

Registered number SC135353

Deep-Sea Leisure PLC  
Annual report and financial statements  
for the year ended 31 October 2004

# Deep-Sea Leisure PLC

## Annual report and financial statements for the year ended 31 October 2004

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# Deep-Sea Leisure PLC

## Directors and Advisers for the year ended 31 October 2004

**Comment [82]:** Text or tables for this section can be added using the Accounts menu, or using AutoText. To learn about using AutoText, press F1 and search the Help Index for 'AutoText'.

### Directors

E M P Denny  
J M Flinn  
S D Earley (resigned 3 May 2004)  
A Barrachina  
J Carlos Smith (appointed 1 December 2003)  
A Carvajal (appointed 1 December 2003) (resigned 8 March 2004)  
R T Golding (resigned 1 December 2003)  
J de Ramon-Laca (resigned 1 December 2003)  
C Marina (appointed 5 March 2004)  
S J Elaiho (appointed 3 May 2004)

### Secretary

S J Elaiho

### Registered Office

Deep-Sea Leisure PLC  
North Queensferry  
Fife  
KY11 1JR

### Auditors

PricewaterhouseCoopers LLP  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### Solicitors

Shepherd + Wedderburn  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2ET

### Bankers

National Westminster Bank Plc  
1 Spinningfields Square  
Deansgate  
Manchester  
M3 3AP

# Deep-Sea Leisure PLC

## Chairman's statement

The good progress reported in my Chairman's statement last year has continued in the financial year ended 31 October 2004, with pre-tax profit increasing 58% to £1.654 million (£1.044 million – 31 October 2003) on turnover of £6.761 million (£6.138 million – 31 October 2003).

The Board is not recommending a final dividend as the retained profit will be used to increase the financial strength of the Company and provide new investments at both of the marine aquariums in the coming year.

The Company's excellent performance can be attributed to a combination of improved operating margins as well as an increase of 6% in visitor numbers at the two marine aquariums. In Finance Director Sue Elaiho's review, she reflects on the Company's major successes during the year.

As announced in April 2004 there have been a number of Board changes with Richard Golding and Stuart Earley, resigning from the Board and Carlos Marina being appointed as a non-executive director. Following the resignation of Stuart Earley the Board decided not to recruit a new Managing Director and instead reallocated the various tasks of the Managing Director to the other directors. At the same time Sue Elaiho was promoted from Financial Controller to Finance Director and she is to be congratulated for her excellent management of the finances of the Company.

With the continued good management and investment in new attractions we are expectant that visitor numbers will continue to grow and look forward to the coming year.

**A Barrachina**  
*Chairman*

# Deep-Sea Leisure PLC

## Finance Director's review

The continued excellent performance of Deep Sea Leisure has been achieved in spite of several challenging factors affecting its marine aquariums, making the Company's sound financial performance even more rewarding.

In particular, with its close proximity to the Forth Bridge, Deep Sea World suffered from the closure of the Bridge for a number of weekends during 2004 affecting visitor numbers. Despite this, visitor numbers were marginally ahead of last year's as the investment in marketing maintained the profile of the marine aquarium in Scotland.

The Company's marketing activities at both marine aquariums increased the public awareness of the aquariums and have made a positive contribution in driving visitors to the attractions. At Blue Planet visitor numbers increased by 9% during the year reflecting the success of a new outdoor advertising campaign. The Company has also been successful in achieving a higher spend per visit and overall per capita spend at both of its marine aquariums increased by a further 4% following the strong gains of 17% achieved last year.

Strong financial controls have been maintained and the Company continues to benefit from an improving cashflow.

In the current financial year two major capital investment projects, one at each of the marine aquariums, are planned. The attractions are scheduled to open ahead of the main visitor season commencing in April 2005 and will, we believe, have a beneficial impact on attracting visitors to our marine aquariums. Further details of these projects will be announced nearer the opening of each attraction.

With the arrival of the new attractions, continued marketing activities and the significant contribution made by all employees, we are looking forward to a further year of progress.

