

Company Registration No. 1785753 (England and Wales)

## **Bowness Leisure Plc**

### **Directors' Report and Financial Statements For The Year Ended 31 October 2004**



# **BOWNESS LEISURE PLC**

## **COMPANY INFORMATION**

---

<b>Directors</b>	K R Hirst C C Watson B M Watson A M Serino P J Francis
<b>Secretary</b>	B M Watson
<b>Company number</b>	1785753
<b>Registered office</b>	Foss Islands House Foss Islands Road York YO31 7UJ
<b>Auditors</b>	Garbutt & Elliott Limited Arabesque House Monks Cross Drive Huntington York YO32 9GW
<b>Bankers</b>	The Royal Bank of Scotland plc Bradford Corporate Office 45 - 47 Bank Street Bradford BD1 1TS
<b>Solicitors</b>	Nuttall Hogg First Floor 11/13 Lower Hillgate Stockport SK1 1JQ

---

# BOWNESS LEISURE PLC

## CONTENTS

---

	Page
<i>Directors' report</i>	1 - 2
 Independent auditors' report	 3
 Profit and loss account	 4 - 5
 Balance sheet	 6
 Cash flow statement	 7
 Notes to the cash flow statement	 8
 Notes to the financial statements	 9 - 20

---

# BOWNESS LEISURE PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2004

---

The directors present their report and financial statements for the year ended 31 October 2004.

### Principal activities and review of the business

The principal activity of the company is the continued operation of Burnside Park, which includes the construction, sale and servicing of holiday accommodation.

On 1 November 2004 the company sold the Hotel, Leisure centre and all related assets including staff houses for £4.6million.

### Results and dividends

The results for the year are set out on pages 4 to 5.

It is proposed that the retained profit of £9,022 is transferred to reserves.

The directors recommend the payment of a final dividend on the Ordinary shares amounting to £170,000.

### Market value of land and buildings

The directors are of the opinion that the market value of the property at 31 October 2004, excluding the properties sold on 1 November 2004, is not materially different to the valuation by Christie & Co in July 1998.

### Directors

The following directors have held office since 1 November 2003:

K R Hirst  
C C Watson  
B M Watson  
A M Serino  
P J Francis

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 October 2004	1 November 2003
C C Watson	-	-
B M Watson	-	-
A M Serino	-	-
K R Hirst	-	-
P J Francis	-	-

### 7% Cumulative Redeemable Convertible Preference shares of £ 1 each

	31 October 2004	1 November 2003
C C Watson	-	-
B M Watson	-	-
A M Serino	-	-
K R Hirst	-	-
P J Francis	-	-

# **BOWNESS LEISURE PLC**

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004**

---

The directors of Bowness Leisure PLC are also directors of Badger Hotels PLC, this company's parent company. Accordingly their interests are not required to be recorded in this company's register of directors' interests.

### **Creditor payment policy**

The company's policy on payment of creditors is to ensure that the terms of payment specified by the supplier are not exceeded. Whilst the company has no formal code or standard on payment practice, its policy is to operate a monthly payments cycle to ensure that creditors receive payment within their specified terms. The number of creditor days at 31 October 2004 was 38 (2003:40)

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Garbutt & Elliott Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

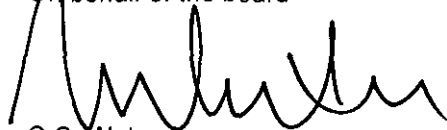
### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of 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 then 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.

On behalf of the board



C C Watson

Director

15 April 2005

# BOWNESS LEISURE PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BOWNESS LEISURE PLC

We have audited the financial statements of Bowness Leisure Plc on pages 4 to 20 for the year ended 31 October 2004. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 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 members as a body, for our work, for this report, or for the opinions we have formed.

### Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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 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 directors' report 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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

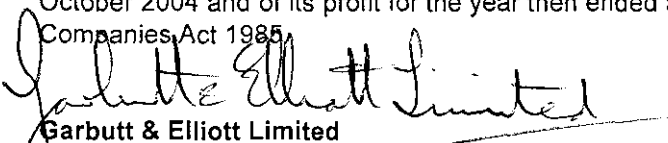
### Basis of audit opinion

We conducted our audit in accordance with 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 31 October 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Garbutt & Elliott Limited

