

Registered number SC135353

Deep-Sea Leisure PLC
Annual report and financial statements
for the year ended 31 October 2003

Deep-Sea Leisure PLC

Annual report and financial statements for the year ended 31 October 2003

Contents

Directors and Advisers for the year ended 31 October 2003	1
Chairman's Statement	2
Managing Director's Review	3
Directors' report for the year ended 31 October 2003	4
Statement of Directors' responsibilities	6
Independent Auditors' report to the members of Deep-Sea Leisure PLC.....	7
Profit and loss account for the year ended 31 October 2003.....	8
Balance sheet as at 31 October 2003.....	9
Cash flow statement for the year ended 31 October 2003	10
Notes to the financial statements for the year ended 31 October 2003	11

Deep-Sea Leisure PLC

Directors and Advisers for the year ended 31 October 2003

Directors

E M P Denny

J M Flinn

R T Golding (resigned 1 December 2003)

S D Earley

J. de Ramon-Laca (resigned 1 December 2003)

A Barrachina

J Carlos Smith (appointed 1 December 2003)

A Carvajal (appointed 1 December 2003)

Secretary

S J Howarth

Registered Office

Deep-Sea Leisure PLC

North Queensferry

Fife

KY11 1JR

Auditors

PricewaterhouseCoopers LLP

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 9RH

Solicitors

Shepherd + Wedderburn

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2ET

Bankers

Bank of Scotland

The Mound

Edinburgh

EH1 1YZ

Deep-Sea Leisure PLC

Chairman's Statement

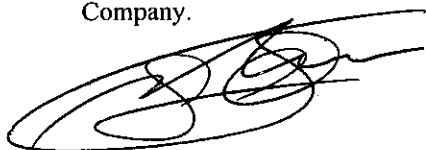
In my first statement since being appointed as Chairman on 1 December 2003, I am very pleased to report that the Company has continued to progress well in challenging trading conditions during the financial year ended 31 October 2003.

For the year ended 31 October 2003, the Company made a pre-tax profit of £1.044 million on turnover of £6.138 million. Due to the seasonality of our business, 88% of our customers visit between February and October, making direct comparison with our previous 8 month reporting period (February 2002 – October 2002) difficult. The Board is not recommending that a final dividend is declared, as the retained profit will be transferred to reserves and used to strengthen the balance sheet and growth of the Company.

Given the uncertain economic conditions that have prevailed during the financial year under review, the operational performance of the Company has held up admirably. In his review, Stuart Earley, Managing Director, outlines the developments and initiatives that have been implemented in the last year and the positive impact this has had on Deep-Sea Leisure's performance.

In the competitive environment in which we operate, it is important that the Company continues to develop its aquariums to attract customers and stimulate an improved trading performance. We will continue to explore avenues for enhanced revenue streams and intend to roll out new initiatives in the coming year.

The current financial year ending 31 October 2004 has started in line with budget and the Board is committed to investing in the growth of Deep-Sea Leisure as we believe this will improve the financial performance of the Company.



Angel Barrachina
Chairman
26 January 2004

Deep-Sea Leisure PLC

Managing Director's Review

The last financial year has proved a challenging time for the two marine aquariums operated by Deep-Sea Leisure. The tourist industry in the UK has been impacted by a degree of economic uncertainty during 2003, which has affected visitor numbers across all leisure activities.

In addition, the summer of 2003 was one of the hottest for many years and this had an adverse impact on visitor numbers as our aquariums are indoor attractions. Despite this, our strategy of improving per capita spend has delivered an increase of 17% and improved turnover by 3% (compared to the previous unaudited 12 month period).

Overall operational performance was very encouraging. In particular, dive revenue has increased significantly reflecting our unique ability to offer this exciting experience, whilst the introduction of radio controlled boats, aquablasters and other revenue generating elements have all made positive contributions.

The appointment of Sue Howarth as Financial Controller in February 2003 has strengthened the strong emphasis on financial and management controls. Good cash flow management and lower interest rates also proved beneficial in reducing the overall interest charge.