**SJ Elaiho**  
*Finance Director*

# Deep-Sea Leisure PLC

## Directors' report for the year ended 31 October 2004

**Comment [83]:** Text or tables for this section can be added using the Accounts menu, or using AutoText. To learn about using AutoText, press F1 and search the Help Index for 'AutoText'.

The directors present their report and the audited financial statements of the Company for the year ended 31 October 2004.

### 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 (2003: £Nil) and the retained profit for the year of £1,128,000 is transferred to reserves.

### Donations

During the year, Deep Sea Leisure PLC have made a charitable donation of £2,580 (2003: £Nil) to the Shark Trust, a UK registered marine conservation charity dedicated to promoting the study, management and conservation of sharks, skates and rays in the UK and internationally.

### Directors and their interests

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

E M P Denny	
J M Flinn	
S D Earley	(resigned 3 May 2004)
A Barrachina (Chairman)	
J Carlos Smith	(appointed 1 December 2003)
A Carvajal	(appointed 1 December 2003) (resigned 8 March 2004)
R T Golding	(resigned 1 December 2003)
J de Ramon-Laca	(resigned 1 December 2003)
C Marina	(appointed 5 March 2004)
S J Elaiho	(appointed 3 May 2004)

All directors are non-executive with the exception of S J Elaiho.

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

	<b>As at 31 October 2004</b>	As at 31 October 2003
JM Flinn <sup>1</sup>	<b>72,168</b>	72,168

<sup>1</sup> Such shares are registered in the name of Floatrich Limited.

# Deep-Sea Leisure PLC

## Directors' report for the year ended 31 October 2004 (continued)

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

	<b>As at 31 October 2004</b>	As at 31 October 2003
J de Ramon-Laca	<b>19,131<sup>1</sup></b>	17,373
A Barrachina	<b>1,972</b>	1,791
J Carlos Smith	<b>19,131<sup>2</sup></b>	17,373

<sup>1</sup> Such shares are registered in the name of Cintegabe, S.L.

<sup>2</sup> Such shares are registered in the name of Old Chap S.A.

### 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 19 days (2003: 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.

# **Deep-Sea Leisure PLC**

## **Directors' report for the year ended 31 October 2004 (continued)**

### **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 on 16 February 2005. The notice convening the annual general meeting is enclosed with this annual report.

### **By order of the Board**

**SJ Elaiho**

**Director**

North Queensferry  
Fife  
KY11 1JR  
12 January 2005

# 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. 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

**Comment [84]:** Text or tables for this section can be added using the Accounts menu, or using AutoText. To learn about using AutoText, press F1 and search the Help Index for 'AutoText'.

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 Finance 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 2004 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  
12 January 2005

# Deep-Sea Leisure PLC

## Profit and loss account for the year ended 31 October 2004

	Note	2004 £'000	2003 £'000
<b>Turnover</b>		<b>6,761</b>	6,138
Cost of sales		(847)	(781)
<b>Gross profit</b>		<b>5,914</b>	5,357
Administrative expenses		(4,091)	(4,096)
<b>Operating profit</b>	2-4	<b>1,823</b>	1,261
Interest receivable and similar income	5	55	33
Interest payable and similar charges	5	(224)	(250)
<b>Profit on ordinary activities before taxation</b>		<b>1,654</b>	1,044
Tax charge on profit on ordinary activities	6	(526)	(331)
<b>Profit retained for the financial year for equity shareholders</b>	17	<b>1,128</b>	713
Earnings per ordinary share (basic and diluted)	7	<b>5.88p</b>	3.71p

**Comment [85]:** Text or tables for this section can be added using the Accounts menu, or using AutoText. To learn about using AutoText, press F1 and search the Help Index for 'AutoText'.

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A statement of movements on reserves is given in Note 16.

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 2004

**Comment [87]:** Text or tables for this section can be added using the Accounts menu, or using AutoText. To learn about using AutoText, press F1 and search the Help Index for 'AutoText'.

