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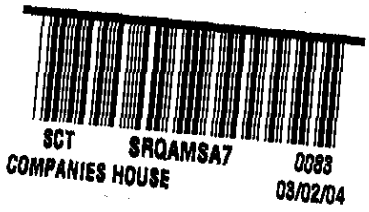
SC80350

Kirkern Limited

Abbreviated Financial Statements

Year Ended

31 March 2003



BDO

BDO Stoy Hayward
Chartered Accountants

Kirkern Limited

Abbreviated financial statements for the year ended 31 March 2003

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Directors

R Mitchell
B Mitchell

Secretary and registered office

B Mitchell, 32-34 Vicar Street, Falkirk, FK1 1TD

Company number

80350

Accountants

BDO Stoy Hayward LLP, 64 Dalblair Road, Ayr, KA7 1UH

Bankers

Bank of Scotland, 43 Vicar Street, Falkirk, FK1 1LN

Solicitor

Iain G Gow, 18 Cairnhill Road, Bearsden, Glasgow, G61 1AU

Kirkern Limited

Accountants' Report on the Unaudited Financial Statements

To the directors of Kirkern Limited

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 March 2003, set out on pages 2 to 8, and you consider that the company is exempt from an audit under section 249A(1) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



BDO STOY HAYWARD LLP
Chartered Accountants
Ayr

15 January 2004

Kirkern Limited

Balance sheet at 31 March 2003

	Note	31 March 2003 £	31 March 2003 £	31 March 2002 £	31 March 2002 £
Fixed assets					
Intangible assets	2		**168,692**		-
Tangible assets	3		**1,831,093**		1,729,468
Fixed asset investments	4		**-**		187,435
			1,999,785		1,916,903
Current assets					
Debtors		**52,887**		37,395	
Cash at bank and in hand		**8,000**		39,848	
		60,887		77,243	
Creditors: amounts falling due within one year		**957,400**		799,633	
Net current liabilities			**(896,513)**		(722,390)
Total assets less current liabilities			**1,103,272**		1,194,513
Creditors: amounts falling due after more than one year	5		**775,831**		1,014,141
			327,441		180,372
Capital and reserves					
Called up share capital	6		**501**		500
Profit and loss account			**326,940**		179,872
Equity shareholders' funds			**327,441**		180,372

The notes on pages 4 to 8 form part of these financial statements.

The directors have taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirm that no notice has been deposited under section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

(a) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 March 2003 and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 15 January 2004.

R Mitchell
Director

The notes on pages 4 to 8 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Goodwill

Goodwill is the excess of purchase consideration over the fair value of net assets acquired It is capitalised and amortised over it's estimated useful life, limited to a maximum period of ten years.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	-	over 25 to 50 years
Arcade equipment	-	over 4 years
Lease premium	-	over 25 years
Motor vehicles	-	25% straight line
Fixtures & fittings	-	over 10 years
Tenants improvements	-	over 10 years

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1 Accounting policies *(continued)*

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Intangible assets

	Total **£**
Cost	
Transfers	187,436
At 31 March 2003	**187,436**
Amortisation	
Provided for the year and at 31 March 2003	**18,744**
Net book value	
At 31 March 2003	**168,692**
At 31 March 2002	-

See also note 12.

3 Tangible fixed assets

	Total £
Cost	
At 1 April 2002	1,982,967
Additions	267,474
Disposals	(59,221)
Transfers	144,263
At 31 March 2003	**2,335,483**
Depreciation	
At 1 April 2002	253,499
Provided for the year	238,507
Disposals	(43,643)
Transfers	56,027
At 31 March 2003	**504,390**
Net book value	
At 31 March 2003	**1,831,093**
At 31 March 2002	1,729,468

4 Fixed asset investments

	Total £
Cost	
At 1 April 2002	187,435
Additions	1
Transfers	(187,436)
At 31 March 2003	-
Net book value	
At 31 March 2003	-
At 31 March 2002	187,435

As part of rationalisation of the Group, the trade and assets of the subsidiary undertaking were transferred to the company at their net book value. The cost of the Company's investment in the subsidiary reflected the underlying fair value of its net assets and goodwill at the time of its acquisition. As a result of this transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. Schedule 4 to the Companies Act 1985 requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. The directors consider however, that as there had been no overall loss to the Group, it would fail to give a true and fair view to charge the dimunition to the Company's reserves and it should instead be re-allocated to goodwill and the identifiable net assets transferred, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets and goodwill. The effect on the Company's balance sheet of this departure is to recognise goodwill of £187,436.

Given that the business operates in a generally stable market, the directors have concluded that the estimated economic life of the resulting intangible asset is prudently stated at 10 years at the date the transfer took place. The asset will be reviewed annually for impairment.

5 Creditors: amounts falling due after more than one year

Included in creditors due after more than one year are the following amounts:

	31 March 2003 £	31 March 2002 £
Repayable in more than five years:	**46,467**	45,794

6 Share capital

	Authorised		Allotted, called up and fully paid	
	31 March 2003 £	31 March 2002 £	31 March 2003 £	31 March 2002 £
Equity share capital				
Ordinary shares of £1 each	**10,000**	10,000	**501**	500