

# **PRECIS (928) LIMITED**

Company Number: 2413328

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

MONDAY



\*A3KFAMFN\*

A03

22/01/2007

292

COMPANIES HOUSE

# **PRECIS (928) LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	C Daniels J G Jones P D Walters
<b>Secretary</b>	J G Jones
<b>Company Number</b>	2413328
<b>Registered Office</b>	Low Lane Horsforth Leeds LS18 4ER
<b>Auditors</b>	Deloitte & Touche LLP 1 City Square Leeds LS1 2AL
<b>Solicitors</b>	Walker Morris Kings Court 12 King Street Leeds LS1 2HL

# **PRECIS (928) LIMITED**

## **CONTENTS**

	<b>Page</b>
DIRECTORS' REPORT	1
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2
INDEPENDENT AUDITORS' REPORT	3 – 4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7 – 12

**PRECIS (928) LIMITED**  
**DIRECTORS' REPORT**  
**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

The directors submit their report and the financial statements for the 9 months ended 30 September 2005.

**Results and dividends**

The profit for the period, after taxation, amounted to £452,000 (2004 as restated - £4,516,000).

The directors recommend a dividend of £452,000 (2004 as restated - £3,516,000) leaving a balance of £nil (2004 - £1,000,000) which is transferred to retained reserves.

**Principal activity and review of the business**

The principal activity of the company during the period was that of a holding company.

On 5 January 2005 the entire share capital of the company was purchased by Kunick Limited and on the same date was then transferred to Kunick Limited's intermediate parent company Danoptra Limited.

**Going Concern**

The directors consider that whilst there can be no certainty in relation to the matters referred to and disclosed more fully in Note 1, as at the date of approval of these financial statements, it is appropriate to prepare the accounts on a going concern basis.

**Change of accounting reference date**

During the period, the company changed its accounting reference date from 31 December to 30 September.

**Directors**

The directors who served during the period and their interests in the company's issued share capital at the balance sheet date and at the start of the period were:

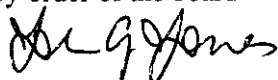
C Daniels  
J G Jones  
M Gauselmann (resigned 5 January 2005)  
U Wueseke (resigned 5 January 2005)  
P D Walters (appointed 1 February 2005)

None of the directors have any interest in the company's issued share capital.

**Auditors**

On 14 November 2005, PKF (UK) LLP resigned as the Company's auditors. Deloitte & Touche LLP were appointed to fill the casual vacancy. A resolution to appoint Deloitte and Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

By order of the board



J G Jones

Secretary

19th January 2007

**PRECIS (928) LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year 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;
- 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. They are also responsible for the system of internal control, 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 MEMBERS OF  
PRECIS (928) LIMITED**

We have audited the financial statements of Precis (928) Limited for the period ended 30 September 2005 which comprise the profit and loss account, the balance sheet, the statement of recognised gains and losses and the related notes 1 to 12. These financial statements have been prepared under 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 audit 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 auditor's 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 audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant framework 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 the other information contained in the annual report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PRECIS (928) LIMITED (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with the United Kingdom generally accepted accounting practice of the state of the Company's affairs at 30 September 2005 and of its profit for the period then ended and the financial statements have been properly prepared in accordance with the Companies Act 1985.

**Emphasis of Matter – Going Concern**

In forming our opinion on the Financial Statements which is not qualified, we have considered the adequacy of the disclosures made in Note 1 of the financial statements concerning the ability of Danoptra Holdings Limited, the parent company of the Company, and its subsidiaries to continue as a going concern. The Group incurred a net loss of £81,990,000, after charging an impairment to goodwill of £61,436,000 during the period ended 30 September 2005 and, as of that date, the Group's total liabilities, including Deep Discounted Bonds held by its shareholders of £86,069,000 and pension liabilities of £9,386,000, exceed its total assets by £102,022,000. These conditions along with various breaches and events of default of financial covenants of borrowing facilities and other matters explained in Note 1, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and that of the Company as a party to the guarantee and security arrangements explained in Note 10.