Chartered Accountants  
Registered Auditors

18 April 2005

Arabesque House  
Monks Cross Drive  
Huntington  
York  
YO32 9GW

# BOWNESS LEISURE PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2004

	Notes	2004 £	2003 £
<b>Turnover</b>	<b>2</b>		
Continuing operations		933,332	848,518
Discontinued activities		<u>2,602,176</u>	<u>2,500,530</u>
		3,535,508	3,349,048
 Cost of sales		 (794,329)	 (783,162)
 <b>Gross profit</b>		 2,741,179	 2,565,886
 Administrative expenses		 (2,507,324)	 (2,312,825)
Other operating income		<u>2,198</u>	<u>843</u>
 <b>Operating profit</b>	<b>4</b>		
Continuing operations		278,813	234,921
Discontinued activities		<u>(42,760)</u>	<u>18,983</u>
		236,053	253,904
 Interest receivable and similar income		 22,300	 18,641
Interest payable and similar charges	<b>5</b>	<u>(14,731)</u>	<u>(17,757)</u>
 <b>Profit on ordinary activities before taxation</b>		 243,622	 254,788
 Tax on profit on ordinary activities	<b>6</b>	 (64,600)	 (92,000)
 <b>Profit on ordinary activities after taxation</b>		 179,022	 162,788
 Dividends	<b>7</b>	 (170,000)	 (170,000)
 <b>Retained profit/(loss) for the year</b>	<b>17</b>	 <u>9,022</u>	 <u>(7,212)</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

# BOWNESS LEISURE PLC

## PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

### Note of historical cost profits and losses

	2004 £	2003 £
<b>Reported profit on ordinary activities before taxation</b>	243,622	254,788
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	14,387	14,387
<b>Historical cost profit on ordinary activities before taxation</b>	<u>258,009</u>	<u>269,175</u>
<b>Historical cost profit for the year retained after taxation, extraordinary items and dividends</b>	<u>23,409</u>	<u>7,175</u>

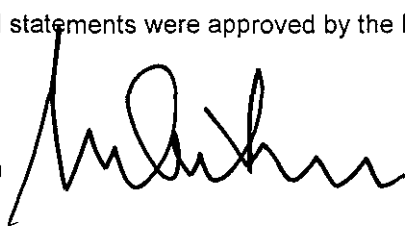
# BOWNESS LEISURE PLC

## BALANCE SHEET AS AT 31 OCTOBER 2004

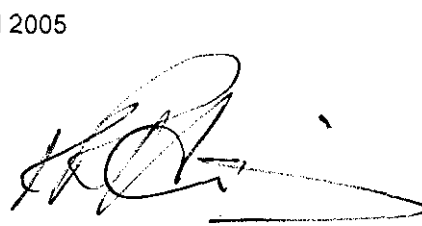
	Notes	£	£	2004 £	2003 £
<b>Fixed assets</b>					
Tangible assets	8	3,272,719			3,191,972
Investments	9	504,870			504,870
			3,777,589		3,696,842
<b>Current assets</b>					
Stocks	10	832,657		968,590	
Debtors	11	113,197		161,488	
Cash at bank and in hand		477,751		492,155	
		1,423,605		1,622,233	
<b>Creditors: amounts falling due within one year</b>	12	(1,734,369)		(1,617,252)	
<b>Net current (liabilities)/assets</b>			(310,764)		4,981
<b>Total assets less current liabilities</b>			3,466,825		3,701,823
<b>Creditors: amounts falling due after more than one year</b>	13		-		(232,020)
<b>Provisions for liabilities and charges</b>	14		(313,000)		(325,000)
			3,153,825		3,144,803
<b>Capital and reserves</b>					
Called up share capital	16	883,233			883,233
Share premium account	17	280,257			280,257
Revaluation reserve	17	633,039			647,427
Profit and loss account	17	1,357,296			1,333,886
<b>Shareholders' funds - equity interests</b>	18	3,153,825			3,144,803

The financial statements were approved by the Board on 15 April 2005

C C Watson  
Director



K R Hirst  
Director



# BOWNESS LEISURE PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2004

	£	2004 £	£	2003 £
<b>Net cash inflow from operating activities</b>		527,898		142,892
<b>Returns on investments and servicing of finance</b>				
Interest received	22,300		18,641	
Interest paid	(14,731)		(17,757)	
<b>Net cash inflow for returns on investments and servicing of finance</b>		7,569		884
<b>Taxation</b>		(85,016)		(16,582)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(168,453)		(36,041)	
Receipts from sales of tangible assets	1,667		-	
<b>Net cash outflow for capital expenditure</b>		(166,786)		(36,041)
<b>Equity dividends paid</b>		(170,000)		-
<b>Net cash inflow before management of liquid resources and financing</b>		113,665		91,153
<b>Financing</b>				
Repayment of long term bank loan	(128,069)		(54,386)	
<b>Net cash outflow from financing</b>		(128,069)		(54,386)
<b>(Decrease)/increase in cash in the year</b>		(14,404)		36,767

