

HARPERS LEISURE INTERNATIONAL LIMITED
FINANCIAL STATEMENTS

31 MAY 2000

Company Registration Number 2482102



THE WELLS PARTNERSHIP
Chartered Accountants & Registered Auditors
The Old Rectory
Church Street
Weybridge
Surrey

HARPERS LEISURE INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2000

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HARPERS LEISURE INTERNATIONAL LIMITED**THE DIRECTOR'S REPORT****YEAR ENDED 31 MAY 2000**

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 May 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of providing night club and restaurant facilities.

THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

	Ordinary shares of £1 each	
	At 31 May 2000	At 1 June 1999
M W Harper	2,582,511	2,582,511

M W Harper has held one share in GU1 Securities Limited, a subsidiary company, since its incorporation on 29 February 2000.

DIRECTOR'S RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the director is required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also 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. The director 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

A resolution to re-appoint The Wells Partnership as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

HARPERS LEISURE INTERNATIONAL LIMITED

THE DIRECTOR'S REPORT *(continued)*

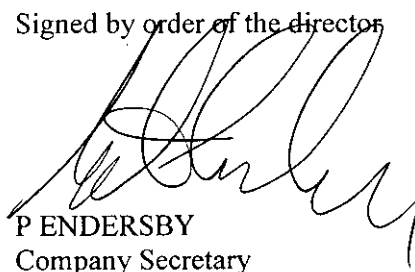
YEAR ENDED 31 MAY 2000

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
The Old Rectory
Church Street
Weybridge
Surrey
KT19 8DE

Signed by order of the director

A handwritten signature in black ink, appearing to read 'P Endersby', is written over the printed name and title.

P ENDERSBY
Company Secretary

Approved by the director on 30.8.00

HARPERS LEISURE INTERNATIONAL LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31 MAY 2000**

We have audited the financial statements on pages 4 to 13 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS

As described on page 1, the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

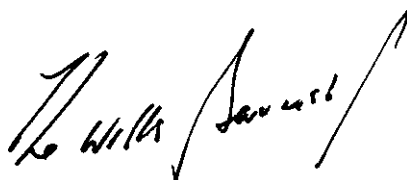
BASIS OF OPINION

We conducted our audit in accordance with 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 as at 31 May 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



THE WELLS PARTNERSHIP
Chartered Accountants
& Registered Auditors

The Old Rectory
Church Street
Weybridge
Surrey

Date: 1 September 2000.

HARPERS LEISURE INTERNATIONAL LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MAY 2000**

	Note	2000 £	1999 £
TURNOVER		2,605,419	2,274,242
Cost of sales		(522,386)	(511,975)
GROSS PROFIT		2,083,033	1,762,267
Administrative expenses		(1,496,441)	(1,318,259)
Other operating income	2	31,826	12,298
OPERATING PROFIT	3	618,418	456,306
Income from shares in group undertakings	5	130,000	90,000
Interest receivable		2,360	2,758
Interest payable		(154,286)	(181,144)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		596,492	367,920
Tax on profit on ordinary activities	6	(159,903)	(65,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		436,589	302,920
Equity dividends paid		(380,000)	(294,550)
RETAINED PROFIT FOR THE FINANCIAL YEAR		56,589	8,370

The notes on pages 7 to 13 form part of these financial statements.

HARPERS LEISURE INTERNATIONAL LIMITED**YEAR ENDED 31 MAY 2000****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2000	1999
	£	£
Profit for the financial year attributable to the shareholders	436,589	302,920
Total recognised gains and losses relating to the year	<u>436,589</u>	<u>302,920</u>
Prior year adjustment	-	122,362
Total gains and losses recognised since the last annual report	<u>436,589</u>	<u>425,282</u>

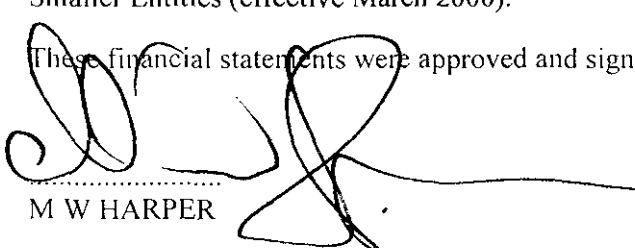
The notes on pages 7 to 13 form part of these financial statements.