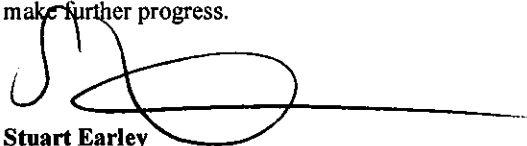
Whilst the impact of marketing activities was adversely affected by the economic climate, one of the biggest success stories was the Deep Sea World Double Decker bus that ran daily for three months during the summer making regular pick-ups from Princes Street in the centre of Edinburgh. This served as a high profile mobile advertisement, as well as carrying 70 passengers per trip at its peak.

The Company has been highly successful in 2003 in enhancing relationships with broadcast media leading to a number of TV appearances including Blue Planet being featured within the popular Hollyoaks TV series.

The development of the animal collection has continued with the new otter enclosure at Blue Planet proving very popular with visitors, whilst breeding successes with Southern Stingrays and other species demonstrate the commitment and expertise of our zoological staff.

In fact the contribution and dedication of all our employees has been a material factor in ensuring that the aquariums are lively and entertaining places to visit and I would like to thank them for all their efforts on behalf of the Company.

The current financial year has started well. Looking ahead, there are a number of exciting new developments under advanced discussion and these will assist in improving both attractions and providing customers with an enhanced experience. We anticipate that this will generate further repeat visitors and allow the Company to make further progress.



Stuart Earley
Managing Director
26 January 2004

Deep-Sea Leisure PLC

Directors' report for the year ended 31 October 2003

The directors present their report and the audited financial statements of the company for the year ended 31 October 2003.

Principal activities

The principal activity of the company during the year was the operation of two undersea marine exhibits as visitor attractions.

Business review

A review of the business of the company for the year is given in the Chairman's statement and the Managing Director's Review.

Dividends and transfer to reserves

The results for the year are shown in the attached financial statements. The directors have not recommended a dividend and the retained profit for the year of £713,000 is transferred to reserves.

Directors and their interests

The directors who held office during the year are as follows:

E M P Denny
J M Flinn
R T Golding (resigned 1 December 2003)
S D Earley
J. de Ramon-Laca (resigned 1 December 2003)
A Barrachina
J Carlos Smith (appointed 1 December 2003)
A Carvajal (appointed 1 December 2003)

The directors of the company at the year end and their beneficial and family interests in shares in the capital of the company were as follows:

	As at 31 October 2003	As at 31 October 2002
JM Flinn	72,168 ¹	72,168

The directors of the company during the year and their beneficial and family interests in shares in the capital of Signet Investments SA, the company's ultimate holding company, were as follows:

	As at 31 October 2003	As at 31 October 2002
RT Golding	301	301
J de Ramon-Laca	17,373 ²	17,373 ²
A Barrachina	1,791	1,791

There have been no changes to the interests set out in the two tables above between 31 October 2003 and 31 October 2002.

¹ Such shares are registered in the name of Floatrich Limited. Malcolm Flinn and his wife hold 33% and 34% respectively of the issued share capital of Floatrich Limited.

² Such shares are registered in the name of Cintegabe, S.L., a company which is accustomed to acting in accordance with J de Ramon-Laca's instructions.

Deep-Sea Leisure PLC

Directors' report for the year ended 31 October 2003 (continued)

Payment policies

It is the policy of the company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payments. The number of days billings from suppliers outstanding at the end of the financial year is 31 days (2002: 31 days).

Corporate Governance

The company is not required to report on compliance with the Combined Code on Corporate Governance. However, the Board of Directors fully support the principles contained in the Combined Code and has sought to generally comply with the provisions of the Code in so far as it is appropriate given the company's size and structure.

The main features of the company's corporate governance procedures are:

- The Board meets quarterly and brings independent judgements to bear. It approves budgets, long term plans and significant contracts.
- The majority of the Board are non-executive directors who take an active role in Board matters concerning strategy, performance, resources, key appointments and standard of conduct.
- The Board of directors recognise their overall responsibility for the company's systems of internal control and for monitoring effectiveness. All activity is organised within a defined structure with formal lines of responsibility and delegation of authority. The company produces performance information reports on a monthly basis. These reports together with annual budgets and forecasts enable the Board to monitor operational performance and the cash position each month.

Auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Annual General Meeting

The annual general meeting of the company will be held at Blue Planet Aquarium, Cheshire Oaks, Ellesmere Port, Cheshire CH65 9LF at 12 noon on 24 February 2004. The notice convening the annual general meeting accompanies this annual report.

By order of the Board



Stuart Earley
Director

North Queensferry
Fife
KY11 1JR
26 January 2004

Deep-Sea Leisure PLC

Statement of Directors' responsibilities

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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the company's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may occur to the financial statements if they are presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

Deep-Sea Leisure PLC

Independent Auditors' report to the members of Deep-Sea Leisure PLC

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, 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 directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report, the Chairman's Statement and the Managing Director's Review.

Basis of audit 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 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 of the state of the company's affairs at 31 October 2003 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
26 January 2004

Deep-Sea Leisure PLC

Profit and loss account for the year ended 31 October 2003

	Note	Year ended 2003 £'000	8 months ended 2002 £'000
Turnover		6,138	4,544
Cost of sales		(781)	(635)
Gross profit		5,357	3,909
Administrative expenses		(4,096)	(2,566)
Costs incurred during takeover	2	-	(252)
Operating profit	3-5	1,261	1,091
Interest payable and similar charges	6	(217)	(205)
Profit on ordinary activities before taxation		1,044	886
Tax on profit on ordinary activities	7	(331)	(347)
Profit retained for the financial year for equity shareholders	17	713	539
Earnings per ordinary share	8	3.71p	2.81p
Earnings per ordinary share before exceptional items	8	3.71p	4.11p

A statement of movements on reserves is given in Note 17.

Turnover and operating profit arise wholly from continuing operations.

There are no recognised gains and losses other than the profit for the financial year.

Deep-Sea Leisure PLC

Balance sheet as at 31 October 2003

	Note	31 October 2003		31 October 2002	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	9		17,249		17,910
Current assets					
Stock	10	353		379	
Debtors	11	98		112	
Cash at bank and in hand		783		386	
			1,234		877
Creditors - amounts falling due within one year	12	(1,710)		(1,963)	
Net current liabilities			(476)		(1,086)
Total assets less current liabilities			16,773		16,824
Creditors - amounts falling due after more than one year	13		(2,973)		(3,938)
Deferred income	14		(2,801)		(2,931)
Provisions for liabilities and charges	15		(1,736)		(1,405)
Net assets			9,263		8,550
Capital and reserves					
Called up share capital	16		960		960
Share premium account	17		5,902		5,902
Capital redemption reserve	17		1,003		1,003
Profit and loss account	17		1,398		685
Shareholders' funds - equity			9,263		8,550

These financial statements were approved by the Board of directors on 26 January 2004 and were signed on its behalf by:



Stuart Earley
Director

Deep-Sea Leisure PLC

Cash flow statement for the year ended 31 October 2003

	Note	Year ended 2003 £'000	8 months ended 2002 £'000
Cash flow statement			
Net cash inflow from operating activities		2,183	1,197
Returns on investments and servicing of finance	20	(364)	(205)
Capital expenditure	20	(218)	(181)
Cash inflow before financing		1,601	811
Financing	20	(1,204)	(487)
Increase in cash		397	324
Reconciliation of net cash flow to movement in net debt (note 21)			
Increase in cash		397	324
Cash outflow from movement in net debt		1,204	487
Change in net debt resulting from cash flows		1,601	811
Movement in net debt in the year		1,601	811
Net debt at beginning of year		(4,736)	(5,547)
Net debt at end of year		(3,135)	(4,736)
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,261	1,091
Depreciation charges		877	522
Decrease/(increase) in stocks		26	(14)
Decrease/(increase) in debtors		14	(48)
Increase/(decrease) in creditors		135	(262)
Decrease in deferred income		(130)	(92)
Net cash inflow from operating activities		2,183	1,197

Deep-Sea Leisure PLC

Notes to the financial statements for the year ended 31 October 2003

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 1985, applicable accounting standards and under the historic cost accounting rules.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Buildings	50 years
Fixed plant	20 years
Plant and machinery	4,5 or 10 years
Office equipment	5 years
Computer equipment	3 years

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. The discount rate applied is based upon the company's weighted average cost of capital with appropriate adjustments for the risks associated with the relevant unit.