# BOWNESS LEISURE PLC

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2004

1 Reconciliation of operating profit to net cash inflow from operating activities		2004	2003
		£	£
Operating profit		236,053	253,904
Depreciation of tangible assets		87,706	93,991
Profit on disposal of tangible assets		(1,667)	-
Decrease/(increase) in stocks		135,933	(291,354)
Decrease in debtors		48,291	61,762
Increase in creditors within one year		21,582	24,589
<b>Net cash inflow from operating activities</b>		<b>527,898</b>	<b>142,892</b>

2 Analysis of net funds	1 November 2003	Cash flow	Other non-cash changes	31 October 2004
	£	£	£	£
Net cash:				
Cash at bank and in hand	492,155	(14,404)	-	477,751
Debt:				
Debts falling due within one year	(54,386)	(103,951)	-	(158,337)
Debts falling due after one year	(232,020)	232,020	-	-
<b>Net funds</b>	<b>205,749</b>	<b>113,665</b>	<b>-</b>	<b>319,414</b>

3 Reconciliation of net cash flow to movement in net funds		2004	2003
		£	£
(Decrease)/increase in cash in the year		(14,404)	36,767
Cash outflow from decrease in debt		128,069	54,385
<b>Movement in net funds in the year</b>		<b>113,665</b>	<b>91,152</b>
Opening net funds		205,749	114,597
<b>Closing net funds</b>		<b>319,414</b>	<b>205,749</b>

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2004

---

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Tangible fixed assets and depreciation

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

Land and buildings Freehold	2% Straight line
Fixtures, fittings & equipment	0-33 1/3% Straight line
Motor vehicles	25% Reducing balance

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.6 Stock

Raw materials, consumables and goods for resale

Such stock is valued at the lower of cost or net realisable value.

Estate costs

Development land - freehold

The development land is incorporated within the overall cost on completion. The undeveloped land is included at cost.

Time-share units

The units, including development land as appropriate, are stated at their individual costs.

#### 1.7 Pensions

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

---

### 1 Accounting policies

(continued)

#### 1.8 Deferred taxation

Full provision is made for deferred tax arising from timing differences existing at the balance sheet date where there exists an obligation to pay more, or right to pay less tax, with the following exceptions:

- Provision is made for tax on gains arising from revaluation of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- *Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.*

Deferred tax balances are not discounted and are calculated at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse.

#### 1.9 Related party transactions

Related party disclosure in respect of group transactions have not been made on the grounds that such disclosures are included in publicly available consolidated accounts.

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

### 2 Segmental analysis of turnover, profits and net assets

	2004		
	Turnover	Profit	Net assets
	£	£	£
Hotel (Discontinued operation)	2,602,176	(42,760)	2,470,191
Time-share operation (Continued operation)	933,332	278,813	769,217
	<u>3,535,508</u>	<u>236,053</u>	
Segmental turnover and operating profit	3,535,508	236,053	
Add:			
Interest receivable	-	22,300	-
Cash at bank and in hand	-	-	477,751
Deduct:			
Interest payable and related loans and overdrafts	-	(14,731)	(158,334)
Taxation	-	-	(405,000)
	<u>3,535,508</u>	<u>243,622</u>	<u>3,153,825</u>
Continuing and discontinued businesses	3,535,508	243,622	3,153,825

	2003		
	Turnover	Profit	Net assets
	£	£	£
Hotel (Discontinued operation)	2,500,530	18,983	2,564,336
Time-share operation (Continued operation)	848,518	234,921	800,134
	<u>3,349,048</u>	<u>253,904</u>	
Segmental turnover and operating profit	3,349,048	253,904	
Add:			
Interest receivable	-	18,641	-
Cash at bank and in hand	-	-	492,155
Deduct:			
Interest payable and related loans and overdrafts	-	(17,757)	(286,406)
Taxation	-	-	(425,416)
	<u>3,349,048</u>	<u>254,788</u>	<u>3,144,803</u>
Continuing and discontinued businesses	3,349,048	254,788	3,144,803

