

**NOVEMBER LEISURE LIMITED**

**Report and Financial Statements**

**30 June 2009**

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# **NOVEMBER LEISURE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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# **NOVEMBER LEISURE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Sir D E Murray  
J D G Wilson  
D W M Home  
D D Murray  
K A Murray  
M S McGill – appointed 5 March 2010

#### **SECRETARY**

D W M Home

#### **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 period ended 30 June 2009. 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 current period the company discontinued its operations and ceased trading on 9 January 2009.

### **REVIEW OF DEVELOPMENTS**

The retained loss for the period to 30 June 2009 was £758,920 (Year ended 31 January 2008 – loss of £252,486).

### **DIVIDENDS**

No dividend was paid or proposed in respect of the period (Year ended 31 January 2008 – £nil).

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the period were:

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

At 30 June 2009, none of the directors held any interest in the share capital of the company (31 January 2008 – nil). The interests of the directors in the share capital of the ultimate holding company (Note 15) 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 applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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;
- state whether applicable UK 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 that disclose with reasonable accuracy at any time the financial position of the Company and 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)**

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 routinely enter into foreign currency transactions and the directors therefore consider the company is not exposed to any significant 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 when required. 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, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488 (1) of the Companies Act 2006.

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



D W M Home

Secretary

28 April 2010

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVEMBER LEISURE LIMITED**

We have audited the financial statements of November Leisure Limited for the period ended 30 June 2009 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 30 June 2009 and of its loss for the period 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  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
GLASGOW  
28 APRIL 2010

# NOVEMBER LEISURE LIMITED

## PROFIT AND LOSS ACCOUNT 17 months ended 30 June 2009

	Note	17 months ended 30 June 2009 £	Year ended 31 January 2008 £
<b>TURNOVER</b>		363,163	467,834
Cost of sales		(171,377)	(222,169)
<b>GROSS PROFIT</b>		191,786	245,665
Other operating expenses		(634,317)	(615,823)
<b>OPERATING LOSS</b>		(442,531)	(370,158)
Losses on the termination of operations	2	(254,856)	-
<b>LOSS BEFORE INTEREST</b>		(697,387)	(370,158)
Interest payable and similar charges	3	(61,533)	(51,795)
<b>LOSS BEFORE TAXATION</b>	4	(758,920)	(421,953)
Tax credit on loss on ordinary activities	6	-	169,467
<b>RETAINED LOSS FOR THE FINANCIAL PERIOD / YEAR</b>	12	(758,920)	(252,486)

The current period and prior year results have been derived wholly from activities classified as discontinued at the period end.

There have been no recognised gains and losses attributable to the shareholders other than the loss for the current period 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.

# NOVEMBER LEISURE LIMITED

## BALANCE SHEET 30 June 2009

	Note	30 June 2009 £	31 January 2008 £
<b>FIXED ASSETS</b>			
Tangible assets	7	-	250,228
<b>CURRENT ASSETS</b>			
Stock	8	13,914	66,195
Debtors due within one year	9	19,363	173,183
		<u>33,277</u>	<u>239,378</u>
<b>CREDITORS: amounts falling due within one year</b>	10	(1,304,375)	(1,001,784)
<b>NET CURRENT LIABILITIES</b>		<u>(1,271,098)</u>	<u>(762,406)</u>
<b>NET LIABILITIES</b>		<u>(1,271,098)</u>	<u>(512,178)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	1	1
Profit and loss account	12	(1,271,099)	(512,179)
<b>SHAREHOLDERS' DEFICIT</b>	13	<u>(1,271,098)</u>	<u>(512,178)</u>

Company Registration No. SC227833

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

These financial statements were approved by the Board of Directors on 28 April 2010.

Signed on behalf of the Board of Directors



M S McGill  
Director



**NOTES TO THE FINANCIAL STATEMENTS**  
**17 months to 30 June 2009**

**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have been applied consistently throughout the current period 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. The financial statements were prepared on a going concern basis.

**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 14(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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**17 months to 30 June 2009**

**2. LOSSES ON THE TERMINATION OF OPERATIONS**

During the current period the company discontinued its operations. The loss on termination of operations of £254,856 can be analysed as follows:

	<b>17 months ended 30 June 2009 £</b>
Impairment of fixed assets	174,362
Impairment of stock	23,833
Redundancy payments	40,873
Other termination costs	3,872
Onerous contracts	11,916
	<u>254,856</u>

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>17 months ended 30 June 2009 £</b>	<b>Year ended 31 January 2008 £</b>
On bank overdrafts	<u>61,533</u>	<u>51,795</u>

**4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

Loss on ordinary activities before taxation is stated after charging:

	<b>17 months ended 30 June 2009 £</b>	<b>Year ended 31 January 2008 £</b>
Depreciation of tangible fixed assets (Note 7)	76,198	77,431
Loss on sale of fixed asset	-	462
Operating lease rentals		
- equipment	3,667	4,593
- property	49,317	51,751
	<u>129,182</u>	<u>134,237</u>

Auditors' fees are borne by a fellow group undertaking.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**17 months to 30 June 2009**

**5. STAFF COSTS**

The average monthly number of employees was:

	<b>17 months ended 30 June 2009 Number</b>	<b>Year ended 31 January 2008 Number</b>
Sales	6	10
Production	7	11
Administration	1	1
	<u>14</u>	<u>22</u>

The aggregate remuneration comprised:

