

Hale Leisure 1995 Limited

**Directors' report and financial
statements**

Registered number 3050738

31 December 2003



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04/06/05

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The principal activity of the company during the year was the operating of licensed premises, however the company is now being wound down.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a final dividend (2002: £nil).

The loss before taxation for the year was £523,216 (2002: £110,343).

Directors and directors' interests

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

A J Clancy
E P Dwyer
A G Dodd

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

	Interest at start of year	Interest at end of year
A J Clancy	1,500	1,500
E P Dwyer	1,500	1,500
A G Dodd	3,000	3,000

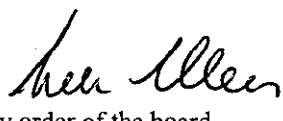
According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Political and charitable donations

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

Auditors

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

 2/6/05

By order of the board

A J Clancy
Director

106 Princess Street
Manchester
M1 6NG

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
United Kingdom

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

We have audited the financial statements on pages 4 to 16.

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

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 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.

Basis of audit 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 2003 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP
Chartered Accountants
Registered Auditor

3 June 2005

Profit and loss account
for the year ended 31 December 2003

	Note	2003 £	£	2002 (as restated) £	£
Turnover					
Continuing operations		-		-	
Discontinued operations		561,134		2,817,318	
			561,134		2,817,318
Cost of sales			(189,996)		(959,498)
Gross profit/(loss)			371,138		1,857,820
Distribution costs			-		-
Administrative expenses (pre exceptional items)			(1,106,878)		(1,991,970)
Administrative expenses (exceptional items)	3		116,611		(111,635)
Other operating income			252,187		525,610
Operating profit/(loss)					
Continuing operations		-		-	
Discontinued operations		(366,942)		279,825	
			(366,942)		279,825
Profit/(loss) on sale of a fixed asset - discontinued operation			234,491		-
Profit/(loss) on sale of a fixed asset - continuing operations			-		(58,550)
Other interest receivable and similar income	5		1,869		1,547
Interest payable and similar charges	6		(392,634)		(333,165)
Loss on ordinary activities before taxation			(523,216)		(110,343)
Taxation	10		99,543		(100,931)
Loss on ordinary activities after taxation and retained for the financial year	20		(423,673)		(211,274)

The above shows an analysis of discontinued operations for the current year together with the restated comparatives.

Balance sheet
at 31 December 2003

	<i>Note</i>	2003		2002	
		£	£	£	£
Fixed assets					
Investment properties	11	650,000		703,951	
Tangible assets	12	4,625		1,289,922	
Investments	13	254,847		962,332	
		909,472		2,956,205	
Current assets					
Stocks	14	-		60,597	
Debtors	15	122,117		270,970	
Cash at bank and in hand		224,492		20,442	
		346,609		352,009	
Creditors: amounts falling due within one year	16	(601,992)		(3,969,418)	
Net current liabilities		(255,383)		(3,617,409)	
Total assets less current liabilities		654,089		(661,204)	
Debtors: amounts falling due after more than one year	15	-		1,493,852	
Creditors: amounts falling due after more than one year	17	(1,287,091)		(1,676,630)	
Provisions for liabilities and charges	18	(1,388)			
Net liabilities		(634,390)		(843,982)	
Capital and reserves					
Called up share capital	19	6,000		6,000	
Capital contribution reserve		460,310			
Revaluation reserve	20	172,955		133,632	
Profit and loss account	20	(1,273,655)		(983,614)	
Equity shareholders' funds		(634,390)		(843,982)	

These financial statements were approved by the board of directors on behalf by:

2/6/05

and were signed on its



A J Clancy
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2003

	2003 £	2002 £
Loss for the financial year	(423,673)	(211,274)
Revaluation in year	172,955	(607,764)
Capital contribution reserve	460,310	
	<hr/>	<hr/>
Net addition / (reduction) to shareholders' funds	209,592	(819,038)
Opening shareholders' funds	(843,982)	(24,944)
	<hr/>	<hr/>
Closing shareholders' deficit	(634,390)	(843,982)
	<hr/>	<hr/>

Note of historical cost profits and losses
for the year ended 31 December 2003

	2003 £	2002 £
Reported profit/(loss) on ordinary activities before taxation	(523,216)	(110,343)
Difference between the historical cost and the actual depreciation charged for the year on the revalued amount	-	16,122
	<hr/>	<hr/>
Historical cost profit/(loss) on ordinary activities before taxation	(523,216)	(94,221)
	<hr/>	<hr/>
Historical cost profit/(loss) for the year retained after taxation and dividends	(523,216)	(195,152)
	<hr/>	<hr/>

Statement of total recognised gains and losses
for the year ended 31 December 2003

	2003 £	2002 £
Loss for the financial year	(423,673)	(211,274)
Unrealised loss on revaluation of freehold land and buildings	-	(607,764)
Unrealised surplus on revaluation of investment properties	172,955	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	(250,718)	(819,038)
	<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, modified to include the revaluation of certain assets.

