

Company Registration No. 2892663

C-SIDE LIMITED

Report and Financial Statements

31 December 2004



C-SIDE LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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C-SIDE LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Pettet
M Swindon

SECRETARY

Chalfen Secretaries Limited

REGISTERED OFFICE

Global House
High Street
Crawley
West Sussex
RH10 1DL

BANKERS

Barclays Bank plc
PO Box 2915
Brighton
East Sussex
BN1 1SJ

SOLICITORS

Olswang
90 Long Acre
London
WC2E 9TT

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Crawley

C-SIDE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was as operators within the leisure industry.

REVIEW OF DEVELOPMENTS

The directors consider the results for the year to be disappointing in what has been a very difficult market place.

RESULTS AND DIVIDENDS

The results for the year are shown on page 5. The position of the company at the year end is shown on page 7. The directors do not recommend the payment of a dividend (2003 - £nil).

FUTURE PROSPECTS

The directors view the forthcoming trading period with optimism.

POST BALANCE SHEET EVENT

On 1 January 2005, the trade and assets of the company's subsidiaries, Squid & Starfish Limited and Cactus Canteen Limited, were transferred to the company at their net book value.

EMPLOYEES

The company complies with all employment legislation including requirements concerning equal opportunities in employment, retraining of disabled people and health, safety and welfare at work.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and to the present date, unless otherwise stated, were:

N A Downs	(resigned 23 July 2004)
K J Johnson	(resigned 9 July 2004)
L R Simon	(resigned 10 June 2005)
T P Allen	(resigned 19 January 2005)
G Pettet	(appointed 19 January 2005)
M Swindon	(appointed 31 March 2006)

No directors had any interests in the shares of the company during the year.

The interests of the directors in the ultimate parent company, C-Side (Holdings) Limited are set out in the directors' report of that company.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Directors
and signed on behalf of the Board


G Pettet
Director

30 June 2006

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; 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF C-SIDE LIMITED

We have audited the financial statements of C-Side Limited for the year ended 31 December 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes 1 to 18. 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 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 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 accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 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 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 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Crawley

30 June 2006

C-SIDE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

	Note	2004 £	2003 £
TURNOVER	2	7,373,893	8,355,177
Cost of sales		<u>(1,978,346)</u>	<u>(2,149,411)</u>
GROSS PROFIT		5,395,547	6,205,766
Administrative expenses (including provision against amounts owed by group undertakings of £175,162 (2003 - £2,528,912), write down of tangible fixed assets of £nil (2003 - £188,205), impairment of goodwill of £nil (2003 - £112,522) and impairment of investments of £126,982 (2003 - £nil))		<u>(6,174,863)</u>	<u>(9,141,662)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST	4	<u>(779,316)</u>	<u>(2,935,896)</u>
Interest receivable and similar income		<u>-</u>	<u>2,170</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(779,316)</u>	<u>(2,933,726)</u>
Tax credit/(charge) on ordinary activities	5	<u>98,115</u>	<u>(33,654)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE FINANCIAL YEAR	14	<u><u>(681,201)</u></u>	<u><u>(2,967,380)</u></u>

All transactions are derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2004

	2004 £	2003 £
Loss attributable to the members of the company	(681,201)	(2,967,380)
Unrealised surplus on revaluation of freehold land and building and short leasehold property	1,184,410	-
Adjustments on revaluations	<u>(113,907)</u>	<u>(956,934)</u>
Total recognised gains and losses relating to the year	<u><u>389,302</u></u>	<u><u>(3,924,314)</u></u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 December 2004

	2004 £	2003 £
Reported loss on ordinary activities	(779,316)	(2,933,726)
Realisation of property valuation gains	22,928	71,000
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	<u>193,413</u>	<u>293,218</u>
Historical cost loss on ordinary activities before taxation	<u><u>(562,975)</u></u>	<u><u>(2,569,508)</u></u>
Historical cost loss for the year after taxation	<u><u>(464,860)</u></u>	<u><u>(2,603,162)</u></u>

C-SIDE LIMITED

BALANCE SHEET 31 December 2004

	Note	£	2004 £	£	2003 £
FIXED ASSETS					
Intangible assets	6		-		-
Tangible assets	7		7,769,500		7,115,383
Investments	8		229,550		356,532
			<u>7,999,050</u>		<u>7,471,915</u>
CURRENT ASSETS					
Stocks	9	128,400		130,731	
Debtors	10	350,748		371,610	
Cash at bank and in hand		331,234		327,193	
		<u>810,382</u>		<u>829,534</u>	
CREDITORS: amounts falling due within one year	11	(2,647,903)		(2,396,904)	
NET CURRENT LIABILITIES			<u>(1,837,521)</u>		<u>(1,567,370)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,161,529		5,904,545
PROVISIONS FOR LIABILITIES AND CHARGES	12		-		(132,318)
			<u>6,161,529</u>		<u>5,772,227</u>
CAPITAL AND RESERVES					
Called up share capital	13		232		232
Revaluation reserve	14		4,438,603		3,584,441
Profit and loss account	14		1,722,694		2,187,554
TOTAL EQUITY SHAREHOLDERS' FUNDS	14		<u>6,161,529</u>		<u>5,772,227</u>

These financial statements were approved by the Board of Directors on 30 June 2006.