HARPERS LEISURE INTERNATIONAL LIMITED**BALANCE SHEET****31 MAY 2000**

	Note	2000		1999	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		4,843,447		4,711,329
Investments	8		1,099		100
			<u>4,844,546</u>		<u>4,711,429</u>
CURRENT ASSETS					
Stocks		24,902		19,000	
Debtors	9	24,654		61,284	
Investments	10	2,397		-	
Cash at bank and in hand		118,814		106,809	
		<u>170,767</u>		<u>187,093</u>	
CREDITORS: Amounts falling due within one year	11	<u>(839,348)</u>		<u>(567,106)</u>	
NET CURRENT LIABILITIES			<u>(668,581)</u>		<u>(380,013)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,175,965</u>		<u>4,331,416</u>
CREDITORS: Amounts falling due after more than one year	12		<u>(1,590,602)</u>		<u>(1,802,642)</u>
NET ASSETS			<u>2,585,363</u>		<u>2,528,774</u>
CAPITAL AND RESERVES					
Called-up equity share capital	14		2,582,511		2,582,511
Profit and loss account	15		2,852		(53,737)
SHAREHOLDERS' FUNDS			<u>2,585,363</u>		<u>2,528,774</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved and signed by the director on 30 August 2000.



M W HARPER

The notes on pages 7 to 13 form part of these financial statements.

HARPERS LEISURE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2000****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Consolidation

In the opinion of the director, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover represents sales of goods, excluding value added tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% on cost
Fixtures and Fittings	- 25% reducing balance basis
Motor Vehicles	- 25% reducing balance basis
Equipment	- 25% reducing balance basis

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise in the foreseeable future.

HARPERS LEISURE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2000****2. OTHER OPERATING INCOME**

	2000	1999
	£	£
Rent receivable	10,912	11,413
Profit on disposal of investments	20,914	-
Sundry income	-	885
	<u>31,826</u>	<u>12,298</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2000	1999
	£	£
Depreciation	195,819	158,308
Loss on disposal of fixed assets	11,356	-
Auditors' fees	4,500	2,500
	<u> </u>	<u> </u>

4. DIRECTOR'S EMOLUMENTS

The director's aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	62,708	12,000
Value of company pension contributions to money purchase schemes	18,000	-
	<u>80,708</u>	<u>12,000</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>1</u>	<u>-</u>

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2000	1999
	£	£
GUI Communications Limited	<u>130,000</u>	<u>90,000</u>

HARPERS LEISURE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2000****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2000 £	1999 £
Corporation tax based on the results for the year	155,000	65,000
Corporation tax underprovided in previous year	4,903	-
	<u>159,903</u>	<u>65,000</u>

7. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures and Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 June 1999	4,415,005	443,497	19,700	22,908	4,901,110
Additions	90,521	226,747	-	22,025	339,293
Disposals	(13,097)	-	-	-	(13,097)
At 31 May 2000	<u>4,492,429</u>	<u>670,244</u>	<u>19,700</u>	<u>44,933</u>	<u>5,227,306</u>
DEPRECIATION					
At 1 June 1999	56,247	122,882	4,925	5,727	189,781
Charge for the year	45,482	136,841	3,694	9,802	195,819
On disposals	(1,741)	-	-	-	(1,741)
At 31 May 2000	<u>99,988</u>	<u>259,723</u>	<u>8,619</u>	<u>15,529</u>	<u>383,859</u>
NET BOOK VALUE					
At 31 May 2000	<u>4,392,441</u>	<u>410,521</u>	<u>11,081</u>	<u>29,404</u>	<u>4,843,447</u>
At 31 May 1999	<u>4,358,758</u>	<u>320,615</u>	<u>14,775</u>	<u>17,181</u>	<u>4,711,329</u>

Included in freehold property is land estimated at approximately £2,201,000 that is not depreciated (1999 £2,207,500)

HARPERS LEISURE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2000

8. INVESTMENTS

	Unlisted Subsidiary Undertaking
	£
COST	
At 1 June 1999	100
Additions	999
At 31 May 2000	<u>1,099</u>
NET BOOK VALUE	
At 31 May 2000	<u>1,099</u>
At 31 May 1999	<u>100</u>

The investment above at 1 June 1999 relates to GUI Communications Limited, a wholly owned subsidiary incorporated in England and Wales with capital and reserves of £16,552 at 31 May 2000 (1999 £14,864) and profit before tax of £162,694 for the year then ended (1999 £126,779).