The directors have prepared these financial statements on the going concern basis which assumes amongst other matters the successful re-negotiation of the Group's funding arrangements as well as other matters which are referred to in Note 1. If the adoption of the going concern basis was inappropriate, adjustments, which it is not practicable to quantify, would be required, including those to write down assets to their recoverable value, to re-classify fixed assets as current assets and to provide any further liabilities that may arise.

*Deloitte + Touche LLP*

**Deloitte and Touche LLP**  
Chartered Accountants and Registered Auditors  
Leeds

*19 January* 2007

**PRECIS (928) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

		<b>9 months ended 2005</b>	12 months ended 2004 (as restated)
	Notes	£000	£000
Income from shares in group undertakings		452	3,516
Administrative expenses		-	1,000
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>452</b>	<b>4,516</b>
Tax on ordinary activities	3	-	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>452</b>	<b>4,516</b>
<b>DIVIDENDS</b> (including non-equity)	4	<b>(452)</b>	<b>(3,516)</b>
<b>RETAINED PROFIT</b>	9	-	1,000

The notes to these financial statements are an integral part of the profit and loss account.

All amounts relate to continuing operations.

There were no recognised gains or losses either period/year other than those included in the profit and loss account.



**PRECIS (928) LIMITED**  
**BALANCE SHEET**  
**30 SEPTEMBER 2005**

	Notes	2005 £000	2004 (as restated) £000
<b>FIXED ASSETS</b>			
Investments	5	14,509	14,509
<b>CURRENT ASSETS</b>			
Debtors	6	-	-
		-	-
<b>CREDITORS: amounts falling due within one year</b>	7	(4)	(4)
<b>NET CURRENT LIABILITIES</b>		(4)	(4)
<b>NET ASSETS</b>		<u>14,505</u>	<u>14,505</u>
<b>CAPITAL AND RESERVES</b> (including non-equity interests)			
Called up share capital	8	7,255	7,255
Profit and loss account	9	7,250	7,250
<b>SHAREHOLDERS' FUNDS</b>		<u>14,505</u>	<u>14,505</u>

The notes to these financial statements are an integral part of the balance sheet.

The financial statements on pages 5 - 12 were approved by the board on *19th January* 2007.

Signed on behalf of the board of directors



**J G Jones**

Director

**PRECIS (928) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

The Company is part of the group headed by Danoptra Holdings Limited (the "Group").

**1 GOING CONCERN**

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate following discussions with the Board of Directors of Danoptra Holdings Limited ("Danoptra"). Those directors have prepared a budget for the Group for the period ending 30 September 2007, including detailed cash flow information, and projections for the years to 30 September 2008 and 2009. These budgets and projections assume significant restructuring of the Group's businesses to generate cost savings and initiatives to improve revenue performance. It is also assumed that asset and business disposals will be made to accelerate the repayment of bank loans. Based upon these budgets and projections, the directors believe that it is appropriate that the Company's and Group's financial statements are prepared on a going concern basis.

The directors of Danoptra are engaged in discussions with the Senior and Mezzanine lenders ('the Group's bankers') as well as the holders of the 2012 and 2013 Deep Discounted Bonds, who are the principal shareholders of Danoptra, referred to below. The directors of Danoptra have summarised the situation as follows:

During the year ended 30 September 2006, the Group breached a number of financial covenants under its Senior and Mezzanine Debt borrowing facilities, under which a total of approximately £93m was drawn at 15 January 2007. The Group remains in breach of financial covenants and did not make an amortisation payment of £5m under the Senior Debt facilities which was due on 30 September 2006.

The principal borrower under the Senior and Mezzanine Debt is Danoptra Limited but the Company has granted cross-guarantees and security in support of the borrowing by Danoptra Limited.

