

LONGSHINE PROPERTIES LIMITED
(formerly known as Longshot Hotels Limited)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH SEPTEMBER 2005

Registered Number: 04055091



LONGSHINE PROPERTIES LIMITED
(formerly known as Longshot Hotels Limited)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2005

DIRECTORS:

J.M. Cadbury
E.M. Dunmore
J.B. Sunley
R.J.S. Tice
T.E.B. Sopwith

SECRETARY:

E.M. Dunmore

REGISTERED OFFICE:

21 Golden Square
London
W1F 9JF

BANKERS:

National Westminster Bank Plc
Abbey Gardens
4 Abbey Street
Reading
Berkshire
RG1 33A

SOLICITORS:

Wedlake Bell
52 Bedford Row
London
WC1R 4CR

Devonshires
Salisbury House
London Wall
London
EC2M 5QY

AUDITORS:

haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 6AY

LONGSHINE PROPERTIES LIMITED
(formerly known as Longshot Hotels Limited)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2005

Contents	Page
Directors report	1 - 2
Auditors report	3
Profit and loss account	4
Statement of recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7 – 11

LONGSHINE PROPERTIES LIMITED
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DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER 2005

The directors present their report together with financial statements for the year ended 30th September 2005.

PRINCIPAL ACTIVITIES

The company is principally engaged in the ownership and leasing of property.

BUSINESS REVIEW

There was a loss for the year after taxation amounting to £309,683 (2004: £119,016). The directors do not recommend payment of a dividend.

One new share was issued on 1 January 2005 to Sunley Holdings PLC at par value, giving them joint control of the company along with Longshot Plc.

DIRECTORS

The directors who served during the year were:

J.M. Cadbury	
R.N. Hambro	(resigned 26 April 2005)
O.R. Vigors	(resigned 26 April 2005)
E.M. Dunmore	
J. B. Sunley	(appointed 26 April 2005)
R.J.S. Tice	(appointed 26 April 2005)
T.E.B. Sopwith	(appointed 26 April 2005)

The directors have no interest in the share capital of the company.

The directors' interests in the share capital of the joint venture partners are disclosed in those companys' financial statements.

LONGSHINE PROPERTIES LIMITED
(formerly known as Longshot Hotels Limited)

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 30TH SEPTEMBER 2005

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 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;
- follow applicable accounting standards, 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 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.

AUDITORS

The company's auditors, haysmacintyre, have expressed a willingness to continue in office and a resolution reappointing them will be proposed at the Annual General Meeting in accordance with S385(2) of the Companies Act 1985.

On behalf of the Board of Directors



E.M. Dunmore
Secretary

26 September 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONGSHINE PROPERTIES LIMITED
(FORMERLY KNOWN AS LONGSHOT HOTELS LIMITED)**

We have audited the financial statements of Longshine Properties Limited (formerly known as Longshot Hotels Limited) for the year ended 30th September 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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.

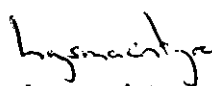
Basis of audit opinion

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 30th September 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre
Chartered Accountants
Registered Auditors

26 September 2006

Fairfax House
15 Fulwood Place
London
WC1V 6AY

LONGSHINE PROPERTIES LIMITED
(formerly known as Longshot Hotels Limited)

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 2005

	Note	2005 £	2004 £
TURNOVER	1	1,122,886	1,360,862
COST OF SALES		-	(2,940)
GROSS PROFIT		1,122,886	1,357,922
ADMINISTRATIVE EXPENSES		(195,859)	(48,618)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION		927,027	1,309,304
Depreciation		(124,922)	(335,494)
Amortisation of prepaid rent		(487,065)	(487,065)
OPERATING PROFIT	2	315,040	486,745
Other interest receivable and similar income		3,750	-
Interest payable and similar charges	3	(628,473)	(570,116)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION AND EXCEPTIONAL ITEM		(309,683)	(83,371)
Exceptional item – Loss on the sale of fixed assets	5	-	(7,226)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(309,683)	(90,597)
Tax on loss on ordinary activities	6	(12,173)	(28,419)
RETAINED LOSS FOR THE YEAR	14	£(321,856)	£(119,016)

LONGSHINE PROPERTIES LIMITED
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STATEMENT OF RECOGNISED GAINS AND LOSSES

