

THE LEISURE WORKSHOP LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002



COMPANY NUMBER: 3177388

REPORT AND FINANCIAL STATEMENTS

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THE LEISURE WORKSHOP LIMITED

DIRECTORS AND SECRETARY

Directors

M A Cole
L R Hurst

Secretary

M A Cole

Registered Office

17 North Avenue
Ealing
London
W13 8AP

Company Number

3177388

Auditors

Solomon Hare LLP
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

Bankers

HSBC Bank plc
Marble Arch branch
76 Edgware Road
London
W2 2EQ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the management company of a subsidiary.

RESULTS AND DIVIDENDS

The profit for the year after taxation, amounted to £15,959 (2001: £31,058) and is dealt with as shown on page 5.

The directors recommend a final dividend payment of £475 per ordinary share (2001: £500). During the year an interim dividend of £223.23 per share (2001: £nil) was paid.

DIRECTORS

The directors and their interests in the shares of the company were as follows:

| | Ordinary shares of £1 each | |
|-----------|----------------------------|------|
| | 2002 | 2001 |
| M A Cole | 50 | 50 |
| L R Hurst | 150 | 150 |

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 the year. 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

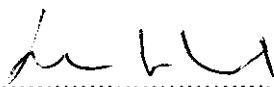
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (Continued)

AUDITORS

On 1 October 2002, Solomon Hare, the company's auditor, transferred its entire business to Solomon Hare LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The directors consented to treating the appointment of Solomon Hare as extending to Solomon Hare LLP with effect from 1 October 2002. A resolution to re-appoint Solomon Hare LLP as the company's auditor will be put to the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board by



.....
L R Hurst
Director

Dated: 25th April 2003

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE LEISURE WORKSHOP LIMITED

We have audited the financial statements of The Leisure Workshop Limited for the year ended 30 June 2002 set out on pages 5 to 10. These financial statements have been prepared under the historical cost convention and 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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 consider the implications for our report if we become aware of any apparent misstatements within it.

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 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare LLP
Chartered Accountants
Registered Auditors
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

Solomon Hare LLP

Dated: *25 April 2003*

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002**

| | Note | 2002 £ | 2001 £ |
|--|------|-----------|-----------|
| Turnover | | - | - |
| Administrative costs | 2 | (10,836) | (9,487) |
| (Loss) before interest and other income | | (10,836) | (9,487) |
| Income from other investments | 3 | 2,638 | 1,347 |
| Interest receivable | | 24,157 | 39,198 |
| Profit on ordinary activities before taxation | | 15,959 | 31,058 |
| Tax on profit on ordinary activities | 5 | - | - |
| Profit on ordinary activities after taxation | | 15,959 | 31,058 |
| Dividend | 6 | (139,645) | (100,000) |
| Transfer (from) reserves | | (123,686) | (68,942) |
| Reserves brought forward | | 1,160,112 | 1,229,054 |
| Reserves carried forward | | 1,036,426 | 1,160,112 |

All gains and losses are included in the profit and loss account.
All amounts relate to continuing activities.

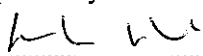
The notes on pages 7 to 10 form part of these financial statements.

THE LEISURE WORKSHOP LIMITED

BALANCE SHEET AT 30 JUNE 2002

| | Note | 2002 £ | 2001 £ |
|---|------|-----------|-----------|
| Fixed assets | | | |
| Investments | 7 | 672,545 | 672,545 |
| Current assets | | | |
| Debtors | 8 | 2,630 | 1,270 |
| Cash at bank and in hand | | 661,833 | 783,634 |
| | | 664,463 | 784,904 |
| Creditors (amounts falling due within one year) | 9 | (300,382) | (297,137) |
| Net current assets | | 364,081 | 487,767 |
| Total assets less current liabilities | | 1,036,626 | 1,160,312 |
| Net assets | | 1,036,626 | 1,160,312 |
| Capital and reserves | | | |
| Called up share capital | 10 | 200 | 200 |
| Profit and loss account | 12 | 1,036,426 | 1,160,112 |
| Equity shareholders' funds | 11 | 1,036,626 | 1,160,312 |

Approved by the Board


.....

L R Hurst
Director

Dated: 25th April 2003

The notes on pages 7 to 10 form part of these financial statements.

NOTES TO 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.

a. Basis of preparation

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

b. Adoption of new accounting standard

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

During the year, the company has adopted FRS19 "Deferred Tax". The previous policy provided for deferred tax to the extent that it was likely to become payable in the foreseeable future in accordance with SSAP15 "Accounting for Deferred Tax". The change in accounting policy is to make full provision for certain deferred tax assets and liabilities.

This has not had a material impact on the taxation charge for the year and has not required the restatement of the results for prior periods.

c. Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the accounts on the grounds that the company is small.

d. Turnover

Turnover represents amounts receivable by the company in respect of the services of its directors and its position as a management company, net of value added tax. All turnover is derived from operations within the United Kingdom. Dividend income is recognised in the financial statements on a receivable basis.

e. Investments

Listed investments are stated at cost less provision for any impairment in value.

