

Caspian Holdco Limited

Annual report and financial statements

Period ended 30 June 2006

Registered Number: 05642422



Caspian Holdco Limited

Directors' report for the period ended 30 June 2006

The directors present their report and the audited financial statements of the company for the seven month period ended 30 June 2006. Caspian Holdco Limited was incorporated on 1 December 2005. This is its first period of account.

Principal activities

Caspian Holdco Limited is a wholly owned subsidiary of Caspian Topco Limited. Caspian Topco Limited and its subsidiaries are defined as the "Group".

The Group acquired control of Inventive Leisure PLC on 23 December 2005. Inventive Leisure PLC was listed on the Alternative Investment Market and, following the acquisition of control, the Group acquired the remaining shares. Inventive Leisure PLC was de-listed on 9 March 2006 and was registered as a private company.

The Group operates 45 bars under the Revolution Vodka Bar brand. Revolution is a series of individually designed, accessible style bars located in town and city centres, for the 18-35 year-old market. Revolution specialises in ways to enjoy vodka and the Group's expertise means an unparalleled range of cocktails, premium vodkas and vodka shots. In particular, the vodka shots are prepared at the Group's dedicated facility in East Manchester to the Group's own recipes and represent the largest range of flavoured and infused vodkas in the UK.

During the period, the Group opened two bars, at Chiswick and at Nottingham. This continues the previous strategy for an expansion of the Revolution estate. Whilst the pipeline for future openings appears satisfactory, the Board considers the availability of suitable premises the principal risk.

This is the company's first period of account but the Inventive Leisure business has traded for some years. The company's performance in the period has been on expectations.

The principal activity of the company is as an investment holding company.

Results and dividends

The loss after taxation and the retained loss for the period ended 30 June 2006 were £1,487,000. No dividend can be paid. The retained loss has been transferred to reserves.

Directors and their interests

The directors who held office during the period are given below:

Martin Keith Bolland	(appointed 7 December 2005)
Gavin John Loughrey	(appointed 7 December 2005)
Roy Edward Ellis	(appointed 9 January 2006)
Sean Martin Curran	(appointed 9 January 2006)
Neil Angus Macleod	(appointed 9 January 2006)
Mrs Bibi Rahima Ally	(appointed 1 December 2005, resigned 7 December 2005)

None of the directors held an interest in the company's share capital during the period. The directors' interests in the share capital of the ultimate parent company, Caspian Topco Limited, are disclosed in the accounts of that company.

The directors beneficial interests in the loan notes through the Alchemy Investment Plan Co-investment scheme, are set out below.

	Number of loan notes 2006
R E Ellis	2,362,814
N A Macleod	2,656,235
S M Curran	154,432

Caspian Holdco Limited

Directors' report (continued)

Employees

It is the policy of the company to give full and fair consideration to the employment of disabled persons and their training and career development, bearing in mind the constraints of the disabilities, and to make every effort to retain and assist employees who become disabled in the course of their employment.

The employment policies of the company are designed to attract, retain and motivate the highest quality personnel, recognising that this can only be achieved through offering equal opportunities. Recruitment and promotion are, therefore solely dependent upon the suitability of the applicant for the job.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the company financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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.

Auditors

The Board appointed KPMG LLP as the first auditors of the company. 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.

By order of the Board



Sean Curran

Secretary

1 November 2006

Registered office

20 Bedfordbury

London

WC2N 4BL

Caspian Holdco Limited

Independent auditors' report to the members of Caspian Holdco Limited

We have audited the financial statements of Caspian Holdco Limited for the year ended 30 June 2006, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

Caspian Holdco Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP

Chartered Accountants and Registered Auditors, Manchester

1 November 2006

Caspian Holdco Limited

Profit and loss account

	Note	7 month period ended 30 June 2006 £'000
Interest payable and similar charges	2	(1,487)
Retained loss for the financial period	8	(1,487)

There are no gains or losses recognised during the period other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

Caspian Holdco Limited

Balance sheet as at 30 June 2006

	Note	2006 £'000
Fixed assets		
Investments	4	1,670
		1,670
Current assets		
Debtors	5	26,871
		26,871
Creditors: amounts falling due within one year		-
Net current assets		26,871
Total assets less current liabilities		28,541
Creditors: amounts falling due after more than one year	6	(28,358)
Net assets		183
Capital and reserves		
Called-up share capital	7	1,670
Profit and loss account	8	(1,487)
Equity shareholders' funds	9	183

The financial statements on pages 5 to 10 were approved by the board of directors on 1 November 2006 and were signed on its behalf by:



S Curran
Director

Caspian Holdco Limited

Notes to the financial statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis in accordance with the Companies Act 1985 and applicable accounting standards using the historical cost convention. The principal accounting policies, which have been applied consistently, are set out below.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

FRS 18 'Accounting Policies'

The directors have continued to review the company's accounting policies in accordance with this standard. After careful consideration the directors are satisfied that the current accounting policies are the most appropriate for the company.