Signed on behalf of the Board of Directors



G Pettet
Director

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

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 modified to include the revaluation of certain fixed assets.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of C-Side (Holdings) Limited which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS1 to present a cash flow statement.

Turnover

Turnover represents the total value, excluding value added tax, of sales made during the year.

Intangible assets – goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is deemed by the directors to be 10 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold land	- no depreciation
Freehold buildings	- straight line over 50 years
Short leasehold properties	- straight line over the life of the lease
Fixtures, fittings and equipment	- 25% reducing balance
Motor vehicles	- 25% reducing balance

Revaluation of properties

Individual freehold and short leasehold properties are revalued in accordance with FRS 15 with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. 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 financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pensions

The company makes contributions to the personnel pension schemes of various of its employees, contributions to these arrangements are charged to the profit and loss account when they are incurred.

2. TURNOVER

The total turnover of the company, all of which arises in the United Kingdom, is attributable to its principal activity and is stated net of value added tax.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £	2003 £
Directors' remuneration		
Fees	213,093	232,968
Pension contributions	17,028	18,446
	<u>230,121</u>	<u>251,414</u>

The aggregate emoluments of the highest paid director was £102,944 (2003 - £110,667). The company made pension contributions of £17,028 (2003 - £18,446) to a personal pension plan on his behalf.

	No.	No.
Average number of persons employed (including directors)		
Management and administration	10	10
Sales	270	245
	<u>280</u>	<u>255</u>

	£	£
Staff costs during the year		
Wages and salaries	1,686,549	1,805,504
Social security costs	116,516	125,238
Pension costs	17,028	18,446
	<u>1,820,093</u>	<u>1,949,188</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

4. LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST

	2004 £	2003 £
Loss on ordinary activities before interest is stated after charging/(crediting):		
Amortisation of intangible assets	-	30,000
Depreciation of tangible assets	384,486	584,967
Rentals under operating leases - plant and machinery	161,382	138,869
- other	847,088	909,976
Auditors' remuneration - audit fees	20,000	20,000
- other	7,000	7,000
	<u>7,000</u>	<u>7,000</u>

5. TAX (CREDIT)/CHARGE ON LOSS ON ORDINARY ACTIVITIES

(a) Tax (credit)/charge on loss on ordinary activities

	2004 £	2003 £
Current tax		
United Kingdom corporation tax at 30% (2003 - 30%) based on the loss for the year	-	-
Adjustments in respect of prior periods	34,203	(33,066)
	<u>34,203</u>	<u>(33,066)</u>
Total current tax charge/(credit)	34,203	(33,066)
Deferred tax		
Timing differences, origination and reversal	-	66,720
Adjustments to the estimated recoverable amounts of deferred tax arising in previous periods	(26,373)	-
Adjustment in respect of prior periods	(105,945)	-
	<u>(132,318)</u>	<u>66,720</u>
Total tax (credit)/charge	<u>(98,115)</u>	<u>33,654</u>

(b) Factors affecting current tax (credit)/charge for the year

The tax assessed for the period is different from that resulting from applying the standard rate of corporation tax in the UK - 30% (2003 - 30%). The differences are explained below:

	2004 %	2003 %
Standard tax rate for period as percentage of losses	30	30
Effects of:		
Disallowed expenses and non-taxable income	(22)	(34)
Capital allowances in excess of depreciation	10	2
Movement in tax losses	(19)	-
Other movements	1	1
Group relief received for nil consideration	-	1
Adjustments to tax in respect of previous periods	(4)	1
	<u>(4)</u>	<u>1</u>
Total actual amount of current tax	<u>(4)</u>	<u>1</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

6. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 January 2004 and at 31 December 2004	300,000
Accumulated amortisation	
At 1 January 2004 and at 31 December 2004	187,478
Accumulated impairment	
At 1 January 2004 and at 31 December 2004	112,522
Net book value	
At 31 December 2004	-
At 31 December 2003	-

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Short leasehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost and valuation					
At 1 January 2004	2,778,312	5,569,826	516,821	21,764	8,886,723
Additions	-	-	76,320	-	76,320
Revaluations of fixed assets	321,688	417,641	-	-	739,329
Disposals	-	(150,000)	(28,954)	(14,270)	(193,224)
At 31 December 2004	3,100,000	5,837,467	564,187	7,494	9,509,148
Accumulated depreciation					
At 1 January 2004	686,293	953,238	114,796	17,013	1,771,340
Charge for the year	26,042	252,523	104,997	924	384,486
Impairment losses	-	113,907	-	-	113,907
Disposals	-	(65,092)	(8,244)	(11,668)	(85,004)
Revaluations of fixed assets	(80,396)	(364,685)	-	-	(445,081)
At 31 December 2004	631,939	889,891	211,549	6,269	1,739,648
Net book value					
At 31 December 2004	2,468,061	4,947,576	352,638	1,225	7,769,500
At 31 December 2003	2,092,019	4,616,588	402,025	4,751	7,115,383