	Note	31 October 2004		31 October 2003	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets	8		16,552		17,249
<b>Current assets</b>					
Stock	9	354		353	
Debtors	10	81		98	
Cash at bank and in hand		2,430		783	
		2,865		1,234	
<b>Creditors - amounts falling due within one year</b>	11	(2,069)		(1,710)	
<b>Net current assets/(liabilities)</b>			796		(476)
<b>Total assets less current liabilities</b>			17,348		16,773
<b>Creditors - amounts falling due after more than one year</b>	12		(2,029)		(2,973)
<b>Deferred income</b>	13		(2,690)		(2,801)
<b>Provisions for liabilities and charges</b>	14		(2,238)		(1,736)
<b>Net assets</b>			10,391		9,263
<b>Capital and reserves</b>					
Called up share capital	15		960		960
Share premium account	16		5,902		5,902
Capital redemption reserve	16		1,003		1,003
Profit and loss account	16		2,526		1,398
<b>Shareholders' funds - equity</b>			10,391		9,263

The financial statements on pages 11 – 25 were approved by the Board of directors on 12 January 2005 and were signed on its behalf by:

SJ Elaiho

Director

**Comment [88]:** Select the text and press F3 for the AutoText to appear

# Deep-Sea Leisure PLC

## Cash flow statement for the year ended 31 October 2004

**Comment [89]:** Text or tables for this section can be added using the Accounts menu, or using AutoText. To learn about using AutoText, press F1 and search the Help Index for 'AutoText'.

	Note	2004 £'000	2003 £'000
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		1,823	1,261
Depreciation charges		780	877
(Increase)/decrease in stocks		(1)	26
Decrease in debtors		17	14
Increase in creditors		297	135
Decrease in deferred income		(111)	(130)
<b>Net cash inflow from operating activities</b>		<b>2,805</b>	<b>2,183</b>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		2,805	2,183
Returns on investments and servicing of finance	19	(169)	(364)
Capital expenditure	19	(44)	(218)
<b>Cash inflow before financing</b>		<b>2,592</b>	<b>1,601</b>
Financing	19	(945)	(1,204)
<b>Increase in cash</b>		<b>1,647</b>	<b>397</b>
<b>Reconciliation of net cash flow to movement in net debt (note 20)</b>			
Increase in cash		1,647	397
Cash outflow from movement in net debt		945	1,204
<b>Change in net debt resulting from cash flows</b>		<b>2,592</b>	<b>1,601</b>
<b>Movement in net debt in the year</b>		<b>2,592</b>	<b>1,601</b>
Net debt at beginning of year		(3,135)	(4,736)
<b>Net debt at end of year</b>		<b>(543)</b>	<b>(3,135)</b>

# Deep-Sea Leisure PLC

## Notes to the financial statements for the year ended 31 October 2004

### 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	3,5 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.

#### **Operating leases**

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 a period of ten years.

# 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.

### 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 aquaria. Revenue generated from the sale of annual memberships is recognised in the profit and loss account in one twelfth proportions each month over the twelve months to which the membership relates. Dive income is recognised, in the profit and loss account, in the month the dive takes place. All turnover is derived in the United Kingdom and is from the business of operating aquaria.

### Taxation

Corporation tax is provided on the assessable profits of the Company at the appropriate rates in force. 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 result as stated in the financial statement.

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 substantially enacted by the balance sheet date. Deferred tax is measured on a non discounted basis.

## 2 Operating profit

This is stated after charging/(crediting):

	<b>2004</b>	2003
	<b>£'000</b>	£'000
Depreciation - Owned assets: Buildings	<b>212</b>	218
Land	<b>14</b>	14
Plant	<b>554</b>	645
	<b>780</b>	877
Auditor's remuneration - audit	<b>32</b>	30
- non-audit	<b>29</b>	21
Operating leases - hire of plant and machinery	<b>7</b>	9
Deferred grants release	<b>(111)</b>	(130)

# Deep-Sea Leisure PLC

## 3 Remuneration of directors

	<b>2004</b>	2003
	<b>£'000</b>	£'000
Directors' emoluments	<b>131</b>	122
Company contributions to money purchase pension schemes	<b>9</b>	9
Compensation for loss of office	<b>62</b>	-
Amounts paid to third parties in respect of directors' services	<b>82</b>	32

The emoluments of the highest paid director were £146,144 (2003: £122,148), including compensation for loss of office and company pension contributions of £9,000 (2003: £9,000) were made to a personal pension plan on his behalf.