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

### 3 Cost of sales and net operating expenses

	2004			2003		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Cost of sales	390,486	403,843	794,329	401,483	381,679	783,162
Administrative expenses	264,033	2,243,291	2,507,324	212,114	2,100,711	2,312,825
Other operating income	-	(2,198)	(2,198)	-	(843)	(843)
	<u>654,519</u>	<u>2,644,936</u>	<u>3,299,455</u>	<u>613,597</u>	<u>2,481,547</u>	<u>3,095,144</u>

4 Operating profit	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	87,706	93,991
Auditors' remuneration	11,750	11,000
Auditors remuneration for non audit services and after crediting:	20,150	28,115
Profit on disposal of tangible assets	<u>(1,667)</u>	<u>-</u>

5 Interest payable	2004 £	2003 £
On other loans wholly repayable within 5 years	14,731	6,464
On loans repayable after 5 years	-	11,293
	<u>14,731</u>	<u>17,757</u>

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

6	Taxation	2004 £	2003 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	92,000	92,000
	Adjustment for prior years	(15,400)	-
		<hr/>	<hr/>
	<b>Current tax charge</b>	76,600	92,000
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(12,000)	-
		<hr/>	<hr/>
		64,600	92,000
		<hr/>	<hr/>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	243,622	254,788
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	73,087	76,436
		<hr/>	<hr/>
	Effects of:		
	Non deductible expenses	22,300	31,648
	Depreciation add back	26,312	28,197
	Capital allowances	(51,303)	(48,959)
	Other tax adjustments	6,204	4,678
		<hr/>	<hr/>
		3,513	15,564
		<hr/>	<hr/>
	<b>Current tax charge</b>	76,600	92,000
		<hr/>	<hr/>
7	<b>Dividends</b>	2004 £	2003 £
	Ordinary final proposed	170,000	170,000
		<hr/>	<hr/>

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

### 8 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 November 2003	3,486,626	655,405	13,244	4,155,275
Additions	166,626	1,827	-	168,453
At 31 October 2004	3,653,252	657,232	13,244	4,323,728
<b>Depreciation</b>				
At 1 November 2003	348,346	607,398	7,559	963,303
Charge for the year	71,949	14,335	1,422	87,706
At 31 October 2004	420,295	621,733	8,981	1,051,009
<b>Net book value</b>				
At 31 October 2004	3,232,957	35,499	4,263	3,272,719
At 31 October 2003	3,138,280	48,007	5,685	3,191,972

Freehold land and buildings at Burnside Park, excluding the timeshare development, were valued on 31 July 1998 by Christie & Co, Surveyors and Valuers, on the basis of open market value for existing use and in its present condition as a fully equipped hotel and leisure complex, in the sum of £3,350,000. The historic cost of the hotel site property including fixed plant, fixtures and fittings is £3,250,615.

FRS15 - Tangible Fixed Assets - The company has adopted the option within the transitional arrangements to retain the book value of fixed assets at their previously revalued amounts. No further revaluations will be undertaken.

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

### 9 Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 November 2003 & at 31 October 2004	<u>504,870</u>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Bowness Time-Share Limited (dormant)	England	Ordinary	100
Bowness Time-Share Limited (dormant)	England	Preference	100
Holiday and Resort Finance Limited (dormant)	England	Ordinary	100
Park Tours and Travel Limited	England	Ordinary	51

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2004 £	Profit for the year 2004 £
Bowness Time-Share Limited	530,838	-
Holiday and Resort Finance Limited (Dormant)	12,782	-
Park Tours and Travel Limited	<u>(13,441)</u>	<u>(5,120)</u>

### 10 Stocks

	2004 £	2003 £
Raw materials and consumables	17,170	12,714
Timeshare units and goods for resale	815,487	955,876
	<u>832,657</u>	<u>968,590</u>

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

11 Debtors	2004 £	2003 £
Trade debtors	46,628	41,690
Amounts owed by subsidiary undertakings	37,030	53,154
Other debtors	17,416	14,491
Prepayments and accrued income	12,123	52,153
	<u>113,197</u>	<u>161,488</u>
12 Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts	158,337	54,386
Trade creditors	110,371	126,150
Amounts owed to parent and fellow subsidiary undertakings	214,654	112,800
Amounts owed to subsidiary undertakings	558,690	543,620
Corporation tax	92,000	100,416
Other taxes and social security costs	153,967	139,455
Other creditors	243,530	325,104
Accruals and deferred income	32,820	45,321
Proposed dividend	170,000	170,000
	<u>1,734,369</u>	<u>1,617,252</u>

Bank loans and overdrafts are secured as stated in note 13.

