Registration number SC 71827

Laidir Leisure Limited

Directors' report and financial statements

for the year ended 30 June 2002

SCT SDZ89KIN 0068
COMPANIES HOUSE 29/04/03

Laidir Leisure Limited

Company information

Incorporated	in Scotland on 12 June 1980
Directors	Nigel D C Webster David G Webster David P Webster OBE Iain Baird
Secretary	Nigel D C Webster
Company number	SC 71827
Registered office	Unit 11 12 Whitehall Street GLASGOW G3 8BN
Website	www.powerhouse-fitness.co.uk
Registered auditors	K F McKeown & Co Chartered Accountants 28 Miller Road AYR KA7 2AY
Bankers	The Royal Bank of Scotland plc Fifth Floor Tay House 300 Bath Street GLASGOW G2 4RS
Solicitors	Carr & Co 81 Main Street Baillieston GLASGOW G69 6AD

Powerhouse Stores

Stockwell Street Glasgow	Argyle Street Glasgow	St Andrew Street Aberdeen	Lower Whitecross Way Newcastle

Laidir Leisure Limited

Financial Statements for the year ended 30 June 2002

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Laidir Leisure Limited

Directors' report
for the year ended 30 June 2002

The directors present their twenty-first report and the audited financial statements for the year ended 30 June 2002.

Principal activity and review of the business
The principal activity of the company continued to be the sale of fitness and weightlifting equipment. The results for the year are satisfactory against a backdrop of difficult trading conditions.

Results and dividends
The results for the year are set out on page 4 - 5.

Dividends of £82,400 were paid during the year (2001 - £81,600).

Fixed assets
The movements in fixed assets during the year are set out at note 10 to the accounts.

Directors and their interests
The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2002	**2001**
Nigel D C Webster	50,000	50,000
David G Webster	50,000	50,000
David P Webster OBE	-	-
Iain Baird	-	-

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 affairs of the company and of the profit or loss of the company for that year. In preparing these 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 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 accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Directors' report
for the year ended 30 June 2002

Registered auditors
In accordance with Section 385 of the Companies Act 1985, a resolution proposing that K F McKeown & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 30 September 2002 and signed on its behalf by

Nigel D C Webster
Secretary

Independent auditors' report to the shareholders of Laidir Leisure Limited

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors
As described on page 1 the company's directors are responsible for the preparation of the financial statements.

It is our responsibility to form an independent opinion, based on our audit, on these statements and to report our opinion to you.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 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 as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

K F McKeown & Co
Chartered Accountants
Registered Auditor
28 Miller Road
AYR
KA7 2AY

30 September 2002

Profit and loss account
for the year ended 30 June 2002

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	2	3,217,896	3,092,961
Cost of sales		(1,973,370)	(2,000,499)
Gross profit		1,244,526	1,092,462
Administrative expenses		(1,026,135)	(898,928)
Rental income		25,085	17,645
Operating profit	3	243,476	211,179
Interest receivable and similar income		-	372
Interest payable and similar charges	5	(31,060)	(32,213)
Profit on ordinary activities before taxation		212,416	179,338
Tax on profit on ordinary activities	8	(60,878)	(27,810)
Profit on ordinary activities after taxation		151,538	151,528
Dividends paid	9	(82,400)	(81,600)
Retained profit for the year		69,138	69,928

There are no recognised gains or losses other than the profit or loss for the above two financial years.
None of the company's activities were acquired or discontinued during the current and previous year.

The notes on pages 8 to 16 form an integral part of these financial statements.

Note of historical cost profits and losses for the year ended 30 June 2002

	2002	2001
	£	£
Profit on ordinary activities before taxation	212,416	179,338
Realisation of property revaluation gains from previous years	(5,027)	-
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	(962)	(1,005)
Historical cost profit on ordinary activities before taxation	206,427	178,333
Historic cost profit for the year retained after taxation and dividends	63,149	68,923

The notes on pages 8 to 16 form an integral part of these financial statements.

Laidir Leisure Limited

Balance sheet
as at 30 June 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	10		662,642		684,325
Current assets					
Stocks	11	512,519		448,797	
Debtors	12	407,584		297,486	
Cash at bank and in hand		281		(305)	
		920,384		745,978	
Creditors: amounts falling due within one year	13	(728,358)		(638,960)	
Net current assets			192,026		107,018
Total assets less current liabilities			854,668		791,343
Creditors: amounts falling due after more than one year	14		(301,337)		(323,527)
Provisions for liabilities and charges	15		(16,377)		-
Net assets			536,954		467,816
Capital and reserves					
Called up share capital	19		100,000		100,000
Revaluation reserve	20		45,245		50,272
Profit and loss account	20		391,709		317,544
Equity shareholders' funds	21		536,954		467,816

The financial statements were approved by the Board on 30 September 2002 and signed on its behalf by

Nigel D C Webster
Director

David G Webster
Director

The notes on pages 8 to 16 form an integral part of these financial statements.