The amounts paid to third parties comprise:

- Fee of £16,663 (2003: £16,000) to Floatrich Limited for the services of JM Flinn.
- Fee of £17,447 (2003: £16,160) to EMP Denny for the services of EMP Denny.
- Fee of £48,000 (2003: £32,000) to Aspro Ocio SA, a fellow subsidiary of Signet Investments SA, for the services of A Barrachina, J Carlos Smith, J de Ramon-Laca, A Carvajal and C Marina.

# Deep-Sea Leisure PLC

## 4 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	
	2004	2003
Management and administration	6	8
Operations	152	165
	<b>158</b>	173

The aggregate payroll costs of these persons were as follows:

Wages and salaries	1,392	1,411
Social security costs	99	101
Pension costs	11	9
	<b>1,502</b>	1,521

## 5 Net interest payable and similar charges

	2004	2003
	£'000	£'000
Interest payable:		
On bank loans and overdrafts	224	250
Bank interest receivable	(55)	-
Release of finance accruals no longer payable	-	(33)
	<b>169</b>	217

No interest was capitalised in the year (2003: £nil).

# Deep-Sea Leisure PLC

## 6 Tax on profit on ordinary activities

	2004	2003
	£'000	£'000
<b>Analysis of charge in year:</b>		
Corporation tax	17	-
Corporation tax – prior year	8	-
Total current tax	25	-
Deferred taxation – current year	507	336
Deferred taxation – prior year	(5)	(5)
Total deferred taxation	502	331
Tax on profit on ordinary activities	526	331
	2004	2003
	£'000	£'000

### Current tax reconciliation

Profit on ordinary activities before tax	1,654	1,044
Current tax at 30% (2002: 30%)	496	313
Effects of:		
Expenses not deductible for tax purposes	(25)	(32)
Depreciation for period in excess of capital allowances	124	129
Utilisation of tax losses	(578)	(410)
Adjustment to the tax charge with respect to previous years	8	-
Total current tax charge	25	-

### Factors that may affect future charges

Corporation tax losses of approximately £507,000 are available for carry forward against future trading profits.

## 7 Earnings per ordinary share

	2004	2003
	£'000	£'000
<b>Earnings are calculated as follows:</b>		
Profit after tax	1,128	713
Basic and diluted earnings per share	5.88p	3.71p

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 (2003: 19,199,783) calculated in accordance with Financial Reporting Standard 14. There are no dilutive shares in issue. Consequently base earnings per share is the same as diluted earnings per share.

# Deep-Sea Leisure PLC

## 8 Tangible fixed assets

	Land £'000	Buildings £'000	Plant £'000	Total £'000
<b>Cost</b>				
At beginning of period	2,241	10,608	9,323	22,172
Additions	-	-	83	83
<b>At end of period</b>	<b>2,241</b>	<b>10,608</b>	<b>9,406</b>	<b>22,255</b>
<b>Depreciation</b>				
At beginning of period	64	1,062	3,797	4,923
Charge for period	14	212	554	780
<b>At end of period</b>	<b>78</b>	<b>1,274</b>	<b>4,351</b>	<b>5,703</b>
<b>Net book value</b>				
<b>At end of period</b>	<b>2,163</b>	<b>9,334</b>	<b>5,055</b>	<b>16,552</b>
At beginning of period	2,177	9,546	5,526	17,249

Included in the net book value of land is £1,967,000 (2003: £1,981,000), which is subject to a lease of 150 years and freehold land of £196,000 (2003: £196,000).

Net book value of buildings include freehold buildings of £3,149,000 (2003: £3,303,000), leasehold buildings of £6,184,000 (2003: £6,322,000) subject to a lease of 150 years. Depreciation charged in the year on freehold buildings was £74,000 (2003: £80,000) and £138,000 (2003: £138,000) on leasehold buildings.