Leasehold land is amortised over the remaining period of the leasehold.

No depreciation is provided on freehold land.

Leases and hire purchase contracts

Assets acquired under finance leases are included in fixed assets and the capital element of leasing commitments is shown as obligations under finance leases in creditors. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a consistent periodic rate of charge on the remaining balance outstanding at each accounting period.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Grants

The European Regional Development Fund Grant amounting to £2,953,000 is amortised in part over 50 years (£1,654,000) and in part over 20 years (£1,299,000). This reflects the treatment of the grant as a capital grant which is amortised over the useful economic life of the assets.

The Scottish Tourist Board grant amounting to £270,000 is amortised in part over 50 years (£197,000) and in part over 20 years (£73,000). This reflects the treatment of the grant as a capital grant which is amortised over the useful economic life of the assets.

Other grants are amortised over the average useful economic lives of assets.

Deep-Sea Leisure PLC

1 Accounting policies (continued)

Interest

Interest charges incurred in the construction of new aquaria are capitalised up to the point of opening for business. Otherwise interest is charged against to the profit and loss account as it accrues.

Pre-opening expenses

Revenue expenditure incurred on new aquaria prior to opening for business is charged against profit in the year of opening.

Stocks

Stocks are stated at the lower of cost and net realisable value. Fish stock relates to the acquisition cost of fish held in the aquarium.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. Revenue is recognised on entrance to the aquariums. All turnover is derived in the United Kingdom.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting for deferred taxation is made for all timing differences as they arise.

2 Costs incurred during takeover

	Year ended 2003 £'000	8 months ended 2002 £'000
Defence costs associated with Net-Ein takeover	-	252
	-	252

The exceptional items of £252,000 referred to above primarily consist of advisors fees incurred by the Company during the acquisition of a majority interest in Deep Sea Leisure PLC by Net-Ein.

Deep-Sea Leisure PLC

3 Operating profit

This is stated after charging/(crediting):

	Year ended 2003 £'000	8 months ended 2002 £'000
Depreciation - Owned assets: Buildings	218	142
Land	14	9
Plant	645	345
Assets held under finance leases	-	8
	877	504
Auditor's remuneration - audit	30	30
- non-audit	21	5
Operating leases - hire of plant and machinery	9	16
- other	-	6
Deferred grants release	(130)	(92)

4 Remuneration of directors

	Year ended 2003 £'000	8 months ended 2002 £'000
Directors' emoluments	122	85
Company contributions to money purchase pension schemes	9	-
Amounts paid to third parties in respect of directors' services	32	59

The emoluments of the highest paid director were £122,148 (2002: £79,278), and company pension contributions of £9,000 (2002: £5,510) were made to a personal pension plan on his behalf.

The amounts paid to third parties comprise:

- Fee of £16,000 (2002: £20,167) to Floatrich Limited for the services of JM Flinn.
- Fee of £16,160 (2002: £22,062) to EMP Denny for the services of M Denny.

Deep-Sea Leisure PLC

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	Year ended	8 months ended
	2003	2002
Management and administration	8	11
Operations	165	186
	173	197

The aggregate payroll costs of these persons were as follows:

Wages and salaries	1,411	958
Social security costs	101	57
Pension costs	9	6
	1,521	1,021

6 Interest payable and similar charges

	Year ended	8 months ended
	2003	2002
	£'000	£'000
On bank loans and overdrafts	250	205
Release of finance accruals no longer payable	(33)	-
	217	205

Deep-Sea Leisure PLC

7 Tax on profit on ordinary activities

	Year ended	8 months
	2003	ended
	£'000	2002
		£'000
Analysis of charge in year:		
Deferred taxation – current year	336	347
Deferred taxation – prior year	(5)	-
	331	347

	Year ended	8 months
	2003	ended
	£'000	2002
		£'000
Current tax reconciliation		
Profit on ordinary activities before tax	1,044	886
Current tax at 30% (2002: 30%)	313	266
Effects of:		
Expenses/income not deductible/chargeable for tax purposes	(32)	97
Depreciation for period in excess of capital allowances	129	15
Utilisation of tax losses	(410)	(378)
Other timing differences	-	-
Total current tax charge	-	-

Factors that may affect future charges

Corporation tax losses of approximately £2.4 million are available for carry forward against future trading profits and have been recognised within deferred taxation.

