

COMPANY NO: 2745079

# **D.C. Leisure (Midlands) Limited**

## **ANNUAL REPORT**

**Year ended 31 March 2005**



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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	RSM Robson Rhodes LLP Chartered Accountants 186 City Road London EC1V 2NU
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 2005.

### **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 for the company during 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 5. No dividend was paid during the year (2004 - £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.

### **Auditors**

On 16 February 2005 Deloitte & Touche LLP resigned as auditors to the company, and RSM Robson Rhodes LLP were appointed to fill the casual vacancy. A resolution to re-appoint RSM Robson Rhodes LLP as auditors to 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 30 September 2005 and signed on its behalf by:



S Dodd  
Director

## **Statement of Directors' Responsibilities**

Company law in the United Kingdom 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;
- state whether applicable United Kingdom accounting standards have been followed; 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 5 to 12.

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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 with the company is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 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.

*RSM Robson Rhodes LLP*

RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors

London, England  
20 December 2005

## Profit and Loss Account

For the year ended 31 March 2005

	Note	2005 £	2004 £
<b>Turnover</b>	1	1,656,289	1,727,663
Cost of sales		(1,247,068)	(1,233,348)
<b>Gross profit</b>		<u>409,221</u>	<u>494,315</u>
Administrative expenses		(291,152)	(276,130)
<b>Operating profit</b>	2	<u>118,069</u>	<u>218,185</u>
Interest payable and similar charges	3	-	(43)
<b>Profit on ordinary activities before taxation</b>		<u>118,069</u>	<u>218,142</u>
Tax on profit on ordinary activities	4	(35,334)	(65,592)
<b>Profit on ordinary activities after taxation being retained profit for the financial year</b>		<u>82,735</u>	<u>152,550</u>
Retained profit brought forward		708,612	556,062
Retained profit carried forward		<u>791,347</u>	<u>708,612</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 2005

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	5	14,466	24,375
<b>Current assets</b>			
Stock	6	14,226	14,148
Debtors	7	75,763	56,193
Cash at bank and in hand		1,319,472	1,126,108
		<u>1,409,461</u>	<u>1,196,449</u>
<b>Creditors: Amounts falling due within one year</b>	8	(457,586)	(334,261)
<b>Net current assets</b>		<u>951,875</u>	<u>862,188</u>
<b>Total assets less current liabilities</b>		<u>966,341</u>	<u>886,563</u>
<b>Accruals and deferred income</b>	10	(174,894)	(177,851)
<b>Net assets</b>		<u>791,447</u>	<u>708,712</u>
<b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss account		791,347	708,612
<b>Equity shareholders' funds</b>		<u>791,447</u>	<u>708,712</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 30 September 2005 and signed on its behalf by:



S Dodd  
Director



## Notes to the Financial Statements

31 March 2005

### 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 have not been 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 and, 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.
Motor vehicles:	2 - 4 years.
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 2005

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Pension costs

Until 1 May 2004 the Company participated within the O.C.S Group Transfer of Undertakings Pension Scheme ('O.C.S. Scheme') and contributes to personal pension schemes where appropriate. The pension costs in respect of the O.C.S. Scheme are assessed in accordance with the advice of an independent, qualified actuary and are charged to the profit and loss account so as to spread the costs over the expected service lives of participating employees. Contributions payable to personal pension schemes are charged to the profit and loss account as they are incurred.

On 1 May 2004 the company's parent company established, as principal employer, the DC Leisure Pension Scheme. All employees who were members of the O.C.S. Scheme were transferred to the DC Leisure Pension Scheme on this date. The pension costs in respect of the DC Leisure Pension Scheme are assessed in accordance with the advice of an independent, qualified actuary and are charged to the profit and loss account so as to spread the costs over the expected service lives of participating employees.

FRS 17 transitional disclosures in respect of the DC Leisure Pension Scheme are disclosed in the parent company's financial statement as the scheme is funded on a group basis, and therefore it is not possible for the company to identify its share of the surplus.

#### 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

	2005 £	2004 £
<b>Operating profit is stated after charging:</b>		
Depreciation - owned assets	13,132	18,591
- leased assets	-	4,072
Auditors' remuneration - audit fees	3,000	3,000
Pension costs	4,831	4,915
Operating lease rentals for plant and equipment	12,852	13,865
Management fees to parent company	92,371	87,973

None of the directors received any direct remuneration from the company for their services to the company during the current financial year (2004: £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.

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Finance leases and hire purchase contracts	-	43

## Notes to the Financial Statements (Continued)

31 March 2005

## 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £	2004 £
<b>Current Tax</b>		
UK Corporation Tax at 30% (2004: 30%)	38,573	69,108
Adjustments in respect of prior years	(689)	(833)
<b>Total current tax</b>	<u>37,884</u>	<u>68,275</u>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	(2,550)	(2,683)
<b>Taxation charge for the year</b>	<u>35,334</u>	<u>65,592</u>

The standard rate of tax for the year, based on the UK standard 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.