YEAR ENDED 30TH SEPTEMBER 2005

	2005	2004
	£	£
Loss for the financial year	(321,856)	(119,016)
Unrealised surplus on revaluation of leasehold property	-	3,221,833
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	£(321,856)	£3,102,817

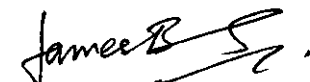
LONGSHINE PROPERTIES LIMITED
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BALANCE SHEET

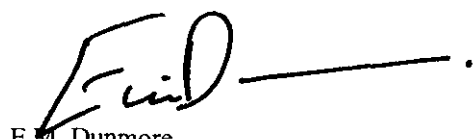
AS AT 30TH SEPTEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	7	5,736,646	5,861,567
CURRENT ASSETS			
Debtors	8	4,528,188	4,724,682
Cash at bank and in hand		313,858	493,772
		<u>4,842,046</u>	<u>5,218,454</u>
CREDITORS: Amounts falling due within one year	9	(2,719,980)	(2,484,746)
NET CURRENT ASSETS		<u>2,122,066</u>	<u>2,733,708</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,858,712</u>	<u>8,595,275</u>
CREDITORS: Amounts falling due after more than one year	10	(6,200,000)	(6,600,000)
		<u>£1,658,712</u>	<u>£1,995,275</u>
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Revaluation reserve	13	3,207,126	3,221,833
Profit and loss account	14	(1,548,416)	(1,226,560)
SHAREHOLDERS' FUNDS	15	<u>£1,658,712</u>	<u>£1,995,275</u>

The financial statements were approved by the Board of Directors on 26 September 2006



J. B. Sunley
Director



E.M. Dunmore
Director

LONGSHINE PROPERTIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2005

1. ACCOUNTING POLICIES

a) Basis of preparation

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

b) Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts including rental income from sub-let space at the operating site.

c) Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates applicable are:

Leasehold buildings	Over the term of the lease as follows:	
	Years > 30	0% per annum
	Years 30 - 20	2% per annum
	Years 20 - 0	4% per annum

d) Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

e) Brewer Street Property

On 2 December 2002, the company purchased the future rental costs until 4 April 2013 on the lower floors of the Brewer Street premises, including improvements made to the site for £6.8m. This rental prepayment is included in note 8 and is being charged to the profit and loss account equally over the remaining years of the lease.

(f) Cash flow statement

The directors have taken advantage of the exemption for small companies in FRS 1 and not produced a cash flow statement.

2. OPERATING PROFIT

	2005 £	2004 £
Operating profit is stated after:		
Depreciation	124,921	335,494
Amortisation of prepaid rent	487,065	487,065
	<u> </u>	<u> </u>

LONGSHINE PROPERTIES LIMITED
(formerly known as Longshot Hotels Limited)

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30TH SEPTEMBER 2005

3. INTEREST PAYABLE AND SIMILAR CHARGES	2005	2004
	£	£
Interest payable to related parties	91,008	48,577
Bank interest payable and similar charges	537,465	521,539
	<u>£628,473</u>	<u>£570,116</u>

4. DIRECTORS AND EMPLOYEES

The average number of employees of the company during the year was nil (2004: nil).

None of the directors were remunerated in the year by the company.

5. EXCEPTIONAL ITEM

During the year ended 30 September 2004, the company sold part of its leasehold property for £1,794,445 resulting in a loss on disposal of £7,226.

6. TAXATION

(a) Analysis of change in the year

UK corporation tax on loss for the year at 30% (2004: 30%)	-	28,419
Underprovision	12,173	
	<u>£12,173</u>	<u>£28,419</u>

(b) Factors affecting tax charge for year

The tax assessed for the year is different for the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

Loss on ordinary activities before tax	<u>£(309,683)</u>	<u>£(90,597)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2004: 30%)	(92,904)	(27,179)
Effect of:		
Expenditure not deductible for tax purposes	-	44,767
Depreciation in excess of capital allowances	37,477	100,648
Utilisation of tax losses	-	(58,613)
Marginal relief	-	(1,392)
Losses carried forward	55,427	-
Group relief	-	(29,812)
Current tax charge for the year	<u>£ -</u>	<u>£28,419</u>

LONGSHINE PROPERTIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30TH SEPTEMBER 2005

7. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £
Cost	
At 1st October 2004 and at 30th September 2005	6,208,615
Depreciation	
At 1st October 2004	347,048
Charge for the year	124,921
At 30th September 2005	471,969
Net Book Value	
At 30th September 2005	£5,736,646
At 30th September 2004	£5,861,567

At 30 September 2004, FPD Savills valued the leasehold land and buildings of the company at an open market valuation of £10,000,000. This amount includes the rent prepayment which is disclosed in debtors.