Deep-Sea Leisure PLC

8 Earnings per ordinary share

	Year ended 2003 £'000	8 months ended 2002 £'000
Earnings are calculated as follows:		
Profit after tax	713	539
Exceptional expenses after tax	-	252
Earnings before exceptional items	713	791
Basic earnings per share	3.71p	2.81p
Earnings per share before exceptional items	3.71p	4.11p

The calculation of earnings per share is based on the weighted average number of ordinary shares which were in issue during the year of 19,199,783 shares (2002: 19,199,783) calculated in accordance with Financial Reporting Standard 14. Headline earnings per share are calculated in accordance with the formula published by the Institute of Investment Management and Research. Adjusted earnings per share are shown to provide shareholders with additional information on continuing operations before exceptional items.

9 Tangible fixed assets

	Land £'000	Buildings £'000	Plant £'000	Total £'000
Cost				
At beginning of period	2,241	10,608	9,107	21,956
Additions	-	-	216	216
At end of period	2,241	10,608	9,323	22,172
Depreciation				
At beginning of period	50	844	3,152	4,046
Charge for period	14	218	645	877
At end of period	64	1,062	3,797	4,923
Net book value				
At end of period	2,177	9,546	5,526	17,249
At beginning of period	2,192	9,764	5,955	17,910

Included in the net book value of land is £1,982,000 (2002: £1,996,000), which is subject to a lease of 150 years and freehold land of £196,000 (2002: £196,000).

Net book value of buildings include freehold buildings of £3,322,000 (2002: £3,303,000), leasehold buildings of £6,322,000 (2002: £6,461,000). Depreciation charged in the year on freehold buildings was £80,000 (2002: £49,000) and £138,000 (2002: £93,000) on leasehold buildings.

Deep-Sea Leisure PLC

10 Stocks

	2003 £'000	2002 £'000
Fish stocks	242	239
Goods for resale	111	140
	353	379

11 Debtors

	2003 £'000	2002 £'000
Trade debtors	22	25
Other debtors	8	6
Prepayments	68	81
	98	112

12 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank loans (note 13)	945	950
Loan stock (note 13)	-	218
Other loan (note 13)	-	15
Trade creditors	174	294
Other taxation and social security	234	180
Other creditors	53	60
Accruals	304	246
	1,713	1,963

Deep-Sea Leisure PLC

13 Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Bank loans	2,835	3,800
Other loans	138	138
Obligations under finance leases and hire purchase contracts	-	-
	2,973	3,938

	2003 £'000	2002 £'000
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less, or on demand	945	1,183
Between one and two years	1,890	1,000
Between two and five years	1,083	2,938
Over 5 years	-	-
	3,918	5,121

The bank loans are from the Bank of Scotland and are secured on the land at Battery Quarry, North Queensferry, Fife and land at Cheshire Oaks, Ellesmere Port, Cheshire, and by a floating charge over all assets of the company.

The interest is charged on £3,780,000 (2002: £4,750,000) loan at rates varying between 2% to 3% above the aggregate of LIBOR and the Bank's Additional Cost Rate. The loan is repayable in quarterly instalments commencing on 31 May 2001.

Deep-Sea Leisure PLC

14 Deferred income

	Year ended 2003 £'000	8 months ended 2002 £'000
Grants		
At beginning of year	2,931	3,023
Amount credited to profit and loss account	(130)	(92)
At end of year	2,801	2,931

15 Deferred taxation

	Year ended 2003 £'000	8 months ended 2002 £'000
Accelerated capital allowances		
At 31 October 2002	1,405	1,058
Prior year adjustment	(5)	-
At 31 October 2002 restated	1,400	1,058
Transfer to profit and loss	336	347
At 31 October 2003	1,736	1,405

The elements of deferred taxation are as follows:

	Year ended 2003 £'000	8 months ended 2002 £'000
Difference between accumulated depreciation and capital allowances	2,458	2,512
Other timing differences	-	-
Tax losses	(722)	(1,107)
	1,736	1,405

