

Hale Leisure 1995 Limited

Directors' report and financial statements

Year ended 31 December 1999

Registered number 3050738



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the auditors to the members of Hale Leisure 1995 Limited	4
Profit and loss account	6
Reconciliation of movements in shareholders' funds	7
Notes	8-15

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The principal activity of the company during the year was that of property ownership and management. On 31 December 1999 the activities of the following companies were transferred into the company:

- Prague Limited
- Drybar (Manchester) Limited
- 258 Limited
- 236 Limited
- Whitewinds Limited

The principal activity of these companies is the operating of licensed premises.

Business review

Profit after taxation for the year was £115,706 (1998: loss of £341,003).

Directors and directors' interests

The directors who held office during the year were as follows:

AJ Clancy, EP Dwyer, AG Dodd, EE Rashman

The directors who held office at the end of the financial year had the following interests in the shares of the company according to the register of directors' interests:

	Class of share	Interest at end of year	Interest at start of year
AJ Clancy	Ordinary	1,250	250
EP Dwyer	Ordinary	1,250	250
AG Dodd	Ordinary	2,500	250
EE Rashman	Ordinary	-	250

During the year a share for share issue was carried out in relation to the purchase of the above companies' activities.

Political and charitable contributions

The company made no political or charitable contributions during the year.

Directors' report

Year 2000

The company recognises the problem of Year 2000 and the associated risks and uncertainties.

Year 2000 compliance and the identification of associated risks are being monitored by the directors and senior management.

Costs of achieving Year 2000 compliance are being charged to the profit and loss account.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

AJ Clancy
Director



106 Princess Street
Manchester

Statement of 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St James' Square
Manchester M2 6DS

Report of the auditors to the members of Hale Leisure 1995 Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of opinion

We conducted our audit in accordance with 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditors

14 April 2000

Profit and loss account
for the year ended 31 December 1999

	<i>Note</i>	1999 £	1998 £
Turnover	<i>1</i>	349,014	350,000
Administrative expenses		(271,208)	(497,314)
Operating profit/(loss)	<i>2</i>	77,806	(147,314)
Income from shares in group undertaking		175,948	-
Other interest receivable and similar income	<i>3</i>	4,221	2,813
Interest payable and similar charges	<i>5</i>	(142,269)	(196,502)
Profit/(loss) on ordinary activities before taxation	<i>2-5</i>	115,706	(341,003)
Tax on profit on ordinary activities	<i>6</i>	-	-
Profit/(loss) on ordinary activities after taxation		115,706	(341,003)

A statement of movement on reserves is given in note 16

All amounts are derived from continuing activities.

A statement of total recognised gains and losses has not been prepared as all recognised gains and losses are included in the above profit and loss account.

No note of historical cost profits and losses has been prepared as the historical cost profits and losses are the same as detailed in the above profit and loss account.

Balance sheet
at 31 December 1999

	<i>Note</i>	1999	1998
		£	£
Fixed assets			
Investment properties	7	1,345,733	5,120,860
Tangible fixed assets	8	5,225,264	3,438
Investments	9	4,002	-
		<hr/>	<hr/>
		6,574,999	5,124,298
Current assets			
Stocks	10	55,150	-
Debtors	11	419,800	1,279,502
Cash at bank		124,327	-
		<hr/>	<hr/>
		599,277	1,279,502
Creditors: amounts falling due within one year	12	(1,420,688)	(307,929)
		<hr/>	<hr/>
Net current (liabilities)/assets		(821,411)	971,573
		<hr/>	<hr/>
Total assets less current liabilities		5,753,588	6,095,871
Creditors: amounts falling due after more than one year	13	(2,367,260)	(2,829,249)
		<hr/>	<hr/>
Net assets		3,386,328	3,266,622
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	5,000	1,000
Investment revaluation reserve	16	1,044,084	3,603,075
Revaluation reserve	16	2,558,991	-
Profit and loss account	16	(221,747)	(337,453)
		<hr/>	<hr/>
Shareholders' funds		3,386,328	3,266,622
		<hr/>	<hr/>

The notes on pages 7-15 form part of the financial statements.