The accounts have been prepared on a going concern basis as the directors have agreed to provide continuing support by not seeking repayment of loans due to them for a period of twelve months from the date of approval of these financial statements.

The company has taken advantage of the exemption under S248(1) to not prepare group accounts on the grounds of its size.

Cash flow statement

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

Investments

Investments are included at 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 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.

No depreciation is charged on freehold or long leasehold investment properties.

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:

Freehold and leasehold properties	-	2% per annum
Plant and machinery	-	25% per annum
Fixtures, fittings	-	25% per annum

No depreciation is charged on land.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

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.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19.

Notes (continued)

2 Turnover

Turnover and operating profit are derived from the operation of licensed premises in the year and arises wholly within the United Kingdom.

3 Profit/(loss) on ordinary activities before taxation

	2003 £	2002 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration – audit	8,000	8,000
Depreciation on owned tangible fixed assets	21,651	149,877
Exceptional items – Impairment of fixed assets	-	111,635
- Loan waived to related company	190,496	-
- Loan waiver from related company	(307,107)	-
	<u> </u>	<u> </u>

4 Other operating income

	2003 £	2002 £
Rent receivable	125,380	179,040
Other operating income	126,807	346,570
	<u> </u>	<u> </u>
	252,187	525,610
	<u> </u>	<u> </u>

5 Other interest receivable and similar income

	2003 £	2002 £
Interest received	1,869	1,547
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2003 £	2002 £
On bank loans and overdrafts	392,634	333,165
	<u> </u>	<u> </u>

7 Remuneration of directors

	2003 £	2002 £
Directors' emoluments	39,480	12,569
	<u> </u>	<u> </u>

Notes (continued)

8 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2003	2002
Operational	38	105

The aggregate payroll costs of these persons were as follows:

	2003	2002
	£	£
Wages and salaries	172,271	510,190
Social security costs	6,247	27,672
	<u>178,518</u>	<u>537,862</u>

9 Exceptional items

	2003	2002
	£	£
Impairment in fixed assets	-	111,635

10 Taxation

	Year ended 31 December 2003	Year ended 31 December 2002
	£	£
<i>UK Corporation tax</i>		
Current tax on income for the period	-	100,931
Corporation tax – adjustment in respect of prior periods	(100,931)	-
<i>Deferred tax</i>		
Deferred tax	1,388	-
Tax on loss on ordinary activities before taxation	<u>(99,543)</u>	<u>100,931</u>

Notes (continued)

10 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax (credit) /charge for the period is lower (2002: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(523,216)	(110,343)
	<u> </u>	<u> </u>
Current tax at 30% (2002: 30%)	(156,965)	(33,103)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(122,915)	96,851
Creation of losses	201,801	-
Trade loss carried back	65,126	
Capital allowances for the period in excess of depreciation	12,953	37,183
Adjustments to tax charge in respect of previous periods	(100,931)	-
	<u> </u>	<u> </u>
Total current tax charge (see above)	(100,931)	100,931
	<u> </u>	<u> </u>

Notes (continued)

11 Investment properties

	Land and buildings £
<i>Open market value</i>	
At beginning of year	703,951
Additions	18,511
Disposals	(245,163)
Depreciation	-
Revaluation	172,701
	<hr/>
At end of year	650,000 <hr/>

Investment properties comprise:

	2003 £	2002 £
Freehold	650,000	471,950
Long leasehold	-	82,000
Short leasehold	-	150,001
	<hr/>	<hr/>
	650,000 <hr/>	703,951 <hr/>

The investment properties are carried at open market value based on a valuation performed by the directors in December 2003.

12 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>			
At beginning of year	2,006,634	561,721	2,568,355
Additions	3,406	6,816	10,222
Disposals	(2,010,040)	(557,216)	(2,567,256)
	<hr/>	<hr/>	<hr/>
At end of year	-	11,321	11,321
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	756,634	521,799	1,278,433
Charge for year	10,118	11,533	21,651
On disposals	(766,752)	(526,637)	(1,293,389)
	<hr/>	<hr/>	<hr/>
At end of year	-	6,695	6,695
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2003	-	4,625	4,625
	<hr/>	<hr/>	<hr/>
At 31 December 2002	1,250,000	39,922	1,289,922
	<hr/>	<hr/>	<hr/>

Notes (continued)

12 Tangible fixed assets (continued)

Included in freehold land and buildings are assets valued at £nil (2002: £750,000) on the basis of open market value for existing use. Short leasehold property was valued at £nil (2002: £500,000) on the basis of open market value for existing use. Additions are stated at cost.

Included within land and buildings above is an amount of £nil (2002: £670,000) in respect of land which is not depreciated.

The following information relates to assets carried on the basis of revaluations in accordance with FRS15 *Tangible Fixed Assets*.

