Company Registration No. SC227833

NOVEMBER LEISURE LIMITED

Report and Financial Statements

31 January 2008

NOVEMBER LEISURE LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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NOVEMBER LEISURE LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir D E Murray
J D G Wilson
D W M Horne
D D Murray
K A 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

INDEPENDENT AUDITORS

Grant Thornton UK LLP
95 Bothwell Street
Glasgow
G2 7JZ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 January 2008 The directors' report has been prepared under the special provisions relating to small companies under section 246(4) of the Companies Act 1985

ACTIVITIES

The principal activity of the company is the operation of a restaurant and sandwich shop During the prior year the company sold its interest in the Halo bar and discontinued its operations at the Circus Café in Stockbridge, Edinburgh and the Circus Café Bakery

REVIEW OF DEVELOPMENTS

The retained loss for the year to 31 January 2008 was £252,486 (2007 – £833,745)

FUTURE PROSPECTS

The directors intend to develop existing operations in the coming year and are optimistic about the company's future prospects

DIVIDENDS

No dividend was paid or proposed in respect of the year (2007 – £nil)

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were

Sir D E Murray
J D G Wilson
D W M Horne
D D Murray
K A Murray

At 31 January 2008, none of the directors held any interest in the share capital of the company (2007 – nil) The interests of the directors in the share capital of the ultimate holding company (Note 16) are disclosed in the directors' report accompanying that company's financial statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice

United Kingdom 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 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, and
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks as discussed below The company has a risk management programme that seeks to limit the effect of such risks on financial performance

Foreign currency risk

The company does not enter into foreign currency transactions The directors therefore consider the company is not exposed to any foreign currency movement risk

Credit risk

The company is exposed to credit related losses in the event of non performance by transaction counterparties, but mitigates such risk through its policy of selecting only counterparties with high credit ratings

Liquidity risk

Operations are financed by a mixture of shareholders' funds and bank borrowings The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company

Cashflow risk

The company's policy is to arrange bank overdrafts with a floating rate of interest plus an agreed margin

INDEPENDENT AUDITORS

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors and a resolution proposing their appointment will be submitted at the Annual General Meeting

Approved by the Board of Directors
and signed by order of the Board

D W M Horne

Secretary

10 November 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVEMBER LEISURE LIMITED

We have audited the financial statements of November Leisure Limited for the year ended 31 January 2008 which comprise the profit and loss account, the balance sheet and notes 1 to 19 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

The directors' responsibilities for preparing the Directors' Report and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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

In addition we 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2008 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

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GLASGOW
12 November 2008

NOVEMBER LEISURE LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 January 2008

	Note	2008 £	2007 £
TURNOVER			
Continuing operations	1	467,834	414,534
Discontinued operations	1		441,396
		467,834	855,930
Cost of sales	2	(222,169)	(400,016)
GROSS PROFIT		245,665	455,914
Other operating expenses	2	(615,823)	(1,250,318)
OPERATING LOSS			
Continuing operations		(370,158)	(542,113)
Discontinued operations			(252,291)
		(370,158)	(794,404)
Net loss on sale/closure of operations	3		(334,136)
LOSS BEFORE INTEREST		(370,158)	(1,128,540)
Interest payable and similar charges	4	(51,795)	(20,106)
LOSS BEFORE TAXATION	5	(421,953)	(1,148,646)
Tax credit on loss on ordinary activities	7	169,467	314,901
RETAINED LOSS FOR THE FINANCIAL YEAR	13	(252,486)	(833,745)

There have been no recognised gains and losses attributable to the shareholders other than the loss 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 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	8	250,228	327,962
CURRENT ASSETS			
Stock	9	66,195	84,558
Debtors due within one year	10	173,183	222,966
		239,378	307,524
CREDITORS: amounts falling due within one year	11	(1,001,784)	(895,178)
NET CURRENT LIABILITIES		(762,406)	(587,654)
NET LIABILITIES		(512,178)	(259,692)
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	(512,179)	(259,693)
SHAREHOLDERS' DEFICIT	14	(512,178)	(259,692)

The accompanying notes form an integral part of these financial statements

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

Sir D E Murray

Director 18 November 2008

NOTES TO THE FINANCIAL STATEMENTS
Year to 31 January 2008

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below They have been applied consistently throughout the current year and prior 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 the 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 financial statements 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 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 tax 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

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis Further information on future commitments is disclosed in Note 15(d)

Turnover

Turnover represents the amounts (excluding VAT) receivable for goods and services provided in the normal course of business Turnover is recognised as invoices or bills are raised for services provided, or in the case of cash based business and sale or return; as cash is received

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year to 31 January 2008

1. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows

Lease premiums and leasehold improvements	Over the term of the lease
Equipment	4 to 8 years
Fixtures and fittings	4 to 8 years
Motor vehicles	4 years

Stocks

Stocks are stated at the lower of cost and net realisable value Net realisable value is based on estimated selling price

2. COST OF SALES AND OTHER OPERATING EXPENSES

	2008			2007		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	222,169		222,169	184,747	215,269	400,016
Other operating costs	615,823		615,823	771,900	478,418	1,250,318

