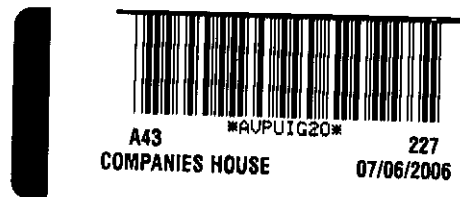


Hale Leisure 1995 Limited

**Directors' report and financial
statements**

Registered number 3050738

31 December 2004



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Directors' report

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

Principal activities

The principal activity of the company was the operating of licensed premises, however the company ceased trading earlier in the year. Given the net deficit of shareholders' funds the directors have not prepared the financial statements on a going concern basis. As explained in note 1, this has had no effect on the reported results or balance sheet.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a final dividend (2003: £nil).

The loss before taxation for the year was £160,311 (2003: loss £532,216).

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.



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;
- as explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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 13, which as described in note 1, have not been prepared on a going concern basis.

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 2004 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

30/5/06

Profit and loss account
for the year ended 31 December 2004

	Note	2004		2003	
		£	£	£	£
Turnover			-		561,134
Cost of sales			-		(189,996)
			<hr/>		<hr/>
Gross profit/(loss)			-		371,138
Distribution costs			-		-
Administrative expenses (pre exceptional items)			(97,004)		(1,106,878)
Administrative expenses (exceptional items)	3		-		116,611
Other operating income			76,374		252,187
			<hr/>		<hr/>
Operating loss			(20,630)		(366,942)
Profit/(loss) on sale of a fixed asset			185,079		234,491
Amounts written off investments	11		(252,847)		-
Other interest receivable and similar income	4		4,277		1,869
Interest payable and similar charges	5		(76,190)		(392,634)
			<hr/>		<hr/>
Loss on ordinary activities before taxation			(160,311)		(523,216)
Taxation	8		(13,610)		99,543
			<hr/>		<hr/>
Loss on ordinary activities after taxation and retained for the financial year	17		(173,921)		(423,673)
			<hr/>		<hr/>

All the above amounts are derived from discontinued operations.

Balance sheet
at 31 December 2004

	<i>Note</i>	2004		2003	
		£	£	£	£
Fixed assets					
Investment properties	9	-		650,000	
Tangible assets	10	-		4,625	
Investments	11	1,000		254,847	
		1,000		909,472	
Current assets					
Stocks		-		-	
Debtors	12	91,925		122,117	
Cash at bank and in hand		171,854		224,492	
		263,779		346,609	
Creditors: amounts falling due within one year	13	(102,321)		(601,992)	
Net current assets/liabilities		161,458		(255,383)	
Total assets less current liabilities		162,458		654,089	
Creditors: amounts falling due after more than one year	14	(970,769)		(1,287,091)	
Provisions for liabilities and charges	15	-		(1,388)	
Net liabilities		(808,311)		(634,390)	
Capital and reserves					
Called up share capital	16	6,000		6,000	
Capital contribution reserve		460,310		460,310	
Revaluation reserve	17	-		172,955	
Profit and loss account	17	(1,274,621)		(1,273,655)	
Equity shareholders' funds		(808,311)		(634,390)	

These financial statements were approved by the board of directors on 30/5/06 and were signed on its behalf by:



A J Clancy
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2004

	2004 £	2003 £
Loss for the financial year	(173,921)	(423,673)
Revaluation in year	-	172,955
Capital contribution reserve	-	460,310
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(173,921)	209,592
Opening shareholders' funds	(634,390)	(843,982)
	<hr/>	<hr/>
Closing shareholders' funds	(808,311)	(634,390)
	<hr/>	<hr/>

Note of historical cost profits and losses
for the year ended 31 December 2004

	2004 £	2003 £
Reported loss on ordinary activities before taxation	(160,311)	(523,216)
Difference between the historical cost and the actual depreciation charged for the year on the revalued amount	-	-
	<hr/>	<hr/>
Historical cost profit/(loss) on ordinary activities before taxation	(160,311)	(523,216)
	<hr/>	<hr/>
Historical cost profit/(loss) for the year retained after taxation and dividends	(160,311)	(523,216)
	<hr/>	<hr/>

Statement of total recognised gains and losses
for the year ended 31 December 2004

	2004 £	2003 £
Loss for the financial year	(173,921)	(423,673)
Unrealised loss on revaluation of freehold land and buildings	-	-
Unrealised surplus on revaluation of investment properties	-	172,955
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	(173,921)	(250,718)
	<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 company has taken advantage of the exemption under S248(1) to not prepare group accounts on the grounds of its size.

The business ceased to trade earlier in the year and is not expected to trade in the foreseeable future. Therefore the directors have not prepared the financial statements on a going concern basis. No adjustment was necessary to the amounts at which the remaining net assets are included in the financial statements.

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

No depreciation is charged on land.

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.