Cash flow statement
for the year ended 30 June 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		243,476	211,179
Depreciation		66,779	66,195
(Increase) in stocks		(63,722)	(99,411)
(Increase) in debtors		(110,098)	(98,980)
Increase in creditors		38,633	170,999
Net cash inflow from operating activities		175,068	249,982
Cash flow statement			
Net cash inflow from operating activities		175,068	249,982
Returns on investments and servicing of finance	22	(31,060)	(40,841)
Taxation	22	(31,209)	(25,113)
Capital expenditure	22	(45,096)	(137,730)
		67,703	46,298
Equity dividends paid		(82,400)	(81,600)
		(14,697)	(35,302)
Financing	22	(19,697)	51,223
(Decrease)/Increase in cash in the year		(34,394)	15,921
Reconciliation of net cash flow to movement in net debt (Note 23)			
(Decrease)/Increase in cash in the year		(34,394)	15,921
Cash inflow from decrease in debts and lease financing		19,697	(51,223)
Change in net debt resulting from cash flows		(14,697)	(35,302)
Net debt at 1 July 2001		(520,316)	(485,014)
Net debt at 30 June 2002		(535,013)	(520,316)

Notes to the financial statements for the year ended 30 June 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets , and in accordance with applicable accounting standards.

1.2. Turnover

The turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

1.3. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.
Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over over 50 years
Plant and machinery	-	over 5 to 10 years
Fixtures, fittings and equipment	-	over 5 to 10 years
Motor vehicles	-	over 3 to 7 years

1.4. Leasing and hire purchase commitments

Assets acquired under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Stock

Stock is valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.7. Deferred taxation

Provision is made for deferred taxation to take account of timing differences to the extent that tax liabilities are likely to crystalise in the foreseeable future.

2. Turnover

The turnover for the year has been derived from the company's principal activity. The whole of the turnover is attributable to the United Kingdom market.

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3. Operating profit	2002 £	2001 £
Depreciation - owned	46,898	35,054
- leased	22,637	29,683
Auditors' remuneration	2,900	2,800
Auditors' remuneration from non-audit work	6,932	22,971
and after crediting:		
Profit on disposal of tangible fixed assets	(2,756)	1,458

4. Interest receivable and similar income	2002 £	2001 £
Bank interest	-	372

5. Interest payable and similar charges	2002 £	2001 £
On bank loans and overdrafts	25,870	28,398
Hire purchase interest	5,190	3,815
	31,060	32,213

6. Employees

Number of employees

The average monthly numbers of employees (including the directors) during the year were:	2002	2001
Office and management	7	7
Administration staff	24	19
	31	26

Employment costs	2002 £	2001 £
Wages and salaries	450,231	383,491
Social security costs	45,635	30,334
Other pension costs	24,000	20,400
	519,866	434,225

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6.1. Directors' emoluments	2002 £	2001 £
Remuneration and other emoluments	91,811	81,677
Pension contributions	24,000	20,400
	115,811	102,077

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	2

7. Pension costs

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £24,000 (2001 - £20,400).

8. Tax on profit on ordinary activities

Analysis of charge in period	2002 £	2001 £
UK corporation tax at 20%/19% (2001 - 20%)	41,102	27,810
Prior period adjustments	3,399	-
	44,501	27,810
Total current tax charge	44,501	27,810
Deferred tax		
Timing differences, origination and reversal	16,377	-
Total deferred tax	16,377	-
Tax on profit on ordinary activities	60,878	27,810

9. Dividends

	2002 £	2001 £
Dividends on equity shares:		
Ordinary shares - paid in year	82,400	81,600

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10. Tangible fixed assets

	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost/revaluation					
At 1 July 2001	453,670	53,790	207,327	153,682	868,469
Additions	-	8,703	20,997	74,498	104,198
Disposals	(32,000)	-	-	(74,855)	(106,855)
At 30 June 2002	421,670	62,493	228,324	153,325	865,812
Depreciation					
At 1 July 2001	30,351	36,023	50,907	66,863	184,144
On disposals	(3,040)	-	-	(47,469)	(50,509)
Charge for the year	8,913	7,041	24,314	29,267	69,535
At 30 June 2002	36,224	43,064	75,221	48,661	203,170
Net book values					
At 30 June 2002	385,446	19,429	153,103	104,664	662,642
At 30 June 2001	423,319	17,767	156,420	86,819	684,325