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

13 Creditors: amounts falling due after more than one year	2004 £	2003 £
Bank loans	-	232,020
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments:	-	191,668
Wholly repayable within five years	158,337	94,738
	158,337	286,406
Included in current liabilities	(158,337)	(54,386)
	-	232,020
Instalments not due within five years	-	25,003
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	-	54,386
In more than two years but not more than five years	-	152,630
In more than five years	-	25,003

The medium term bank loan was secured by way of a legal charge over the company's freehold and leasehold land and buildings. The medium term bank loan was repaid on 2 November 2004.

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

### 14 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 November 2003	325,000
Profit and loss account	(12,000)
	<hr/>
Balance at 31 October 2004	313,000
	<hr/>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	325,000	325,000
Other timing differences	(12,000)	-
	<hr/>	<hr/>
	313,000	325,000
	<hr/>	<hr/>

There is no deferred tax provision arising from the revaluation of certain freehold property.

### 15 Pension costs

#### Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in a small self administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2004 £	2003 £
Contributions payable by the company for the year	80,000	-
	<hr/>	<hr/>

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

<b>16 Share capital</b>	<b>2004</b>	<b>2003</b>	
	<b>£</b>	<b>£</b>	
<b>Authorised</b>			
925,000 Ordinary shares of £1 each	925,000	925,000	
480,000 7% Cumulative Redeemable Convertible Preference shares of £1 each	480,000	480,000	
	<u>1,405,000</u>	<u>1,405,000</u>	
 <b>Allotted, called up and fully paid</b>			
883,233 Ordinary shares of £1 each	<u>883,233</u>	<u>883,233</u>	
 <b>17 Statement of movements on reserves</b>			
	<b>Share premium account</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 November 2003	280,257	647,427	1,333,886
Retained profit for the year	-	-	9,022
Transfer from revaluation reserve to profit and loss account	-	(14,388)	-
Depreciation written back	-	-	14,388
	<u>280,257</u>	<u>633,039</u>	<u>1,357,296</u>
Balance at 31 October 2004	<u>280,257</u>	<u>633,039</u>	<u>1,357,296</u>
 <b>18 Reconciliation of movements in shareholders' funds</b>	<b>2004</b>	<b>2003</b>	
	<b>£</b>	<b>£</b>	
Profit for the financial year	179,022	162,788	
Dividends	(170,000)	(170,000)	
	<u>9,022</u>	<u>(7,212)</u>	
Net addition to/(depletion in) shareholders' funds	9,022	(7,212)	
Opening shareholders' funds	3,144,803	3,152,015	
	<u>3,153,825</u>	<u>3,144,803</u>	
Closing shareholders' funds	<u>3,153,825</u>	<u>3,144,803</u>	
 <b>19 Capital commitments</b>	<b>2004</b>	<b>2003</b>	
	<b>£</b>	<b>£</b>	
At 31 October 2004 the company had capital commitments as follows:			
Contracted for but not provided in the financial statements	-	125,000	

# BOWNESS LEISURE PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2004

20 Directors' emoluments	2004 £	2003 £
Emoluments for qualifying services	194,627	134,884
Company pension contributions to money purchase schemes	80,000	-
	<u>274,627</u>	<u>134,884</u>

Management charges amounting to £505,242 (2003 : £528,502) were paid for management services to Badger Hotels Plc, a company in which all this company's directors are directors and shareholders. At the balance sheet date £214,654 (2003 : £112,800) was owed to Badger Hotels Plc and included in creditors, amounts due within one year.

There were no other contracts of significance in which a director of the company had a material interest.

## 21 Employees

### Number of employees

The average monthly number of employees (excluding directors) during the year was:

	2004 Number	2003 Number
Hotel staff	66	63
Administration	5	5
	<u>71</u>	<u>68</u>

### Employment costs

	£	£
Wages and salaries	1,048,813	910,258
Social security costs	111,066	91,415
Other pension costs	80,000	-
	<u>1,239,879</u>	<u>1,001,673</u>

## 22 Control

The parent company is Badger Hotels Plc, which prepares group accounts. Copies of the group accounts for Badger Hotels Plc can be obtained from the Company Secretary at Arabesque House, Monks Cross Drive, Huntington, York, YO32 9GW.

## 23 Post balance sheet events

On 1 November 2004 the company sold the Hotel, Leisure centre and all related assets including staff houses for £4.6million, and their book value on 31 October 2004 was £2,981,283.