Deep-Sea Leisure PLC

16 Called up share capital

	Year ended 2003 £'000	8 months ended 2002 £'000
Authorised		
Equity		
41,200,000 ordinary shares of 5p each (2002: 41,200,000)	2,060	2,060
Allotted, called up and fully paid		
Equity		
19,199,783 ordinary shares of 5p each (2002: 19,199,783)	960	960

17 Share premium and reserves

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At beginning of year	5,902	1,003	685
Retained profit for year	-	-	713
At end of year	5,902	1,003	1,398

18 Reconciliation of movements in equity shareholders' funds

	Year ended 2003 £'000	8 months ended 2002 £'000
At beginning of year	8,550	8,011
Profit for the year	713	539
Closing equity shareholders' funds	9,263	8,550

Deep-Sea Leisure PLC

19 Commitments

(i) Capital commitments existed at the end of the financial year for which no provision has been made as follows:

	Year ended 2003 £'000	8 months ended 2002 £'000
Contracted	-	-

(ii) At the end of the period the company had annual commitments under non-cancellable operating leases as follows:

	31 October 2003		31 October 2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	1	-	1
In the second to fifth years inclusive	-	8	7	-
Over five years	-	-	-	-
	-	9	7	1

20 Gross cash flows

	Year ended 2003 £'000	8 months ended 2002 £'000
Returns on investments and servicing of finance		
Interest paid	(364)	(205)
Net cash outflow from returns on investments and servicing of finance	(364)	(205)
Capital expenditure		
Payments to acquire tangible fixed assets	(218)	(181)
Net cash outflow from capital expenditure	(218)	(181)
Financing		
Net loans (repaid)/received	(1,204)	(480)
Capital element of finance leases and hire purchase rentals	-	(7)
Net cash outflow from financing	(1,204)	(487)

Deep-Sea Leisure PLC

21 Analysis of changes in net debt

	At beginning of period £'000	Cash flows £'000	At end of period £'000
Cash at bank and in hand	386	397	783
Debt due within one year	(1,183)	238	(945)
Debt due after one year	(3,938)	965	(2,973)
Finance lease and hire purchase contracts	(1)	1	-
	(5,122)	1,204	(3,918)
	(4,736)	1,601	(3,135)

22 Financial instruments

The company's principal financial instruments comprise bank loans, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has in addition trade debtors and trade creditors, which arise directly from its operation and are not considered in this note. The company does not trade in financial instruments and has no foreign currency balances. At 31 October 2003 the company had an overdraft facility of £500,000 (2002: £750,000).

The main risks arising from the company's financial instruments are interest rate risks and liquidity risks. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. The majority of the company's borrowings are at floating rates of interest based on LIBOR.

The weighted average interest rate on the floating interest rate borrowings was 5.7% (2002: 5.8%) for a weighted average period of 4 years (2002: 4.25 years).

The company has no financial assets, other than short-term debtors and cash at bank.

Liquidity risk

The company's policy is to maintain a balance between continuity of funding and flexibility through loans secured on its assets from banks and loan stocks held by third parties sufficient to enable it to meet its commitments and to make further investments.

The maturity profile of the group's financial liabilities is disclosed in note 13.

A comparison of book values and fair values of the company's financial assets and liabilities at 31 October 2003 was performed and identified no material differences between the two amounts.

23 Related party transactions

During the year the company has been charged £32,000 (2002: £nil) by Aspro Ocio SA, a fellow subsidiary of Signet Investments SA, in respect of management services. An amount of £16,000 (2002: £nil) remains unpaid at the year end.

Deep-Sea Leisure PLC

24 Ultimate parent undertaking

The immediate parent undertaking in which Deep-Sea Leisure PLC is consolidated is Net-Ein SA, a company incorporated in Luxembourg.

The directors consider Signet Investments SA, a company incorporated in Luxembourg as the ultimate parent undertaking and controlling party which heads the largest group of undertakings for which consolidated financial statements are prepared. Signet Investments SA and its subsidiaries, which include Aspro Ocio SA, are collectively known as the Aspro Group.