8. DEBTORS

	2005 £	2004 £
Trade debtors	26,084	56,646
Amounts owed by related undertakings	797,188	465,445
Other debtors	-	45,408
Called up share capital not paid	-	-
Prepayments and accrued income	53,548	18,750
Rent prepayment	3,651,368	4,138,433
	<u>£4,528,188</u>	<u>£4,724,682</u>

9. CREDITORS: Amounts falling due within one year

Bank loans and overdrafts	400,000	400,000
Trade creditors	108	195,189
Amounts owed to group undertakings	-	-
Amounts owed to related parties	1,791,892	1,741,933
Corporation tax	14,985	28,419
Other creditors	27,934	18,630
Other taxes and social security	89,062	8,775
Accruals and deferred income	395,999	91,800
	<u>£2,719,980</u>	<u>£2,484,746</u>

LONGSHINE PROPERTIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30TH SEPTEMBER 2005

10. CREDITORS: Amounts falling due in more than one year	2005 £	2004 £
Bank loan	<u>£6,200,000</u>	<u>£6,600,000</u>
11. BANK LOANS AND OVERDRAFTS	2005 £	2004 £
The maturity of the above amount is as follows:		
- within one year	400,000	400,000
- between two and five years	<u>6,200,000</u>	<u>6,600,000</u>
	<u>£6,600,000</u>	<u>£7,000,000</u>
The company have loan facilities wholly repayable within five years of £7,000,000. The loan is repayable in quarterly instalments and a final lump sum payment. The borrowing is at LIBOR plus 2%. The bank overdraft and the loan are secured by a fixed and floating charge over all of the company's assets.		
12. SHARE CAPITAL	2005 £	2004 £
Authorised		
1,000 ordinary £1 shares	<u>£1,000</u>	<u>£1,000</u>
Allotted, called up and fully paid		
2 ordinary £1 shares	<u>£2</u>	<u>£2</u>
13. REVALUATION RESERVE		£
At 1st October 2004		3,221,833
Impairment in the year		(14,707)
At 30th September 2005		<u>£3,207,126</u>
14. RESERVES		Profit and loss account £
At 1st October 2004		(1,226,560)
Retained loss for the year		<u>(321,856)</u>
At 30th September 2005		<u>£(1,548,416)</u>

LONGSHINE PROPERTIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 30TH SEPTEMBER 2005

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005	2004
	£	£
Issue of new share capital	-	1
Revaluation of leasehold property	(14,707)	3,221,833
Loss for the financial year	(321,856)	(119,016)
Net movement in shareholders' (deficit)/funds	(336,563)	3,102,818
Opening shareholders' funds/(deficit)	1,995,275	(1,107,543)
Closing shareholders' funds	<u>£1,658,712</u>	<u>£1,995,275</u>

16. RELATED PARTY TRANSACTIONS

During the year, the company received funds of £1,074,996 (2004: £1,091,663) from Longshot Health & Fitness Limited, a subsidiary of Longshot Plc, for the payment of rent on their premises. At the year end, the company was owed £675,622 (2004: £379,249) by Longshot Health & Fitness Limited. Also during the year, charges were made of £25,121 (2004: £36,812) in relation to service charge to Quantum Leap Health and Fitness Limited, a subsidiary of Longshot Plc. At the year end, the company was owed £49,232 (2004: £48,291) by Quantum Leap Health and Fitness Limited. At the year end, the company was also owed £72,334 (2004: £37,725) by The Third Space Limited

The company has a loan from Longshot Plc on which the year end balance was £1,055,648 which includes an accrual. The company also has a loan with Sunley Holdings Plc on which the year end balance was £731,463. At the year end, the company owed Quantum Leap Health and Fitness Limited £3,820 and Longshot Health & Fitness Limited £962.

17. ULTIMATE PARENT UNDERTAKING

The company is under the joint control of Longshot Plc and Sunley Holdings Plc. Joint control was established on 1st January 2005 when Sunley Holdings Plc purchased one new ordinary share in the company.

The directors believe there is no ultimate controlling party.