	2003 £	2002 £
Land and buildings		
At 2002 open market valuation	-	1,250,000
Aggregate depreciation thereon	-	-
	<hr/>	<hr/>
Net book value	-	1,250,000
	<hr/>	<hr/>
Historical cost revalued assets	-	404,026
Aggregate depreciation based on historical cost	-	(8,081)
	<hr/>	<hr/>
Historical cost net book value	-	395,945
	<hr/>	<hr/>

Other tangible fixed assets, including additions subsequent to the revaluation of freehold properties, are included at cost.

The land and buildings are carried at open market value based on a valuation performed by the directors in December 2002.

The net book value of land and buildings comprises:

	2003 £	2002 £
Freehold	-	750,000
Short leasehold	-	500,000
	<hr/>	<hr/>
	-	1,250,000
	<hr/>	<hr/>

Notes (continued)

13 Fixed asset investments

	Loans from group undertakings £	Shares in Group undertakings £	Total £
<i>Cost</i>			
At beginning of year	703,483	258,849	962,332
Repayments	(703,483)	-	(703,483)
Disposals	-	(4,002)	(4,002)
	<hr/>	<hr/>	<hr/>
At end of year	-	254,847	254,847
	<hr/>	<hr/>	<hr/>

In the opinion of the directors the investments are worth at least the amount at which they are stated in the balance sheet.

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	Net assets £	Nature of business	Country of registration, incorporation and operation
Superspin Limited	1,000	Non-trading	England

14 Stocks

	2003 £	2002 £
Goods held for resale and consumption	-	60,597
	<hr/>	<hr/>

15 Debtors

	2003 £	2002 £
Trade debtors	9,318	44,935
Other debtors (see note 21)	112,580	1,541,435
Prepayments and accrued income	219	178,452
	<hr/>	<hr/>
	122,117	1,764,822
	<hr/>	<hr/>
Debtors falling due within more than one year included in the above were	-	1,493,852
	<hr/>	<hr/>

Included within other debtors are amounts due from related companies of £nil (2002: £1,493,852). This amount was waived during the year.

Notes (continued)

16 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	48,075	2,900,685
Trade creditors (see note 21)	167,537	529,787
Amounts owed to group undertakings	-	15,281
Taxation and social security	49,570	126,259
Other creditors (see note 21)	244,669	267,416
Accruals	92,141	129,990
	<u>601,992</u>	<u>3,969,418</u>

During the year, amounts due to Superspin Limited were waived unconditionally. The debt waived amounted to £460,310.

17 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Bank loans and overdrafts	404,946	487,281
Other creditors (see note 21)	882,145	1,189,349
	<u>1,287,091</u>	<u>1,676,630</u>

Other creditors comprises amounts due to related parties of £882,145 (2002: £1,189,349). 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)

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

During the year, part of the loan due to Hale Leisure Limited was waived. The debt waived amounted to £307,107.

	2003 £	2002 £
<i>Analysis of debt:</i>		
<i>Debt can be analysed as falling due:</i>		
In one year or less, or on demand	48,075	2,900,685
Between one and two years	404,946	487,281
Between two and five years	-	-
In five years or more	-	-
	<hr/> 453,021	<hr/> 3,387,966
	<hr/> <hr/>	<hr/> <hr/>

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

Bank loans and overdrafts are secured against the properties held. Interest is charged at between 7-7.25% on the loans.

18 Provisions for liabilities and charges

The company has a deferred tax liability as set out below:

	2003 £
Accelerated capital allowances	1,388
	<hr/> 1,388
	<hr/> <hr/>

The company had an unrecognised deferred tax asset in the prior year.

19 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
Ordinary shares of £1 each	6,000	6,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	6,000	6,000
	<hr/>	<hr/>

Notes (continued)

20 Reserves

	Revaluation Reserve £	Profit and loss Account £
At beginning of year	133,632	(983,614)
Retained loss for the year	-	(423,673)
Transfer	(133,632)	133,632
Revaluation	172,955	-
	<hr/>	<hr/>
At end of year	172,955	(1,273,655)
	<hr/>	<hr/>

21 Related party transactions

The company traded with Newlight Limited, a company of which Messrs Clancy, Dwyer and Dodd are directors. Property rentals of £62,500 (2002: £150,000) were receivable during the period. Amounts owing from Newlight Limited at 31 December 2003 were £nil (2002: £nil) in respect of rent and other costs and a loan of £nil (2002: £1,493,852). This trading loan of £190,496 was waived during the year.

A loan totalling £553,536 (2002: £553,536) is owed to Silent Way Limited (formerly So What Arts Limited), a company of which Mr Dodd is also a director.

The company traded with Hale Leisure Limited, a company of which Messrs Clancy and Dwyer are directors and shareholders. There is a loan outstanding totalling £99,109 (2002: £406,316) included in long term creditors and other amounts of £100,891 (2002: £93,407) included in other creditors.

A loan totalling £229,500 (2002: £229,500) is owed to Westport Developments, a company of which Mr Dodd is also a director.

Included within other creditors is an amount totalling £117,997 (2002: £117,997) owed to Mr Dodd.