

HARPERS LEISURE INTERNATIONAL LIMITED

ACCOUNTS

31 MAY 2002

Company Registration Number 2482102



THE WELLS PARTNERSHIP

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

HARPERS LEISURE INTERNATIONAL LIMITED

ACCOUNTS

YEAR ENDED 31 MAY 2002

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HARPERS LEISURE INTERNATIONAL LIMITED**THE DIRECTOR'S REPORT****YEAR ENDED 31 MAY 2002**

The director has pleasure in presenting his report and the accounts of the company for the year ended 31 May 2002.

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 2002	At 1 June 2001
M W Harper	<u>2,582,511</u>	<u>2,582,511</u>

M W Harper holds one share in GUI Securities Limited, a subsidiary company.

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare accounts 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 accounts, the director is required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also prepare the accounts 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 accounts 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*)

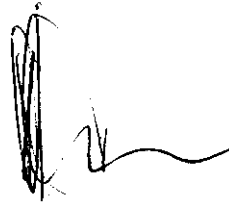
YEAR ENDED 31 MAY 2002

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 be 'D Clarke', written over a horizontal line.

D CLARKE
Company Secretary

Approved by the director on 12/9/02

HARPERS LEISURE INTERNATIONAL LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 MAY 2002

We have audited the accounts on pages 4 to 11 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 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS

The director's responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Director's Responsibilities on page 1.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the accounts, 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 and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF AUDIT 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 accounts. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 May 2002 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

The Old Rectory
Church Street
Weybridge
Surrey

16 September 2002

THE WELLS PARTNERSHIP
Chartered Accountants
& Registered Auditors

HARPERS LEISURE INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2002

	Note	2002 £	2001 £
TURNOVER		2,959,697	2,766,603
Cost of sales		(527,346)	(446,629)
GROSS PROFIT		2,432,351	2,319,974
Administrative expenses		(1,942,204)	(1,704,591)
Other operating income	2	26,109	7,615
OPERATING PROFIT	3	516,256	622,998
Income from shares in group undertakings	5	100,000	150,000
Interest receivable		21	3,591
Interest payable		(134,902)	(150,312)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		481,375	626,277
Tax on profit on ordinary activities	6	(136,555)	(130,623)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		344,820	495,654
Equity dividends paid		(243,500)	(450,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		101,320	45,654
Balance brought forward		48,506	2,852
Balance carried forward		149,826	48,506

The notes on pages 6 to 11 form part of these accounts.

HARPERS LEISURE INTERNATIONAL LIMITED

BALANCE SHEET

31 MAY 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	5,555,638	5,570,236
Investments	8	1,099	1,099
		<u>5,556,737</u>	<u>5,571,335</u>
CURRENT ASSETS			
Stocks		27,868	31,500
Debtors	9	5,228	2,506
Cash at bank and in hand		150,605	162,471
		<u>183,701</u>	<u>196,477</u>
CREDITORS: Amounts falling due within one year	10	<u>(992,290)</u>	<u>(1,249,001)</u>
NET CURRENT LIABILITIES		<u>(808,589)</u>	<u>(1,052,524)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,748,148</u>	<u>4,518,811</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(2,015,811)</u>	<u>(1,887,794)</u>
NET ASSETS		<u><u>2,732,337</u></u>	<u><u>2,631,017</u></u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	2,582,511	2,582,511
Profit and loss account		149,826	48,506
SHAREHOLDERS' FUNDS		<u><u>2,732,337</u></u>	<u><u>2,631,017</u></u>

These accounts 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 accounts were approved and signed by the director on 12/4/02

M W HARPER

HARPERS LEISURE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

31 MAY 2002

1. ACCOUNTING POLICIES

Basis of accounting

The accounts 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.

2. OTHER OPERATING INCOME

	2002	2001
	£	£
Rent receivable	26,109	12,315
Share dealing	—	(4,700)
	<u>26,109</u>	<u>7,615</u>

HARPERS LEISURE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

31 MAY 2002

3. OPERATING PROFIT

Operating profit is stated after charging:

	2002	2001
	£	£
Depreciation	240,483	200,276
Loss on disposal of fixed assets	—	3,136
Auditors' fees	4,500	4,500
	<u>244,983</u>	<u>207,912</u>

4. DIRECTOR'S EMOLUMENTS

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

	2002	2001
	£	£
Aggregate emoluments	93,139	80,581
Value of company pension contributions to money purchase schemes	18,000	18,000
	<u>111,139</u>	<u>98,581</u>

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

	2002	2001
	No.	No.
Money purchase schemes	<u>1</u>	<u>1</u>

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2002	2001
	£	£
Dividends received	<u>100,000</u>	<u>150,000</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
UK Corporation tax based on the results for the year	136,000	133,000
Corporation tax under/(over) provision in prior years	555	(2,377)
Tax on profit on ordinary activities	<u>136,555</u>	<u>130,623</u>

HARPERS LEISURE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

31 MAY 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

Deferred tax of £59,666 (2001 - £67,230) relating to capital allowances in excess of depreciation has not been provided in these financial statements on the grounds that it is not expected to crystallise in the foreseeable future.

7. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures and Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 June 2001	5,083,965	916,148	19,700	134,494	6,154,307
Additions	120,000	94,465	—	11,420	225,885
At 31 May 2002	<u>5,203,965</u>	<u>1,010,613</u>	<u>19,700</u>	<u>145,914</u>	<u>6,380,192</u>
DEPRECIATION					
At 1 June 2001	145,926	392,681	11,389	34,075	584,071
Charge for the year	69,198	142,675	2,078	26,532	240,483
At 31 May 2002	<u>215,124</u>	<u>535,356</u>	<u>13,467</u>	<u>60,607</u>	<u>824,554</u>
NET BOOK VALUE					
At 31 May 2002	<u>4,988,841</u>	<u>475,257</u>	<u>6,233</u>	<u>85,307</u>	<u>5,555,638</u>
At 31 May 2001	<u>4,938,039</u>	<u>523,467</u>	<u>8,311</u>	<u>100,419</u>	<u>5,570,236</u>

Included in freehold property is land estimated at approximately £2,470,000 that is not depreciated (2001 £2,470,000).

The Freehold property addition in the year ended 31 May 2002 relates to a deposit in anticipation of the purchase of a property which is expected to be completed during the year ending 31 May 2003. It has not been depreciated during the year ended 31 May 2002.

HARPERS LEISURE INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS****31 MAY 2002****8. INVESTMENTS**

**Unlisted
Subsidiary
Undertaking**
£

COST AND NET BOOK VALUE

At 1 June 2001 and 31 May 2002

1,099

The company owns 100% of the issued share capital of GU1 Communications Limited and 99.9% of the issued share capital of GU1 Securities Limited.

GU1 Communications Limited's activities relate to the sale of food and bar stock and GU1 Securities Limited is dormant.

Further details are as follows:

	2001 £	2000 £
Aggregate capital and reserves		
GU1 Securities Limited	999	999
GU1 Communications Limited	18,146	17,607
Profit and (loss) for the year		
GU1 Securities Limited	—	—
GU1 Communications Limited	195,838	217,586

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

9. DEBTORS

	2002 £	2001 £
Trade debtors	<u>5,228</u>	<u>2,506</u>

HARPERS LEISURE INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

31 MAY 2002

10. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	389,283	719,377
Amounts owed to group undertakings	277,016	312,009
Corporation tax	136,000	133,000
Other taxes and social security costs	83,160	78,397
Director's current account	2,280	1,717
Other creditors	100,000	-
Accruals and deferred income	4,551	4,501
	<u>992,290</u>	<u>1,249,001</u>

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

	2002 £	2001 £
Bank loans and overdrafts	<u>389,283</u>	<u>719,377</u>

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

	2002 £	2001 £
Bank loans and overdrafts	2,015,811	1,787,794
Deferred consideration for property purchase	-	100,000
	<u>2,015,811</u>	<u>1,887,794</u>

Included within creditors falling due after more than one year is an amount of £430,530 (2001 £401,562) 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 on freehold property:

	2002 £	2001 £
Bank loans and overdrafts	<u>2,015,811</u>	<u>1,787,794</u>

HARPERS LEISURE INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS****31 MAY 2002****12. 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 2002 the company paid management charges of £1,603,452 (2001 £1,393,413) to GU1 Communications Limited, the company's 100% owned subsidiary.

Purchases from GU1 Communications Limited during the year were £523,714 (2001 £453,227).

The above transactions were undertaken on a commercial basis.

Assets were purchased on behalf of the company by GU1 Communications Limited totalling £105,885 (2001 £339,901).

During the year ended 31 May 2002 the company received a dividend from GU1 Communications Limited of £100,000 (2001 £150,000)

The balance owed to GU1 Communications Limited at 31 May 2002 was £261,042 (2001 £296,035).

The amount owed to GU1 Securities Limited, a 99.9% subsidiary of Harpers Leisure International Limited at 31 May 2002 was £15,974 (2001 £15,974).

There is a cross guarantee and debenture between GU1 Communications Limited and Harpers Leisure International Limited dated 18 February 1998. At 31 May 2002 GU1 Communications Limited had a bank overdraft of £44,777 (2001 £77,385)

During the year ended 31 May 2002 a deposit of £120,000 was paid to N Harper, the mother of the director and also a director of GU1 Communications Limited. This deposit was in anticipation of the purchase of a freehold property, which is expected to be completed during the year ending 31 May 2003.

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

	2002	2001
	£	£
10,000,000 Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>2,582,511</u>	<u>2,582,511</u>