COMPANY NO: 2745079

D.C. Leisure (Midlands) Limited

ANNUAL REPORT

Year ended 31 March 2008

D C LEISURE GROUP

Contents

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 Grant Thornton House Melton Street London NW1 2EP
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 2008.

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 ceased to manage these facilities on 28 April 2008 and has no plans to manage any 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 (2007 - £nil).

Directors

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

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

The auditors, Grant Thornton UK LLP, are willing to continue in office. A resolution to re-appoint Grant Thornton UK LLP as auditors 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 12th June 2009 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
The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with 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 2008 and of its profit for the period then ended.
- the financial statements 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 15 June 2009

Profit and Loss Account

For the year ended 31 March 2008

	Note	2008 £	2007 £
Turnover	1	1,701,069	1,793,971
Cost of sales		(1,297,455)	(1,342,105)
Gross profit		403,614	451,866
Administrative expenses		(216,790)	(249,943)
Operating profit being profit on ordinary activities before taxation	2	186,824	201,923
Tax on profit on ordinary activities	3	(55,270)	(63,483)
Profit on ordinary activities after taxation being retained profit for the financial year		131,554	138,440
Retained profit brought forward		1,044,865	906,425
Retained profit carried forward		1,176,419	1,044,865

The company ceased to trade on 28 April 2008. All amounts therefore derive from discontinued 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 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	4	5,794	9,495
Current assets			
Stock	5	12,958	20,017
Debtors	6	1,402,506	1,321,021
Cash at bank and in hand		94,478	124,381
		1,509,942	1,465,419
Creditors: Amounts falling due within one year	7	(230,800)	(310,864)
Net current assets		1,279,142	1,154,555
Total assets less current liabilities		1,284,936	1,164,050
Accruals and deferred income	9	(108,417)	(119,085)
Net assets		1,176,519	1,044,965
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		1,176,419	1,044,865
Equity shareholders' funds		1,176,519	1,044,965

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 12th June 2009 and signed on its behalf by:

S. Dodd

S Dodd
Director

Notes to the Financial Statements

31 March 2008

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 2008

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

	2008 £	2007 £
Operating profit is stated after charging:		
Depreciation - owned assets	3,702	12,127
Auditors' remuneration – audit fees	3,333	3,602
Pension costs	4,467	4,667

None of the directors received any direct remuneration from the company for their services to the company during the current financial year (2007: £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 2008

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
Current tax		
UK Corporation tax at 30% (2007: 30%)	2,000	2,111
Group relief payable	52,827	59,324
Total current tax	54,827	61,435
Deferred Tax		
Origination and reversal of timing differences	443	(250)
Effect of tax rate change on opening balance	-	2,298
Total deferred tax charge	443	2,048
Taxation charge for the year	55,270	63,483

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.

	2008 £	2007 £
Profit on ordinary activities before tax	186,824	201,923
Tax on profit on ordinary activities at 30% (2007 – 30%)	56,047	60,577
Factors affecting charge for the year:		
Differences between depreciation and capital allowances	(1,267)	250
Expenses not deductible for tax purposes	47	464
Difference in tax rates	-	144
Total amount of current tax	54,827	61,435

Notes to the Financial Statements (Continued)

31 March 2008

4. TANGIBLE FIXED ASSETS

	Building Improve- ments £	Office and major equipment £	Total £
Cost			
At 1 April 2007	135,957	160,304	296,261
At 31 March 2008	135,957	160,304	296,261
Depreciation			
At 1 April 2007	135,957	150,809	286,766
Charge for the year	-	3,701	3,701
At 31 March 2008	135,957	154,510	290,467
Net book value			
At 31 March 2008	-	5,794	5,794
At 31 March 2007	-	9,495	9,495

5. STOCK

	2008 £	2007 £
Goods for resale	12,958	20,017

6. DEBTORS

	2008 £	2007 £
Trade debtors	68,701	48,555
Amounts owed by parent company	1,325,000	1,181,753
Amounts owed by fellow subsidiaries	1,576	17,933
Prepayments and accrued income	3,451	68,559
Deferred taxation asset	3,778	4,221
	1,402,506	1,321,021

Notes to the Financial Statements (Continued)

31 March 2008

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	34,714	63,453
Amounts owed to parent company	71,338	121,325
Amounts owed to fellow subsidiaries	-	290
Corporation tax	2,000	2,111
Group relief payable	52,827	59,324
Other taxation and social security	69,921	64,361
	230,800	310,864

8. DEFERRED TAXATION

	2008 £	2007 £
Timing differences between capital allowances and depreciation	3,778	4,221

A deferred taxation asset of £3,778 (2007: £4,221) has been recognised (see note 6).

	Deferred taxation £
Asset at 1 April	4,221
Current year charge	443
Asset at 31 March	3,778

There is no unprovided deferred tax (2007: £nil)

9. ACCRUALS AND DEFERRED INCOME

	2008 £	2007 £
Accruals	45,913	53,660
Deferred income – advance subscriptions	62,504	65,425
	108,417	119,085

Notes to the Financial Statements (Continued)

31 March 2008

10. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised, called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100

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.

The ultimate parent company and controlling party is a fund managed by Sovereign Capital Partners LLP, a Limited Liability Partnership registered in England and Wales.

DCL (Holdings) Limited, incorporated in England and Wales, is the 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.