Included above are assets held under finance leases or hire purchase contracts as follows:

	2002		2001	
Asset description	**Net book value £**	**Depreciation charge £**	**Net book value £**	**Depreciation charge £**
Motor vehicles	95,658	22,637	48,398	29,683

Tangible fixed assets included at a valuation would have been included on a historical cost basis at:

	2002 £	2001 £
Cost	380,050	403,398
Depreciation	28,643	22,910
Net book value	351,407	380,488

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11. Stocks	2002 £	2001 £
Finished goods for resale	512,519	448,797

12. Debtors	2002 £	2001 £
Trade debtors	386,690	281,767
Other debtors	-	6,181
Prepayments and accrued income	20,894	9,538
	407,584	297,486

13. Creditors: amounts falling due within one year	2002 £	2001 £
Bank overdraft	146,102	111,122
Bank loan	59,452	59,437
Net obligations under finance leases and hire purchase contracts	28,403	25,925
Trade creditors	386,501	357,627
Corporation tax	41,102	27,810
Other taxes and social security costs	31,555	37,809
Directors' accounts	941	941
Other creditors	-	35
Accruals and deferred income	34,302	18,254
	728,358	638,960

Details of security given over bank borrowings are stated at Note 14.
Details of the Directors' accounts are given in the related party disclosure at Note 18.

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14. Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank loans	269,829	303,562
Net obligations under finance leases	31,508	19,965
	301,337	323,527
Loans		
Repayable in one year or less, or on demand (Note 13)	59,452	59,437
Repayable between one and two years	59,452	59,452
Repayable between two and five years	149,072	178,356
Repayable in five years or more	120,757	65,754
	388,733	362,999

The bank term loans are secured over the following properties:- 995/1003 Argyle Street, Glasgow, 1017 Argyle Street, Glasgow and 1 St Andrew Street, Aberdeen. The bank overdraft and term loans are secured by a bond and floating charge over the assets of the company. Bank term loans are repayable by equal instalments over 4 and 15 years. Interest is charged at 2% per annum over bank base rate, subject to a minimum charge of 6% per annum.

Net obligations under finance leases and hire purchase contracts		
Repayable within one year	28,403	25,925
Repayable between one and five years	31,508	19,965
	59,911	45,890

15 Provisions for liabilities and charges

	Deferred taxation (Note 16) £	Total £
Movements in the year	16,377	16,377
At 30 June 2002	16,377	16,377

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16. Provision for deferred taxation

	2002 £	2001 £
Accelerated capital allowances	16,377	-
Undiscounted provision for deferred tax	16,377	-

17. Capital commitments

	2002 £	2001 £
Details of capital commitments at the accounting date are as follows:		
Authorised but not contracted	-	-
Contracted for but not provided in the financial statements	-	85,000

18. Related party transactions

During the year the company was under the control of the joint managing directors, Nigel and David Webster. At the balance sheet date the company owed the directors equal amounts totalling £941 (2001 - £941).

19. Share capital

	2002 £	2001 £
Authorised equity		
100,000 Ordinary shares of 1.00 each	100,000	100,000
Allotted, called up and fully paid equity		
100,000 Ordinary shares of 1 each	100,000	100,000

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20. Equity Reserves	Revaluation reserve £	Profit and loss account £	Total £
At 1 July 2001	50,272	317,544	367,816
Transfer of realised profit	(5,027)	5,027	-
Retained profit for the year	-	69,138	69,138
At 30 June 2002	45,245	391,709	436,954

21. Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit for the year	151,538	151,528
Dividends	(82,400)	(81,600)
	69,138	69,928
Opening shareholders' funds	467,816	397,888
Closing shareholders' funds	536,954	467,816

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22. Gross cash flows

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	-	372
Interest paid	(31,060)	(32,213)
Dividends paid	-	(9,000)
	(31,060)	(40,841)
Taxation		
Corporation tax paid	(31,209)	(25,113)
Capital expenditure		
Payments to acquire tangible assets	(104,198)	(135,729)
Receipts from sales of tangible assets	59,102	(2,001)
	(45,096)	(137,730)
Financing		
Repayment of long term bank loan	(33,718)	57,701
Capital element of finance leases and hire purchase contracts	14,021	(6,478)
	(19,697)	51,223

23. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	(305)	586	281
Overdrafts	(111,122)	(34,980)	(146,102)
	(111,427)	(34,394)	(145,821)
Debt due within one year	(59,437)	(15)	(59,452)
Debt due after one year	(303,562)	33,733	(269,829)
Finance leases and hire purchase contracts	(45,890)	(14,021)	(59,911)
	(408,889)	19,697	(389,192)
Net funds	(520,316)	(14,697)	(535,013)