	<b>17 months ended 30 June 2009 £</b>	<b>Year ended 31 January 2008 £</b>
Wages and salaries	281,388	291,252
Social security costs	23,452	24,895
	<u>304,840</u>	<u>316,147</u>

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

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

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

	<b>17 months ended 30 June 2009 £</b>	<b>Year ended 31 January 2008 £</b>
<b>Current tax</b>		
UK corporation tax at 28.23% (2008 – 30%)	-	169,617
Adjustments in respect of prior year	-	(150)
	<u>-</u>	<u>169,467</u>
<b>Tax credit on loss on ordinary activities</b>		
	-	169,467

There is an unrecognised deferred taxation asset balance at 30 June 2009 of £265,122 (31 January 2008 - £73,148). 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)**  
**17 months to 30 June 2009**

**6. 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:

	17 months ended 30 June 2009 £	Year ended 31 January 2008 £
<b>Loss on ordinary activities before taxation</b>	<b>(758,920)</b>	<b>(421,953)</b>
Tax credit on loss on ordinary activities at standard UK corporation tax rate of 28.23% (2008 – 30%)	214,243	126,586
Effects of:		
Adjustments in respect of prior year	-	(150)
Income not taxable net of expenses not deductible for tax purposes	(20,694)	(6,574)
Depreciation in excess of capital allowances	(8,178)	-
Capital allowances in excess of depreciation	-	22,005
Unrelieved tax losses and other deductions arising in the period	(185,371)	-
Other short term timing difference	-	27,600
<b>Current tax credit for period / year</b>	<b>-</b>	<b>169,467</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**17 months to 30 June 2009**

**7. TANGIBLE FIXED ASSETS**

	Lease premiums and leasehold improvements £	Equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 February 2008	248,311	138,260	84,364	470,935
Additions	-	332	-	332
	<u>248,311</u>	<u>138,592</u>	<u>84,364</u>	<u>471,267</u>
At 30 June 2009	<u>248,311</u>	<u>138,592</u>	<u>84,364</u>	<u>471,267</u>
<b>Depreciation</b>				
At 1 February 2008	82,141	77,960	60,606	220,707
Charge for the year	35,559	29,463	11,176	76,198
Provision for impairment	130,611	31,169	12,582	174,362
	<u>248,311</u>	<u>138,592</u>	<u>84,364</u>	<u>471,267</u>
At 30 June 2009	<u>248,311</u>	<u>138,592</u>	<u>84,364</u>	<u>471,267</u>
<b>Net book value</b>				
At 30 June 2009	-	-	-	-
<b>Net book value</b>				
At 31 January 2008	166,170	60,300	23,758	250,228

**8. STOCK**

	30 June 2009 £	31 January 2008 £
Goods for resale	<u>13,914</u>	<u>66,195</u>

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**17 months to 30 June 2009**

**9. DEBTORS**

	<b>30 June 2009 £</b>	<b>31 January 2008 £</b>
Amounts due within one year:		
Trade debtors	16,279	9,456
VAT	-	150,011
Other debtors	1,251	7,624
Prepayments	1,833	6,092
	<u>19,363</u>	<u>173,183</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

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

	<b>30 June 2009 £</b>	<b>31 January 2008 £</b>
Bank overdraft (secured)	1,111,731	953,916
Amounts due to other group undertakings	175,692	-
VAT	381	7,186
Trade creditors	-	28,867
Accruals	16,571	11,815
	<u>1,304,375</u>	<u>1,001,784</u>

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

**11. CALLED-UP SHARE CAPITAL**

	<b>30 June 2009 £</b>	<b>31 January 2008 £</b>
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called-up and fully paid:</i>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**17 months to 30 June 2009**

**12. PROFIT & LOSS ACCOUNT**

	30 June 2009 £	31 January 2008 £
Beginning of the period / year	(512,179)	(259,693)
Retained loss for the period / year	(758,920)	(252,486)
End of the period / year	<u>(1,271,099)</u>	<u>(512,179)</u>

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	30 June 2009 £	31 January 2008 £
Opening shareholders' deficit	(512,178)	(259,692)
Retained loss for the period / year	(758,920)	(252,486)
Closing shareholders' deficit	<u>(1,271,098)</u>	<u>(512,178)</u>

**14. GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

*a) Capital commitments*

There were no capital commitments at 30 June 2009 (31 January 2008 – £nil).

*b) Contingent liabilities*

The company has guaranteed bank borrowings of its ultimate holding company and certain other subsidiary undertakings. The total contingency at 30 June 2009 amounts to £446,930,462 (31 January 2008 - £386,747,236). 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**17 months to 30 June 2009**

**14. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (CONTINUED)**

*d) Lease obligations*

At 30 June 2009 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & buildings 2009 £	Equipment 2009 £	Land & buildings 2008 £	Equipment 2008 £
Operating leases expiring in:				
Within one year	-	-	-	3,429
Two to five years	-	-	-	238
More than five years	11,000	-	51,756	-

**15. 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 the United Kingdom. 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.

**16. ULTIMATE CONTROL**

Sir D E Murray, a director of the ultimate holding company (Note 15), and members of his close family control the company as a result of controlling directly or indirectly 88% of the issued share capital of the ultimate holding company.

**17. 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 15).

**18. 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.

**19. SUBSEQUENT EVENTS**

On 21 April 2010, Murray International Holdings Limited and certain of its subsidiaries completed a financial restructuring, details of which are set out in the financial statements of Murray International Holdings Limited for the period ended 30 June 2009.