These financial statements were approved by the board of directors on

and were signed on its behalf by:



AJ Clancy
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 1999

	1999 £	1998 £
Profit/(loss) for the financial period	115,706	(341,003)
Share issue	4,000	-
	<hr/>	<hr/>
Net increase in/(reduction to) shareholders' funds	119,706	(341,003)
Opening shareholders' funds	3,266,622	3,607,625
	<hr/>	<hr/>
Closing shareholders' funds	3,386,328	3,266,622
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The company has taken advantage of the exemption under s248(1) to not prepare group accounts on the grounds of its size.

Investments

Investments are included at cost/cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Investment properties

Properties held for investment purposes are carried at open market value. A surplus arising on revaluation is credited to the investment revaluation reserve on an individual property basis and any deficit which is considered to be a permanent diminution in value is charged directly to the profit and loss account. Where a deficit arises on a subsequent revaluation it is first charged against any existing surplus on that property and any excess is charged directly to the profit and loss account.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	:	25% per annum
Motor vehicles	:	25% per annum

No depreciation is charged against investment properties in accordance with SSAP 19. Freehold and leasehold properties are not depreciated as the directors consider that the lives of these assets are so long and residual values, based on prices prevailing at the time of acquisition, are so high that, in aggregate, depreciation is insignificant.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents rents receivable.

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 to not disclose related party transactions with Hale Leisure 1995 Limited and subsidiaries.

2 Profit/(Loss) on ordinary activities before taxation

	1999 £	1998 £
<i>Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit	1,485	1,442
Other	1,000	1,460
Depreciation	899	1,257
Write down of intercompany loans	137,300	322,685
Write back of amounts previously written off related party loans	(140,625)	-
	<hr/> <hr/>	<hr/> <hr/>

3 Other interest receivable and similar income

	1999 £	1998 £
Commission	1,500	-
Interest received	2,721	2,813
	<hr/> <hr/>	<hr/> <hr/>
	4,221	2,813

4 Directors remuneration

	1999 £	1998 £
As directors	-	82,500
	<hr/> <hr/>	<hr/> <hr/>

5 Interest payable and similar charges

	1999 £	1998 £
On bank loans and overdrafts	142,269	196,502
	<hr/> <hr/>	<hr/> <hr/>

6 Taxation

	1999 £	1998 £
UK corporation tax at 30% (1998: 31%)	-	-
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Investment properties

		Land and buildings £
<i>Cost</i>		
At beginning of year		5,120,860
Additions		45,658
Transfer to tangible fixed assets		(3,820,785)
		<hr/>
At end of year		1,345,733
		<hr/>
Investment properties comprise:	1999 £	1998 £
Freehold	44,736	3,370,860
Short leasehold	-	450,000
Long leasehold	1,300,997	1,300,000
	<hr/>	<hr/>
	1,345,733	5,120,860
	<hr/>	<hr/>

Notes (continued)

8

Tangible fixed assets

	Land and buildings	Plant and machinery	Vehicles	Total
	£	£	£	£
Cost				
As at 1 January 1999	-	5,029	-	5,029
Additions	25,688	157	10,000	35,845
Transfer from group companies	1,076,727	686,139	-	1,762,866
Transfer from investment properties	3,820,785	-	-	3,820,785
As at 31 December 1999	4,923,200	691,325	10,000	5,624,525
Depreciation				
As at 1 January 1999	-	1,591	-	1,591
Charge for the year	-	899	-	899
Transfer from group companies	-	396,771	-	396,771
As at 31 December 1999	-	399,261	-	399,261
Net book value				
As at 31 December 1999	4,923,200	292,064	10,000	5,225,264
Net book value				
As at 31 December 1998	-	3,438	-	3,438
Land and buildings				
			1999	1998
			£	£
Freehold			4,211,596	-
Short leasehold			711,604	-
			4,923,200	-

Notes (continued)

9 Investments

	1999	1998
	£	£
Investment in subsidiary undertakings	4,002	-
	<u>4,002</u>	<u>-</u>

The table below provides details of the subsidiary undertakings in which the company has a 100% interest via its holding of ordinary shares.