Freehold land and buildings and short leasehold property have been professionally valued by AW Gore and Co., licensed property agents, valuers and surveyors. The valuation performed, as a value in use basis at 31 December 2004, was an interim review in accordance with FRS 15. This value was reflected in the books and records of the company at that date and amounted to £8,937,467. The historic cost of revalued freehold land and buildings is £1,802,348 (2003 - £1,802,348) and the net book value on an historic cost basis is £1,710,490 (2003 - £1,736,532). The historic cost of short leasehold property is £1,594,308 (2003 - £1,667,208) and the net book value on an historic cost basis is £1,266,544 (2003 - £1,393,247). The adjustment on revaluations brings certain freehold and short leasehold properties down to their realisable net book value.

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

8. INVESTMENTS HELD AS FIXED ASSETS

	Subsidiary undertakings shares £
Cost	
At 1 January 2004 and at 31 December 2004	356,532
Provisions for impairment	
At 1 January 2004	-
Written off in year	126,982
At 31 December 2004	126,982
Net book value	
At 31 December 2004	229,550
At 31 December 2003	356,532

Additional information on investments held:

Company	Country of registration and incorporation	Class	Proportion held	Nature of business
Cactus Canteen Limited	England and Wales	Ordinary	100%	Restaurateurs
Squid and Starfish Limited	England and Wales	Ordinary	100%	Publicans and night-club
G-Side Limited	England and Wales	Ordinary	100%	Dormant
Polar Bar Limited	England and Wales	Ordinary	100%	Dormant
The Zap Club Limited	England and Wales	Ordinary	100%	Dormant

9. STOCKS

	2004 £	2003 £
Finished goods and goods for resale	128,400	130,731

10. DEBTORS

	2004 £	2003 £
Trade debtors	27,644	-
Other debtors	31,053	92,854
Prepayments and accrued income	292,051	278,756
	350,748	371,610

NOTES TO THE ACCOUNTS
Year ended 31 December 2004

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	594,988	606,530
Amounts owed to group undertakings	1,246,427	1,077,710
Corporation tax	-	90,333
Other taxes and social security	147,445	216,362
Other creditors	62,802	-
Accruals and deferred income	596,241	405,969
	<u>2,647,903</u>	<u>2,396,904</u>

The company has provided its leasehold and freehold property as security for a loan to its ultimate parent company.

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax £
At 1 January 2004	132,318
Profit and loss account credit (note 7)	<u>(132,318)</u>
At 31 December 2004	<u>-</u>

The credit to the profit and loss account relates to depreciation in excess of capital allowances. A deferred tax asset of approximately £40,000 (2003 - £nil) has not been recognised in respect of timing differences relating to carried forward trading losses as there is insufficient evidence the asset will be recovered. The asset would be recovered if there are suitable future taxable profits.

13. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid		
232 Ordinary shares of £1 each	<u>232</u>	<u>232</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

14. COMBINED RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued share capital £	Revaluation reserve £	Profit and loss account £	Total 2004 £	Total 2003 £
Balance at the beginning of the year	232	3,584,441	2,187,554	5,772,227	9,696,541
Revaluation in the year	-	1,184,410	-	1,184,410	-
Realised revaluation surplus	-	(22,928)	22,928	-	-
Depreciation on revaluation surplus	-	(193,413)	193,413	-	-
Adjustments on revaluations	-	(113,907)	-	(113,907)	(956,934)
Loss for the financial year	-	-	(681,201)	(681,201)	(2,967,380)
Balance at the end of the year	<u>232</u>	<u>4,438,603</u>	<u>1,722,694</u>	<u>6,161,529</u>	<u>5,772,227</u>

15. FINANCIAL COMMITMENTS

The company was committed to making the following payments during the next year in respect of operating leases expiring:

	Land and buildings 2004 £	Other 2004 £	Land and buildings 2003 £	Other 2003 £
Within one year	-	115,638	-	135,000
Between two to five years	-	21,438	-	21,438
After five years	<u>475,217</u>	<u>-</u>	<u>912,819</u>	<u>-</u>
	<u>475,217</u>	<u>137,076</u>	<u>912,819</u>	<u>146,438</u>

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of FRS8 not to disclose related party transactions with other members of the group, at least 90% of whose voting rights are controlled within the group.

17. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The immediate and ultimate parent undertaking is C-Side (Holdings) Limited, a company registered in England and Wales.

Graphite Capital is considered by the directors as being the company's controlling entity.

Copies of the accounts of C-Side (Holdings) Limited, which consolidate the results of C-Side Limited, can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

18. POST BALANCE SHEET EVENT

On 1 January 2005, the trade and assets of the company's subsidiaries, Squid & Starfish Limited and Cactus Canteen Limited, were transferred to the company at their net book value.