

MIH LEISURE LIMITED

Report and Financial Statements

31 January 2003

**Deloitte & Touche
Edinburgh**



REPORT AND FINANCIAL STATEMENTS 2003

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REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

D E Murray

SECRETARY

D W M Horne

REGISTERED OFFICE

9 Charlotte Square
Edinburgh
EH2 4DR

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

Dundas & Wilson
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

AUDITORS

Deloitte & Touche
Saltire Court
20 Castle Terrace
Edinburgh
EH1 0BR

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 January 2003.

ACTIVITIES

The company did not trade in the current year.

REVIEW OF DEVELOPMENTS

The profit for the year to 31 January 2003 was £2,149 (2002 – loss of £278,302).

DIVIDENDS

No dividend was paid or proposed in the year (2002 - £295,000).

THE DIRECTOR AND HIS INTERESTS

The director who served during the year was:

D E Murray

At 31 January 2003 the director did not hold any interest in the share capital of the company (31 January 2002 – nil). The interests of the director in the share capital of the ultimate holding company (Note 11) is disclosed in the directors' report accompanying that company's financial statements.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

United Kingdom company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

Deloitte & Touche were appointed to fill a casual vacancy during the year following the resignation of Arthur Andersen. Deloitte & Touche have expressed their willingness to seek appointment and a resolution to appoint them as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approved by the Director
and signed on behalf of the Director



D W M Horne

Secretary

20 June 2003

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MIH LEISURE LIMITED**

We have audited the financial statements of MIH Leisure Limited for the year ended 31 January 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 auditors' 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 the director and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

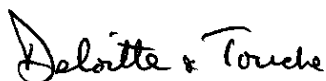
Basis of opinion

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 director 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 at 31 January 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors

Edinburgh

20 June 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 January 2003

	Note	2003 £	2002 £
Administrative expenses (net)		2,000	(500)
OPERATING PROFIT/(LOSS)		2,000	(500)
Investment income	2	299	17,048
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,299	16,548
Tax on profit on ordinary activities	4	(150)	150
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,149	16,698
Dividends paid and proposed		-	(295,000)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	8	2,149	(278,302)

The current and prior year results have been derived wholly from continuing operations.

There have been no recognised gains and losses attributable to the shareholders other than the results for the current and preceding financial year and accordingly, no statement of total recognised gains and losses is shown.

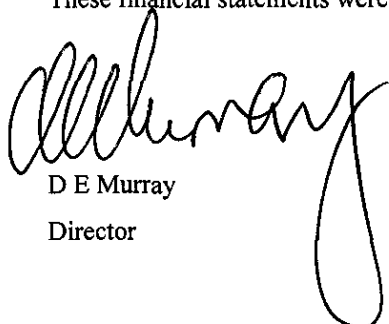
The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
31 January 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors	5	66	2,656
Cash at bank and in hand		7,517	3,965
		<u>7,583</u>	<u>6,621</u>
CREDITORS: amounts falling due within one year	6	(813)	(2,000)
NET ASSETS		<u>6,770</u>	<u>4,621</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	2	2
Profit and loss account	8	6,768	4,619
EQUITY SHAREHOLDERS' FUNDS	9	<u>6,770</u>	<u>4,621</u>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Director on 20 June 2003



D E Murray
Director

NOTES TO THE ACCOUNTS
Year ended 31 January 2003

1. ACCOUNTING POLICIES

The principal accounting policies adopted are summarised below. They have been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by other group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the surrendering undertakings.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued asset and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. INVESTMENT INCOME

	2003 £	2002 £
Bank interest receivable	299	17,048

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 31 January 2003

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2003 £	2002 £
Auditors' remuneration for audit services	-	500

The audit fees were borne by another group undertaking in the current year.

During the year the company incurred no staff costs (2002 - £nil). The director was remunerated by another group undertaking in the current year and the preceding year.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax (charge)/credit is based on the profit for the year and comprises:

	2003 £	2002 £
UK corporation tax (charge)/credit at 30% (2002 - 30%)	(150)	150

No provision has been made for deferred taxation (2002 - £nil). There is an unrecognised deferred taxation asset at 31 January 2003 of £895,750 (2002 - £896,290).

The differences between the total current tax as shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2003 £	2002 £
Profit on ordinary activities before tax	2,299	16,548
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002 - 30%)	(690)	(4,964)
Movement in unprovided deferred tax asset	690	5,114
Adjustments in respect of prior years	(150)	-
Current tax (charge)/credit for year	(150)	150

5. DEBTORS

The following amounts are included in the net book value of debtors:

	2003 £	2002 £
Amounts due within one year:		
Amounts due from other group undertakings	-	2,656
Prepayments and accrued income	66	-
	66	2,656

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 31 January 2003
6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following amounts are included in creditors falling due within one year:

	2003 £	2002 £
Amounts due to other group undertakings	813	-
Accruals and deferred income	-	2,000
	<u>813</u>	<u>2,000</u>

7. CALLED-UP EQUITY SHARE CAPITAL

	2003 £	2002 £
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called-up and fully paid:</i>		
2 ordinary shares of £1 each	2	2

8. RESERVES

The movement for the year was as follows:

	Profit and loss account £
Beginning of year	4,619
Retained profit for the financial year	2,149
	<u>6,768</u>

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit on ordinary activities after taxation	2,149	16,698
Dividends paid and proposed	-	(295,000)
	<u>2,149</u>	<u>(278,302)</u>
Retained profit/(loss) for the financial year	4,621	282,923
Opening equity shareholders' funds	<u>4,621</u>	<u>282,923</u>
Closing equity shareholders' funds	<u>6,770</u>	<u>4,621</u>

NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 31 January 2003

10. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

There were no capital commitments at 31 January 2003 (31 January 2002 - £nil).

b) Contingent liabilities

The company has guaranteed bank borrowings of its holding company and certain other subsidiary undertakings. The total contingency at 31 January 2003 amounts to £122,650,435 (31 January 2002 - £79,453,236). Security for the bank facilities consists of cross guarantees and a bond and floating charge over the assets of the company.

11. ULTIMATE HOLDING COMPANY

The ultimate holding company is Murray International Holdings Limited, which is registered in Scotland. The largest and smallest group in which the results of the company are consolidated is that headed by the ultimate holding company whose principal place of business is at 9 Charlotte Square, Edinburgh, EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address.

12. ULTIMATE CONTROL

Mr D E Murray, a director of the ultimate holding company (Note 11), and members of his close family control the company as a result of controlling directly or indirectly 82% of the issued share capital of the ultimate holding company.

13. RELATED PARTY TRANSACTIONS

In accordance with the exemptions provided under Financial Reporting Standard 8 for companies whose voting rights are 90% or more controlled within a group, the company has not disclosed transactions with other subsidiary undertakings of the ultimate holding company (Note 11).

14. CASH FLOW STATEMENT

The company is exempt from the requirements of Financial Reporting Standard 1 (Revised) to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary of Murray International Holdings Limited whose financial statements contain a consolidated cash flow statement and are available to the public.