Notwithstanding the various events of default, since 30 September 2006, the various lenders, whilst reserving their rights under the various loan documents, have not declared the loans are due and payable and have permitted normal operations to continue within reduced overall limits. The Directors of Danoptra are in discussions with the Senior and Mezzanine Debt lenders as well as the lenders of the 2012 and 2013 Deep Discounted Bonds about a number of matters which we believe are likely to lead to a solvent recapitalisation or reorganisation of the Group as a whole.

The solvent recapitalisation or reorganisation is expected to involve additional funding for the Group together with the rescheduling of existing debt to enable the Group to operate in line with the revised budget for the year ending 30 September 2007 and projections for the years ending 30 September 2008 and 2009. The Directors of Danoptra expect an agreement to be reached in the first quarter of 2007.

In addition, the directors of Danoptra are negotiating with the trustees of the Group's pension schemes on arrangements to meet current funding deficits and expect these will be concluded at the same time as the recapitalisation of the Group.

The Directors, having considered all the circumstances and having made due enquiry, including taking professional advice, believe it is appropriate that the Company's financial statements are prepared on a going concern basis. The use of the going concern basis assumes that there will be a solvent recapitalisation or reorganisation of the Group which will place the Company on a viable footing for the future.

The Directors acknowledge that the prospects of a solvent recapitalisation or reorganisation of the Group, although good, remain uncertain. In the event that it was not achieved, and consequently the going concern basis was no longer appropriate, adjustments would be required to the financial statements to reflect these different circumstances, including those to write down assets to their recoverable value, to reclassify fixed assets as current assets and to provide for any further liabilities that may arise. It is not practicable to quantify such adjustments.

Consequently there is a material uncertainty related to the above which may cast significant doubt on the Group's ability to continue as a going concern, and that of the Company as a party to the guarantee and security arrangements explained in Note 10, and realise its assets and discharge its liabilities in the normal course of business.

**PRECIS (928) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

**2 ACCOUNTING POLICIES**

**Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom law and accounting standards. The Financial Reporting Standard, FRS21 "Events after the Balance Sheet Date", has been adopted during the accounting period. The adoption of this standard represents a change in accounting policy and the prior year comparative figures have been restated accordingly. All other accounting policies have been applied consistently throughout the accounting period and the preceding period. The more important accounting policies adopted are described below.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**Investments**

Investments are carried at the lower of cost and net realisable value.

**Cash flow statement**

The company is a wholly owned subsidiary of Danoptra Holdings Limited and the cash flows of the company are included in the consolidated group cash flow statement of Danoptra Holdings Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

**Taxation**

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**PRECIS (928) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

**3 TAXATION**

The tax charge based on the results for the year comprises:

	<b>2005</b> <b>£000</b>	2004 (as restated) £000
Current tax	-	-
The factors affecting the current tax charge for the year are explained below:		
<b>Profit on ordinary activities before taxation</b>	<b>452</b>	4,516
Profit on ordinary activities at the UK corporation tax rate of 30% (2004: 30%)	<b>137</b>	1,355
Effects of:		
Non-taxable UK dividend income	<b>(137)</b>	(1,355)
<b>Current tax charge for the year</b>	<b>-</b>	-

**4 DIVIDENDS**

	<b>2005</b> <b>£000</b>	2004 (as restated) £000
<b>Ordinary shares</b>		
Interim paid	<b>452</b>	3,516
<b>Total</b>	<b>452</b>	3,516

**PRECIS (928) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

**5 FIXED ASSET INVESTMENTS**

**Shares in  
subsidiary  
undertakings  
£000**

**Cost**

At 1 January 2005 and 30 September 2005

**14,509**

Included in investments in subsidiary undertakings is an investment in Bell-Fruit Group Limited, an intermediate holding company. The company owns 80% of the issued share capital of Bell-Fruit Group Limited, a company registered in England and Wales.