Cash flow statement

Under the provisions of Financial Reporting Standard 1 (revised 1996), the company has not prepared a cash flow because its ultimate parent undertaking, Caspian Topco Limited, has prepared consolidated accounts which include the accounts of the company for the period and which contain a cash flow statement.

Fixed asset investments

In the financial statements of the Company, shares in subsidiaries are stated at cost less provision for any impairment.

Financial Instruments

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

2 Interest payable and similar charges

	2006 £'000
On fixed rate unsecured loan notes	1,487
	1,487

Caspian Holdco Limited

3 Tax on loss on ordinary activities

	2006 £'000
Current tax	
UK corporation tax at 30%	-
Deferred tax	
Origination and reversal of timing differences	-
	-

The tax charge for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained as below:

	2006 £'000
Loss on ordinary activities before taxation	1,487
Tax on loss on ordinary activities at 30%	446
Effects of:	
Expenses not deductible for tax purposes	(446)
Current tax charge for the period	-

4 Investments

	2006 £'000
Investment in subsidiary	
Cost at beginning of period	-
Additions in the period	1,670
Cost at end of period	1,670

The investment is in the company's wholly owned subsidiary, Caspian Bidco Limited. Caspian Holdco Limited holds all of the ordinary share capital of Caspian Bidco Limited, whose principal activity is that of an investment holding company.

5 Debtors

	2006 £'000
Amounts falling due within one year	
Amounts owed by other group companies	26,871
	26,871

Caspian Holdco Limited

6 Creditors: amounts falling due after more than one year

	2006 £'000
Fixed rate unsecured Series A loan notes	21,574
Fixed rate unsecured Series B loan notes	5,297
PIK notes	1,487
	28,358

The Series A loan notes and the series B loan notes are both subject to interest at 12% per annum compounded every six months at 30 June and 31 December each year. The entitlement to interest is satisfied by the issue of Payment in Kind ("PIK") notes. The loan notes carry a redemption date of 1 June 2014. Upon redemption, the nominal value of the loan notes is repayable. The loan notes may be redeemed at any date prior to 1 June 2014 by agreement between the company and the loan note holders.

	PIK notes	Loan notes
	2006 £'000	2006 £'000
Repayable as follows:		
Over five years	1,487	26,871
	1,487	26,871

7 Called-up share capital

	2006 £'000
Authorised	
1,700,000 £1 ordinary shares	1,700
Allotted, called-up and fully paid	
1,669,997 £1 ordinary shares	1,670

During the period, 1,669,997 £1 ordinary shares were allotted at par. The consideration received by the company was £1,669,997.

Caspian Holdco Limited

8 Reserves

	2006 £'000
At the beginning of the period	-
Retained loss for the period	(1,487)
At the end of the period	(1,487)

9 Reconciliation of movement in equity shareholders' funds

	2006 £'000
New share capital subscribed	1,670
Loss for the period	(1,487)
Net increase in equity shareholders' funds	183
Equity shareholders' funds brought forward	-
Equity shareholders' funds carried forward	183

10 Related party transactions

During the period, Caspian Holdco Limited issued £21,574,187 of loan notes to Alchemy Partners Nominees Limited. At the end of the period, £21,574,187 of loan notes and £1,294,271 of PIK notes were outstanding. Caspian Holdco Limited has taken advantage of exemptions within FRS 8, not to disclose transactions with other group companies. There were no other related party transactions.

11 Ultimate parent company

The entire share capital of the company is owned by Caspian Topco Limited, a company incorporated in Great Britain and registered in England and Wales. The Group accounts of Caspian Topco can be obtained from its registered office, 20 Bedfordbury, London WC2N 4BL. 69% of the issued share capital of Caspian Topco is held by Alchemy Partners Nominees Limited on behalf of investors in the Alchemy Investment Plan. The Alchemy Investment Plan is managed by Alchemy Partners (Guernsey) Limited.