Turnover

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

Notes (continued)

2 Profit/(loss) on ordinary activities before taxation

	2004 £	2003 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration – audit	6,000	8,000
- non-audit	3,000	4,000
Depreciation on owned tangible fixed assets	-	21,651
Exceptional items - loan waived to related company	-	190,946
- loan waiver from related company	-	(307,107)
	<u> </u>	<u> </u>

3 Other operating income

	2004 £	2003 £
Rent receivable	46,461	125,380
Other operating income	29,913	126,807
	<u> </u>	<u> </u>
	76,374	252,187
	<u> </u>	<u> </u>

4 Other interest receivable and similar income

	2004 £	2003 £
Interest received	4,277	1,869
	<u> </u>	<u> </u>

5 Interest payable and similar charges

	2004 £	2003 £
On bank loans and overdrafts	76,190	392,634
	<u> </u>	<u> </u>

6 Remuneration of directors

	2004 £	2003 £
Directors' emoluments	219,341	39,480
	<u> </u>	<u> </u>

Notes (continued)

7 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 2004	2003
Operational	3	38

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	195,000	172,271
Social security costs	24,341	6,247
	<u>219,341</u>	<u>178,518</u>

8 Taxation

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
<i>UK Corporation tax</i>		
Current tax on income for the period	-	-
Corporation tax – adjustment in respect of prior periods	14,998	(100,931)
<i>Deferred tax</i>		
Origination/reversal of timing differences	(1,388)	1,388
Tax on loss on ordinary activities before taxation	<u>13,610</u>	<u>(99,543)</u>

Factors affecting the tax charge for the current period

The current tax charge/(credit) for the period is higher (2003: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(160,311)	(523,216)
Current tax at 30% (2003: 30%)	<u>(48,093)</u>	<u>(156,965)</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes/(income not taxable)	13,544	(122,915)
Creation of losses	33,161	201,801
Trade loss carried back	-	65,126
Capital allowances for the period in excess of depreciation	1,388	12,953
Adjustments to tax charge in respect of previous periods	14,998	(100,931)
Total current tax charge/(credit) (see above)	<u>14,998</u>	<u>(100,931)</u>

Notes (continued)

9 Investment properties

	Land and Buildings £
<i>Open market value</i>	
At beginning of year	650,000
Additions	2,591
Disposals	(479,636)
Depreciation	(172,955)
Revaluation	-
	<hr/>
At end of year	-
	<hr/>

Investment properties comprise:

	2004 £	2003 £
Freehold	-	650,000
Long leasehold	-	-
Short leasehold	-	-
	<hr/>	<hr/>
	-	650,000
	<hr/>	<hr/>

10 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>			
At beginning of year	-	11,321	11,321
Additions		-	-
Disposals		(11,321)	(11,321)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	-	6,695	6,695
Charge for year		-	-
On disposals		(6,695)	(6,695)
	<hr/>	<hr/>	<hr/>
At end of year	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2004		-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2003	-	4,626	4,626
	<hr/>	<hr/>	<hr/>

Notes (continued)

11 Fixed asset investments

	Shares in Group undertakings £
<i>Cost</i>	
At beginning of year	254,847
Repayments	(1,000)
Amounts written off	(252,847)
	<hr/>
At end of year	1,000
	<hr/>

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

<i>Name of subsidiary</i>	<i>Net assets</i> £	<i>Nature of business</i>	<i>Country of registration, incorporation and operation</i>
Superspin Limited	1,000	Non-trading	England

12 Debtors

	2004 £	2003 £
Trade debtors	6,952	9,318
Other debtors (see note 18)	84,973	112,580
Prepayments and accrued income	-	219
	<hr/>	<hr/>
	91,925	122,117
	<hr/>	<hr/>

13 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	-	48,075
Trade creditors (see note 18)	33,252	167,537
Taxation and social security	-	49,570
Other creditors (see note 18)	4,293	244,669
Accruals	64,776	92,141
	<hr/>	<hr/>
	102,321	601,992
	<hr/>	<hr/>

Notes (continued)

14 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loans and overdrafts	-	404,946
Other creditors (see note 18)	970,769	882,145
	<u>970,769</u>	<u>1,287,091</u>

Other creditors comprises amounts due to related parties of £970,769 (2003: £882,145).

	2004 £	2003 £
<i>Analysis of debt:</i>		
<i>Debt can be analysed as falling due:</i>		
In one year or less, or on demand	-	48,075
Between one and two years	-	404,946
Between two and five years	-	-
In five years or more	-	-
	<u>-</u>	<u>453,021</u>

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

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

15 Provisions for liabilities and charges

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

	2004 £	2003 £
Accelerated capital allowances	-	1,388
	<u>-</u>	<u>1,388</u>
<i>Deferred tax</i>		
	£	
At beginning of year	1,388	
Credit to the profit and loss account	(1,388)	
	<u>-</u>	

Notes (continued)

16 Called up share capital

	2004 £	2003 £
<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/>

17 Reserves

	Revaluation Reserve £	Profit and loss Account £
At beginning of year	172,955	(1,273,655)
Retained profit for the year	-	(173,921)
Transfer	(172,955)	172,955
Revaluation	-	
	<hr/>	<hr/>
At end of year	-	(1,274,621)
	<hr/>	<hr/>

18 Related party transactions

The company traded with Newlight Limited, a company of which Messrs Clancy, Dwyer and Dodd are directors. Property rentals of £46,461 (2003: £62,500) were receivable during the period. Amounts owing from Waterside Developments, a company of which Messrs Clancy, Dwyer and Dodd are directors, were written off during the year against the directors' loan accounts. This amounted to £41,223.

A loan totalling £552,209 (2003: £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. A trading loan outstanding totalling £99,109 (2003: £99,109) included in long term creditors and an amount totalling £3,867 included within short term creditors are outstanding at the year end.

A loan totalling £170,000 (2003: £229,500) is owed to Westport Developments, a company of which Mr Dodd is also a director. An amount of £149,451 is due to Mr Dodd.