3. NET LOSS ON SALE / CLOSURE OF OPERATIONS

During the prior year the company sold its interest in the Halo bar and discontinued operations at Circus Café in Stockbridge, Edinburgh and the Circus Bakery The loss in the prior year was £334,136

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
On bank overdrafts	51,795	20,106

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging

	2008	2007
	£	£
Depreciation of tangible fixed assets	77,431	91,741
Loss on sale of fixed asset	462	
Operating lease rentals		
equipment	4,593	5,604
property	51,751	94,359

Auditors' fees are borne by a fellow group undertaking

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year to 31 January 2008

6. STAFF COSTS

The average monthly number of employees was

	2008 Number	2007 Number
Sales	10	30
Production	11	19
Administration	1	1
	22	50

The aggregate remuneration comprised

	2008 £	2007 £
Wages and salaries	291,252	642,671
Social security costs	24,895	55,046
Redundancy and payments in lieu of notice		48,719
	316,147	746,436

There were no directors' emoluments in the current or preceding year

7. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit is based on the loss for the year and comprises

	2008 £	2007 £
Current tax		
UK corporation tax at 30% (2007 – 30%)	169,617	314,901
Adjustments in respect of prior year	(150)	
Tax credit on loss on ordinary activities	169,467	314,901

There is an unrecognised deferred taxation asset balance at 31 January 2008 of £73,148 (2007 £128,428) In accordance with the company's accounting policy, such assets are recognised only when their recoverability can be regarded as certain

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year to 31 January 2008

7. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

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

	2008 £	2007 £
Loss on ordinary activities before taxation	(421,953)	(1,148,646)
Tax credit on loss on ordinary activities at standard UK corporation tax rate of 30%	126,586	344,594
Effects of		
Adjustments in respect of prior year	(150)	
Income not taxable net of expenses not deductible for tax purposes	(6,574)	(5,319)
Capital allowances in excess of depreciation	22,005	3,226
Other short term timing difference	27,600	(27,600)
Current tax credit for year	169,467	314,901

8. TANGIBLE FIXED ASSETS

	Lease premiums and leasehold improvements £	Equipment £	Fixtures and fittings £	Total £
Cost				
At 1 February 2007	248,311	140,182	84,364	472,857
Additions		584		584
Disposals		(2,506)		(2,506)
At 31 January 2008	248,311	138,260	84,364	470,935
Depreciation				
At 1 February 2007	46,583	48,882	49,430	144,895
Charge for the year	35,558	30,697	11,176	77,431
Disposals		(1,619)		(1,619)
At 31 January 2008	82,141	77,960	60,606	220,707
Net book value				
At 31 January 2008	166,170	60,300	23,758	250,228
Net book value				
At 31 January 2007	201,728	91,300	34,934	327,962

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year to 31 January 2008

9. STOCK

	2008 £	2007 £
Goods for resale	66,195	84,558

There is no material difference between the balance sheet value of stocks and their replacement cost

10. DEBTORS

	2008 £	2007 £
Amounts due within one year		
Trade debtors	9,456	10,092
Amounts due by other group undertakings		188,336
VAT	150,011	16,277
Other debtors	7,624	3,553
Prepayments	6,092	4,708
	173,183	222,966

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	2008 £	2007 £
Bank overdraft (secured)	953,916	681,445
VAT	7,186	
Trade creditors	28,867	98,861
Accruals	11,815	114,872
	1,001,784	895,178

The bank overdraft is secured by a bond and floating charge over the assets of the company

12. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year to 31 January 2008

13. PROFIT & LOSS ACCOUNT

	2008 £	2007 £
Begmnmg of the year	(259,693)	574,052
Retamed loss for the financial year	(252,486)	(833,745)
End of the year	(512,179)	(259,693)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS'DEFICIT

	2008 £	2007 £
Openmg shareholders' (deficit) / funds	(259,692)	574,053
Retamed loss for the financial year	(252,486)	(833,745)
Closmg shareholders' deficit	(512,178)	(259,692)

15. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital commitments

There were no capital commitments at 31 January 2008 (2007 – £nil)

b) Contingent habilities

The company has guaranteed bank borrowings of its holding company and certain other subsidiary undertakings The total contingency at 31 January 2008 amounts to £386,747,236 (2007 £254,304,912) Security for the guarantees consists of a bond and floating charge over the assets of the company

c) VAT

The company is registered for VAT purposes in a group of undertakings which share a common registration number As a result, it has jointly guaranteed the VAT liability of the group and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the company The directors are of the opinion that no additional liability is likely to arise

d) Lease obligations

At 31 January 2008 the company had annual commitments under non cancellable operating leases as set out below

	Land & buildings 2008 £	Equipment 2008 £	Land & buildings 2007 £	Equipment 2007 £
Operating leases expiring in				
Within one year		3,429		
Two to five years		238		3,667
More than five years	51,756		51,756	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year to 31 January 2008

16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Murray International Holdings Limited and the immediate parent company is Murray Group Management Limited, both of which are 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

17. ULTIMATE CONTROL

Sir D E Murray, a director of the ultimate holding company (Note 16), and members of his close family control the company as a result of controlling directly or indirectly 81% of the issued share capital of the ultimate holding company

18. 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 16)

19. 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