	2005 £	2004 £
Profit on ordinary activities before tax	118,069	218,142
Tax on profit on ordinary activities at standard rate	35,421	65,443
<i>Factors affecting charge for the year:</i>		
Differences between depreciation and capital allowances	2,648	1,826
Expenses not deductible for tax purposes	504	1,839
Adjustments in respect of prior years	(689)	(833)
<b>Total amount of current tax</b>	<u>37,884</u>	<u>68,275</u>

## Notes to the Financial Statements (Continued)

31 March 2005

### 5. TANGIBLE FIXED ASSETS

	Building Improve- ments £	Office and major equipment £	Total £
<b>Cost</b>			
At 1 April 2004	135,958	166,132	302,090
Additions	-	3,223	3,223
At 31 March 2005	135,958	169,355	305,313
<b>Depreciation</b>			
At 1 April 2004	124,944	152,771	277,715
Charge for the year	5,505	7,627	13,132
At 31 March 2005	130,449	160,398	290,847
<b>Net book value</b>			
At 31 March 2005	5,509	8,957	14,446
At 31 March 2004	11,014	13,361	24,375

### 6. STOCK

	2005 £	2004 £
Goods for resale	14,226	14,148

### 7. DEBTORS

	2005 £	2004 £
Trade debtors	39,775	29,057
Amounts owed by fellow subsidiaries	2,886	1,898
Other debtors	-	197
Prepayments and accrued income	24,147	18,636
Deferred taxation asset	8,955	6,405
	75,763	56,193

# Notes to the Financial Statements (Continued)

31 March 2005

## 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade creditors	40,318	48,216
Amounts owed to parent company	132,118	15,504
Amounts owed to fellow subsidiaries	86,602	87,689
Corporation tax	38,574	69,108
Group relief payable	108,618	52,070
Other taxation and social security	51,356	61,674
	<u>457,586</u>	<u>334,261</u>

## 9. DEFERRED TAXATION

	2005 £	2004 £
Timing differences between capital allowances and depreciation	8,955	6,405
	<u>8,955</u>	<u>6,405</u>

A deferred taxation asset of £8,955 (2004: £6,405) has been recognised (see note 7).

	Deferred taxation £
Asset at 1 April 2004	6,405
Credit to profit and loss account	2,550
Asset at 31 March 2005	<u>8,955</u>

There is no unprovided deferred tax (2004: £nil)

## 10. ACCRUALS AND DEFERRED INCOME

	2005 £	2004 £
Accruals	61,661	44,053
Deferred income – advance subscriptions	113,233	133,798
	<u>174,894</u>	<u>177,851</u>

## Notes to the Financial Statements (Continued)

31 March 2005

### 11. CALLED UP SHARE CAPITAL

	2005 £	2004 £
<b>Authorised, called up, allotted and fully paid</b>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

### 12. OPERATING LEASE COMMITMENTS

At 31 March 2005 the company was committed to making the following payments during the next year in respect of operating leases for plant and equipment:

	2005 £	2004 £
Leases which expire:		
Within two to five years	11,503	10,993
	<u>11,503</u>	<u>10,993</u>

### 13. 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.

### 14. 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. Accordingly, 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.

## **Additional Information**

**31 March 2005**

The following page does not form part of the statutory financial statements and is for management purposes only.

## Detailed Profit and Loss Account (Unaudited)

For the year ended 31 March 2005

	Year ended 31 March	Year ended 31 March 2004
	£	£
<b>Turnover</b>		
Shop, bar and catering	245,873	259,937
Activities income	1,258,854	1,299,221
Management fee	151,562	148,916
Other income	0	19,589
	<hr/>	<hr/>
	1,656,289	1,727,663
<b>Cost of sales</b>		
Shop, bar and catering stock	109,347	114,386
Wages and salaries:		
Instructors	138,476	149,062
Other staff	770,480	731,661
Energy	134,361	123,250
Repairs and maintenance	53,044	51,172
Cleaning	15,414	16,400
Depreciation	13,160	22,663
Minor equipment	10,629	10,813
Chemicals	4,202	6,661
Equipment rental	2,129	2,872
Management fee	(4,174)	4,408
	<hr/>	<hr/>
	(1,247,068)	(1,233,348)
<b>Administrative expenses</b>		
Travel and subsistence	16,849	17,045
Administration	46,878	30,496
Marketing	26,791	36,495
Service charges	10,316	10,720
Legal and professional	10,106	10,554
Audit and accountancy	3,000	3,000
Sundry	8,099	6,206
Indirect staff	26,646	21,226
Support services	92,372	87,973
Insurance	27,441	23,555
Rent and rates	22,654	28,860
	<hr/>	<hr/>
	(291,152)	(276,130)
<b>Interest payable and similar charges</b>		
	<hr/>	<hr/>
	-	(43)
<b>Profit on ordinary activities before taxation</b>	<hr/>	<hr/>
	118,069	218,142
	<hr/>	<hr/>