413,265
		<u>1,465,419</u>	<u>1,499,616</u>
Creditors: Amounts falling due within one year	7	(310,864)	(476,385)
Net current assets		<u>1,154,555</u>	<u>1,023,231</u>
Total assets less current liabilities		<u>1,164,050</u>	<u>1,030,462</u>
Accruals and deferred income	9	(119,085)	(123,937)
Net assets		<u>1,044,965</u>	<u>906,525</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		1,044,865	906,425
Equity shareholders' funds		<u>1,044,965</u>	<u>906,525</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the Board on ~~27th September~~ 2007 and signed on its behalf by



S Dodd
Director



Notes to the Financial Statements

31 March 2007

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Stock

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

Deferred taxation

Deferred taxation is provided in full on material timing differences at the rate of taxation anticipated to apply when these differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

A deferred tax asset is only recognised where it is more likely than not that it will be recoverable in the future. Deferred tax assets and liabilities recognised are not discounted.

Deferred income

Income received in advance for courses and memberships is deferred and recognised in the period to which it relates.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of Value Added Tax. The turnover, all of which arises in the United Kingdom, is attributable to the company's principal activity.

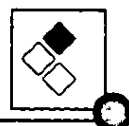
Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Building development	the remaining duration of the management contract or the lease of the property
Office and major equipment	2 - 10 years or the remaining duration of the management contract, as appropriate

Leases

Operating lease rentals are charged to profit and loss on the straight line basis over the period of the leases.



Notes to the Financial Statements (Continued)

31 March 2007

1 ACCOUNTING POLICIES (CONTINUED)

Pension costs

On 1 May 2004 the company's parent company established, as principal employer, the DC Leisure Pension Scheme. The pension costs in respect of the DC Leisure Pension Scheme are assessed in accordance with the advice of an independent, qualified actuary.

FRS 17 disclosures in respect of the DC Leisure Pension Scheme are disclosed in the ultimate parent company's financial statements. As the scheme is funded on a group basis, it is not possible for the company to identify its share of the deficit. Therefore contributions to the pension scheme are charged to the profit and loss account as incurred.

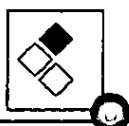
Cash flow statement

Under the provisions of FRS1, the Company is exempt from producing a cash flow statement since it is a wholly owned subsidiary of a United Kingdom company that produces a consolidated cash flow statement.

2. OPERATING PROFIT

	2007 £	2006 £
Operating profit is stated after charging:		
Depreciation - owned assets	12,127	8,535
Auditors' remuneration – audit fees	3,602	3,156
Pension costs	4,667	5,028
Operating lease rentals for plant and equipment	-	10,827
Management fees to parent company	53,578	52,902
	<hr/>	<hr/>

None of the directors received any direct remuneration from the company for their services to the company during the current financial year (2006: £nil). The directors of the company are also directors of other companies within the DCL (Holdings) Limited group and their remuneration is borne by another company within the group.



Notes to the Financial Statements (Continued)

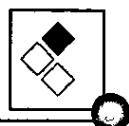
31 March 2007

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
Current tax		
UK Corporation tax at 19% (2006 30%)	2,111	49,575
Group relief payable	59,324	-
Adjustments in respect of prior years	-	(2,442)
Total current tax	61,435	47,133
Deferred Tax		
Origination and reversal of timing differences	(250)	415
Adjustments in respect of prior periods	-	2,272
Effect of tax rate change on opening balance	2,298	-
Total deferred tax charge	2,048	2,687
Taxation charge for the year	63,483	49,820

The standard rate of tax for the year, based on the UK standard companies rate of corporation tax, is 30%. The actual tax charge for the current and the previous years differs from the standard rate for the reasons set out in the following reconciliation

	2007 £	2006 £
Profit on ordinary activities before tax	201,923	164,898
Tax on profit on ordinary activities at 30% (2006 – 30%)	60,577	49,469
<i>Factors affecting charge for the year</i>		
Differences between depreciation and capital allowances	250	(415)
Expenses not deductible for tax purposes	464	521
Group relief claimed before payment	(59,324)	-
Difference in tax rates	144	-
Adjustments in respect of prior years	-	(2,442)
Total amount of current tax	2,111	47,133



Notes to the Financial Statements (Continued)

31 March 2007

4. TANGIBLE FIXED ASSETS

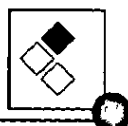
	Building Improve- ments £	Office and major equipment £	Total £
Cost			
At 1 April 2006	135,957	170,656	306,613
Additions	-	14,782	14,782
Disposals	-	(25,134)	(25,134)
At 31 March 2007	135,957	160,304	296,261
Depreciation			
At 1 April 2006	133,203	166,178	299,381
Charge for the year	2,754	9,373	12,127
Disposals	-	(24,742)	(24,742)
At 31 March 2007	135,957	150,809	286,766
Net book value			
At 31 March 2007	-	9,495	9,495
At 31 March 2006	2,754	4,477	7,231

5. STOCK

	2007 £	2006 £
Goods for resale	20,017	15,849

6. DEBTORS

	2007 £	2006 £
Trade debtors	48,555	28,725
Amounts owed by parent company	1,181,753	15,520
Amounts owed by fellow subsidiaries	17,933	1,800
Prepayments and accrued income	68,559	18,188
Deferred taxation asset	4,221	6,269
	1,321,021	70,502



Notes to the Financial Statements (Continued)

31 March 2007

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	63,453	52,152
Amounts owed to parent company	121,325	315,932
Amounts owed to fellow subsidiaries	290	290
Corporation tax	2,111	49,575
Group relief payable	59,324	-
Other taxation and social security	64,361	58,436
	<u>310,864</u>	<u>476,385</u>

8. DEFERRED TAXATION

	2007 £	2006 £
Timing differences between capital allowances and depreciation	4,221	6,269
	<u>4,221</u>	<u>6,269</u>

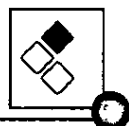
A deferred taxation asset of £4,221 (2006 £6,268) has been recognised (see note 7)

	Deferred taxation £
Asset at 1 April	6,269
Current year charge	(2,048)
Asset at 31 March	<u>4,221</u>

There is no unprovided deferred tax (2006 £nil)

9. ACCRUALS AND DEFERRED INCOME

	2007 £	2006 £
Accruals	53,660	42,817
Deferred income – advance subscriptions	65,425	81,120
	<u>119,085</u>	<u>123,937</u>



Notes to the Financial Statements (Continued)

31 March 2007

10. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised, called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

11. OPERATING LEASE COMMITMENTS

At 31 March 2007 the company was committed to making the following payments during the next year in respect of operating leases for plant and equipment

	2007 £	2006 £
Leases which expire		
Within one year	-	5,533
	<hr/>	<hr/>
	-	5,533
	<hr/>	<hr/>

12. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of DCL (Holdings) Limited which produces consolidated financial statements and accordingly has taken advantage of the exemption provided under FRS 8 not to disclose certain intra-group transactions with related parties

13. PARENT COMPANY AND CONTROLLING PARTY

It is the opinion of the directors that the immediate parent company is DC Leisure Management Limited, a company incorporated in England and Wales. DCL (Holdings) Limited is a company incorporated in England and Wales. DCL (Holdings) Limited is the ultimate parent company of the only group which includes this company for which consolidated accounts are prepared. The financial statements of DCL (Holdings) Limited are available on request to the Company Secretary, Otium House, 2 Freemantle Road, Bagshot, Surrey, GU19 5LL.