GUI Communications Limited activities relate to the sale of food and bar stock.

On 29 February 2000 GUI Securities was incorporated in England and Wales. This company issued 999 shares to Harpers Leisure International Limited and 1 share to M Harper, the director. The company was dormant during the period to 31 May 2000. At 31 May 2000 the share capital was £1,000.

9. DEBTORS

	2000	1999
	£	£
Trade debtors	258	-
Corporation tax	4,228	-
Other debtors	20,168	52,168
Prepayments and accrued income	-	9,116
	<u>24,654</u>	<u>61,284</u>

10. INVESTMENTS

	2000	1999
	£	£
Listed investments	<u>2,397</u>	<u>-</u>

HARPERS LEISURE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2000****11. CREDITORS: Amounts falling due within one year**

	2000		1999
	£	£	£
Bank loans and overdrafts	367,002		246,420
Trade creditors	-		587
Amounts owed to group undertakings	237,258		231,470
Other creditors comprise:			
Corporation tax	155,000	9,863	
Other taxes and social security costs	75,163	65,882	
Director's current account	11	142	
	<u>230,174</u>		<u>75,887</u>
Accruals and deferred income	4,914		12,742
	<u>839,348</u>		<u>567,106</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2000	1999
	£	£
Bank loans and overdrafts	<u>367,002</u>	<u>246,420</u>

12. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£	£
Bank loans and overdrafts	<u>1,590,602</u>	<u>1,802,642</u>

Included within creditors falling due after more than one year is an amount of £581,981 (1999 £429,155) in respect of liabilities which fall due for payment in instalments after more than five years from the balance sheet date.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2000	1999
	£	£
Bank loans and overdrafts	<u>1,590,602</u>	<u>1,802,642</u>

HARPERS LEISURE INTERNATIONAL LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MAY 2000****13. RELATED PARTY TRANSACTIONS**

The company was under the control of M W Harper throughout the current and previous year. M W Harper is the managing director and sole shareholder.

During the year ended 31 May 2000 the company paid management charges of £1,193,134 (1999 £1,065,170) to GU1 Communications Limited, the company's 100% owned subsidiary.

Purchases from GU1 Communications Limited during the year were £529,629 (1999 £516,005).

The above transactions were undertaken on a commercial basis.

Assets were transferred from GU1 Communications Limited to the company totalling £339,293 (1999 £152,721). These assets were transferred at cost.

During the year ended 31 May 2000 the company received a dividend from GU1 Communications Limited of £130,000 (1999 £90,000)

The balance owed to GU1 Communications Limited at 31 May 2000 was £236,259 (1999 £231,470).

GU1 Securities Limited, a 99.9% subsidiary of Harpers Leisure International Limited was incorporated on 29 February 2000.

The amount owed to GU1 Securities Limited at 31 May 2000 was £999.

There is a cross guarantee and debenture between GU1 Communications Limited and Harpers Leisure International Limited dated 18 February 1998. At 31 May 2000 GU1 Communications Limited had a bank overdraft of £67,949 (1999 £75,317)

14. SHARE CAPITAL**Authorised share capital:**

	2000	1999
	£	£
10,000,000 Ordinary shares of £1 each	10,000,000	10,000,000

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	2,582,511	2,582,511

HARPERS LEISURE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2000

15. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Original balance brought forward	(53,737)	(184,469)
Prior year adjustment	-	122,362
Restated balance brought forward	(53,737)	(62,107)
Retained profit for the financial year	56,589	8,370
Balance carried forward	<u>2,852</u>	<u>(53,737)</u>