

Directors' Report for the year to 31 December 2006

The accounts for the year are attached.

The company has not traded during the year and accordingly it has made neither a profit nor a loss. No Profit or Loss Account has therefore been prepared.

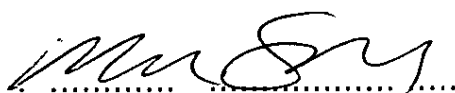
The following served as Directors during (and, unless otherwise indicated, throughout) the year:

	<i>Appointed</i>	<i>Resigned</i>
I M Norman		
M Stevens		

The Directors' interests in shares of Scottish & Newcastle plc (including options granted under the terms of the United Kingdom employee share schemes to subscribe for ordinary shares) at 31 December 2006 and 31 December 2005 were as follows.

	<i>31 December 2006</i>		<i>31 December 2005</i>	
	<i>Shares</i>	<i>Options</i>	<i>Shares</i>	<i>Options</i>
I M Norman	6,631	43,893	6,631	43,893
M Stevens	3,993	2,588	3,493	2,588

By Order of the Board


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M Stevens
Secretary
23 April 2008



Balance Sheet as at 31 December 2006

		31 December 2006	31 December 2005
	Notes	£	£
CURRENT ASSETS			
DEBTORS	1	200,325	200,325
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	2	1,000	1,000
Profit and loss account		199,325	199,325
		<hr/>	<hr/>
		200,325	200,325
		<hr/>	<hr/>

ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary undertaking of Scottish & Newcastle plc, a company registered in Scotland. Group accounts can be obtained from Scottish & Newcastle plc, 28 St Andrew Square, Edinburgh, EH2 1AF.

For the year ended 31 December 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for

- Ensuring the company keeps accounting records which comply with section 221,
- Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year; and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

Signed on behalf of the Board



M Stevens

Director, Edinburgh

23 April 2008

Kennedy Leisure and Management Limited Company Number: 2150178

1. DEBTORS

	31 December 2006	31 December 2005
	£	£
Amounts owed by parent undertaking	200,325	200,325
	<u> </u>	<u> </u>

2. SHARE CAPITAL

	<i>31 December 2006</i>		<i>31 December 2005</i>	
	<i>Allotted, called up and</i>		<i>Allotted, called up and</i>	
	<i>Authorised</i>	<i>fully paid</i>	<i>Authorised</i>	<i>fully paid</i>
	£	£	£	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>