Bell-Fruit Group Limited owns 100% of the issued share capital of Bell-Fruit Games Limited comprising 201 ordinary shares of £1 each. Bell-Fruit Games Limited is registered in England and Wales and the company's principal activity is the design and manufacture of gaming and amusement machines. Bell-Fruit Games Limited owns 100% of the share capital of BFM Designs Limited, a dormant company registered in England and Wales. It also owns 100% of the issued share capital of BFM B.V., a dormant company incorporated in Holland.

In addition, Bell-Fruit Group Limited owns 100% of the issued share capital of Mazooma Games Limited comprising 40 'A' ordinary shares of £1 each, 102 'B' ordinary shares of £1 each and 58 'C' ordinary shares of £1 each. Mazooma Games Limited is registered in England and Wales and the company's principal activity is the design and distribution gaming machines.

The company also has an investment in The Jumping Bean Company Limited, comprising 2 ordinary shares of £1 each. The Jumping Bean Company Limited is a dormant company registered in England and Wales.

Bell-Fruit Group Limited also owns 33% of the issued share capital of Games Network Limited, comprising of 20 ordinary shares of £1 each and 2,153 preference shares of £1 each. Games Network Limited is registered in England and Wales.

**6 DEBTORS**

<b>2005</b>	<b>2004</b>
<b>£000</b>	<b>(as restated) £000</b>

**Due within one year**

Dividends receivable

-	-
---	---

**7 CREDITORS**

<b>2005</b>	<b>2004</b>
<b>£000</b>	<b>(as restated) £000</b>

**Amounts falling due within one year**

Proposed dividends

Accruals and deferred income

-	-
---	---

4	4
---	---

4	4
---	---

**PRECIS (928) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

**8 SHARE CAPITAL**

	Authorised £000	Allotted, called up and fully paid No	£000
At 1 January 2005 and 30 September 2005			
Ordinary shares of £1 each	3	3,000	3
Deferred shares of £1 each	7,252	7,251,862	7,252
	<u>7,255</u>	<u>7,254,862</u>	<u>7,255</u>

The deferred shares carry no votes at meetings nor any entitlement to a dividend. However, upon a winding up of the company, the deferred shareholders have a right to receive £1 per share.

**9 RESERVES**

<b>Profit and loss account</b>	<b>£000</b>
At 1 January 2005 as previously reported and restated	7,250
Profit for the year	452
Dividends paid	(452)
At 30 September 2005	<u>7,250</u>

**10 CONTINGENT LIABILITY**

The company guarantees the borrowings and overdrafts of certain companies within the Danoptra Holdings Limited group which at 30 September 2005 amounted to approximately £95,095,000 (2004: £88,558,000). As of 15 January 2007, the gross contingent liability under the guarantee was approximately £93,000,000.

**11 ULTIMATE PARENT COMPANY**

The directors regard Danoptra Holdings Limited, a company registered in England and Wales, as the ultimate parent company and as the ultimate controlling party by virtue of its 100% interest in the equity share capital of the company. Danoptra Holdings Limited is the parent undertaking of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the consolidated financial statements may be obtained from The Secretary, Danoptra Holdings Limited, Low Lane, Horsforth, Leeds, LS18 4ER.

**PRECIS (928) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**9 MONTH PERIOD ENDED 30 SEPTEMBER 2005**

**12 PRIOR YEAR ADJUSTMENT**

FRS 21 has been adopted during the year. As a result, dividends proposed but not formally declared at 31 December 2004 and 31 December 2003 are not recognised as liabilities of the company at those dates. The dividends are recognised as amounts withdrawn from reserves during the year /period ended 31 December 2004 and 30 September 2005 when formally declared and paid.

The effect of this change is to increase income from shares in group undertakings and increase dividends payable for the year ended 31 December 2004 by £834,000 and to reduce debtors and creditors: amounts falling due within one year by £834,000.

The impact of the adoption of FRS 21 on the period ended 30 September 2005 is to increase income from shares in group undertakings and increase dividends payable by £452,000.