Name of subsidiary	Nature of business	Country of registration, incorporation and operation
Prague Limited	Non-trading	England
Drybar (Manchester) Limited	Non-trading	England
Whitewinds Limited	Non-trading	England
236 Limited	Non-trading	England
258 Limited	Non-trading	England

10 Stocks

	1999	1998
	£	£
Goods held for resale and consumption	55,150	-
	<u>55,150</u>	<u>-</u>

11 Debtors

	1999	1998
	£	£
Trade debtors	103,165	18,372
Other debtors	248,724	1,247,219
Prepayments and accrued income	67,911	13,911
	<u>419,800</u>	<u>1,279,502</u>

Included within other debtors are amounts due from related companies of £246,505 (1998: £1,243,872).

Notes (continued)

12 Creditors: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	468,092	230,624
Trade creditors	243,407	16,237
Taxation and social security	66,660	3,894
Other creditors	215,643	14,000
Accruals	422,884	43,174
Amounts owed to group undertakings	4,002	-
	<hr/> 1,420,688 <hr/>	<hr/> 307,929 <hr/>

Included within other creditors are amounts due to related companies of £200,640 (1998: £nil).

13 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Bank loans and overdrafts	1,403,835	1,759,634
Other creditors	963,425	1,069,615
	<hr/> 2,367,260 <hr/>	<hr/> 2,829,249 <hr/>

Included within other creditors are amounts due to related companies of £963,425 (1998 £1,069,615). These loans may not be withdrawn without the consent of the bank. There is no fixed repayment term and no interest is payable.

Notes (continued)

13 Creditors: amounts falling due after more than one year (continued)

Analysis of debt:

	1999 £	1998 £
Debt can be analysed as falling due:		
In one year or less, or on demand	326,080	230,624
Between one and two years	162,000	162,000
Between two and five years	605,666	837,032
In five years or more	1,599,594	1,830,218
	<hr/> 2,693,340 <hr/>	<hr/> 3,059,874 <hr/>

Included in the above are all bank loans and overdrafts and other creditors falling due after more than one year.

Bank loans are secured against the properties held. Interest is charged at 1.75% above base rate.

14 Provisions for liabilities and charges

Amounts provided and unprovided for deferred taxation are as follows:

	1999		1998	
	Amount provided £	Amount unprovided £	Amount provided £	Amount unprovided £
Accelerated capital allowances	-	-	-	466
Other timing differences	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	466
	<hr/>	<hr/>	<hr/>	<hr/>

15 Called up share capital

	1999 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	5,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	5,000	1,000
	<hr/>	<hr/>

On 30 December 1999 4,000 shares were issued following a share for share exchange.

Notes (continued)

16 Reserves

	Revaluation reserve	Investment revaluation reserve	Profit and loss account
	£	£	£
At beginning of year	-	3,603,075	(337,453)
Retained profit for the year	-	-	115,706
Transfer between reserves	2,558,991	(2,558,991)	-
	<hr/>	<hr/>	<hr/>
At end of year	2,558,991	1,044,084	(221,747)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17 Related party transactions

The company traded with Newlight Limited, a company of which Messrs Clancy, Dwyer, Rashman and Dodd are also directors. Property rentals of £60,000 (1998: £60,000) were receivable during the period. Amounts owing from Newlight Limited at 31 December 1999 were £70,500 (1998: £21,450) in respect of rent and other costs and a loan of £246,505 (1998: £347,087).

The company traded with Berlin Limited, a company of which Messrs Clancy and Dwyer are directors. Amounts owed from Berlin Limited at 31 December 1999 were a loan of £200,640 (1998: £16,045).

A loan totalling £590,797 (1998: £602,209) is owed to So What Arts Limited, a company of which Mr Dodd is also a director.

There is also a loan totalling £241,716 and other amounts of £46,196 (1998: £276,393), owed to Hale Leisure Limited, a company of which Messrs Clancy and Dwyer are also directors.

A loan totalling £130,912 (1998: £170,000), is owed to Westport Developments, a company of which Mr Dodd is also a director.