The investment in the ordinary share capital of Jasmine Limited qualifies for merger relief and accordingly the investment is stated at the nominal value of the shares issued to acquire the investment.

f. Consolidation

The company has claimed exemption under section 248 of the Companies Act 1985 from the preparation of group financial statements on the grounds that the group is medium sized. The financial statements give information about the company as an individual undertaking and not about its group.

g. Deferred taxation

Deferred tax liabilities are recognised on a full provision basis in respect of all timing differences which have originated, but not reversed at the balance sheet date. Deferred tax assets arising from the same are recognised to the extent that the directors consider it more likely than not that the asset is recoverable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ADMINISTRATIVE COSTS

| | 2002 | 2001 |
|---|-------------------|-------------------|
| | £ | £ |
| Administrative costs include: | | |
| Management charge | 8,145 | 8,145 |
| Auditors' emoluments in respect of audit services | 500 | 500 |
| | <u> </u> | <u> </u> |

3 INCOME FROM OTHER INVESTMENTS

| | 2002 | 2001 |
|-------------------------------------|-------------------|-------------------|
| | £ | £ |
| Income from fixed asset investments | 2,638 | 1,347 |
| | <u> </u> | <u> </u> |

4 EMPLOYEES AND DIRECTORS

No staff costs were incurred in the year. The average number of employees (including directors) employed by the company during the year was 2 (2001: 2).

5 TAXATION

There is no charge to taxation arising on the profit for the year due to the availability of group relief.

Factors affecting tax charge for period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (20 per cent). The differences are explained below:

| | 2002 | 2001 |
|--|-------------------|-------------------|
| | % | % |
| Standard rate of corporation tax in the United Kingdom | 20.0% | 20.0% |
| Effects of: | | |
| Income not taxable | (3.3)% | (0.9)% |
| Group relief | (16.7)% | (19.1)% |
| | <u> </u> | <u> </u> |
| UK corporation tax charge for the year | 0.0% | 0.0% |
| | <u> </u> | <u> </u> |

6 DIVIDEND

| | 2002 | 2001 |
|---|-------------------|-------------------|
| | £ | £ |
| Final dividend: £475 per ordinary share (2001: £500) | 95,000 | 100,000 |
| Interim dividend: £223.23 per ordinary share (2001: £nil) | 44,645 | - |
| | <u> </u> | <u> </u> |
| | 139,645 | 100,000 |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 FIXED ASSET INVESTMENTS

| | Shares in listed companies £ | Shares in unlisted companies £ | Shares in subsidiary companies (unlisted) £ | Total £ |
|--------------------------------------|---------------------------------------|---|---|------------|
| Cost at 1 July 2001 and 30 June 2002 | 30,298 | 48,426 | 593,821 | 672,545 |

The market value of the listed investments at 30 June 2002 is £30,027 (2001: £73,630).

The company's only subsidiary at 30 June 2002 is Jasmine Limited in which it holds 100 fully paid ordinary shares of £1 each, 49,900 fully paid ordinary shares of 25p each and 1 'A' ordinary share of £1 each. The subsidiary is 100% owned, registered in England and Wales and trades in the United Kingdom. Jasmine Limited had capital and reserves at 30 June 2002 of £1,386,429 (2001: £1,462,217) and a loss after tax for the year ended 30 June 2002 of £75,788 (2001: loss £570,910).

8 DEBTORS

| | 2002 £ | 2001 £ |
|--|--------------|--------------|
| Other debtors | 530 | 1,170 |
| Amount due from subsidiary undertaking | 2,000 | - |
| Unpaid share capital | 100 | 100 |
| | <u>2,630</u> | <u>1,270</u> |

9 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

| | 2002 £ | 2001 £ |
|---------------------------------------|----------------|----------------|
| Accruals and deferred income | 2,312 | 2,212 |
| Amounts due to subsidiary undertaking | 203,070 | 194,925 |
| Proposed dividend | 95,000 | 100,000 |
| | <u>300,382</u> | <u>297,137</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 SHARE CAPITAL

| | 2002 | 2001 |
|---------------------------------|------|------|
| | £ | £ |
| Authorised, allotted and issued | | |
| 200 ordinary shares of £1 each | 200 | 200 |
| Fully paid: | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| Unpaid: | | |
| 100 Ordinary shares of £1 each | 100 | 100 |
| | 200 | 200 |

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2002 | 2001 |
|-------------------------------------|-----------|-----------|
| | £ | £ |
| Profit for the financial year | 15,959 | 31,058 |
| Dividend | (139,645) | (100,000) |
| Net decrease in shareholders' funds | (123,686) | (68,942) |
| Opening shareholders' funds | 1,160,312 | 1,229,254 |
| Closing shareholders' funds | 1,036,626 | 1,160,312 |

12 RESERVES: PROFIT AND LOSS ACCOUNT

| | 2002 | 2001 |
|---------------------|-----------|-----------|
| | £ | £ |
| At 1 July 2001 | 1,160,112 | 1,229,054 |
| Profit for the year | 15,959 | 31,058 |
| Dividend | (139,645) | (100,000) |
| At 30 June 2002 | 1,036,426 | 1,160,112 |

13 RELATED PARTY TRANSACTIONS

The company has been controlled throughout the period by L R Hurst and M A Cole who are directors and shareholders. At 30 June 2002, £95,000 dividend was owed to the directors (2001: £100,000).