## 9 Stocks

	2004 £'000	2003 £'000
Fish stocks	244	242
Goods for resale	110	111
	<b>354</b>	<b>353</b>

## 10 Debtors

	2004 £'000	2003 £'000
Trade debtors	21	22
Other debtors	-	8
Prepayments	60	68
	<b>81</b>	<b>98</b>

# Deep-Sea Leisure PLC

## 11 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Bank loans (note 12)	945	945
Trade creditors	123	174
Corporation tax	17	-
Other taxation and social security	317	234
Other creditors	205	53
Accruals	462	304
	<b>2,069</b>	1,710

## 12 Creditors: amounts falling due after more than one year

	2004	2003
	£'000	£'000
Bank loans	1,890	2,835
Other loans	139	138
	<b>2,029</b>	2,973

	2004	2003
	£'000	£'000
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less, or on demand	945	945
Between one and two years	1,890	1,890
Between two and five years	139	1,083
	<b>2,974</b>	3,918

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 the £2,835,000 (2003: £3,780,000) loan at 1% above Base Rate and the Banks Additional Cost Rate or the aggregate of LIBOR and the Bank's Additional Cost Rate. The loan is repayable by instalments in May and October each year terminating on 31 October 2007.

There is no interest payable on the £138,000 loan.

# Deep-Sea Leisure PLC

## 13 Deferred income

	<b>2004</b>	2003
	<b>£'000</b>	£'000
<hr/>		
<b>Grants</b>		
At beginning of year	<b>2,801</b>	2,931
Amount credited to profit and loss account	<b>(111)</b>	(130)
<b>At end of year</b>	<b>2,690</b>	2,801

## 14 Deferred taxation

	<b>2004</b>	2003
	<b>£'000</b>	£'000
<hr/>		
<b>Accelerated capital allowances and tax losses</b>		
At 31 October 2003	<b>1,736</b>	1,405
Prior year adjustment	<b>(5)</b>	(5)
At 31 October 2003 restated	<b>1,731</b>	1,400
Charged to profit and loss	<b>507</b>	336
<b>At 31 October 2004</b>	<b>2,238</b>	1,736

The elements of deferred taxation are as follows:

	<b>2004</b>	2003
	<b>£'000</b>	£'000
<hr/>		
Difference between accumulated depreciation and capital allowances	<b>2,390</b>	2,458
Other timing differences	-	-
Tax losses	<b>(152)</b>	(722)
	<b>2,238</b>	1,736

# Deep-Sea Leisure PLC

## 15 Called up share capital

	2004 £'000	2003 £'000
<b>Authorised</b>		
<b>Equity</b>		
41,200,000 ordinary shares of 5p each (2003: 41,200,000)	<b>2,060</b>	2,060
<b>Allotted, called up and fully paid</b>		
<b>Equity</b>		
19,199,783 ordinary shares of 5p each (2003: 19,199,783)	<b>960</b>	960

## 16 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	1,398
Retained profit for year	-	-	1,128
<b>At end of year</b>	<b>5,902</b>	<b>1,003</b>	<b>2,526</b>

## 17 Reconciliation of movements in equity shareholders' funds

	2004 £'000	2003 £'000
At beginning of year	<b>9,263</b>	8,550
Profit for the year	<b>1,128</b>	713
Closing shareholders' funds	<b>10,391</b>	9,263

# Deep-Sea Leisure PLC

## 18 Commitments

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

	<b>2004</b>	2003
	<b>£'000</b>	£'000
Contracted	-	-

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

	<b>31 October 2004</b>		31 October 2003	
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	7	-	1
In the second to fifth years inclusive	-	-	-	8
Over five years	-	-	-	-
	-	7	-	9

## 19 Gross cash flows

	<b>2004</b>	2003
	<b>£'000</b>	£'000
<b>Returns on investments and servicing of finance</b>		
Interest received	55	-
Interest paid	(224)	(364)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(169)</b>	(364)
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(44)	(218)
<b>Net cash outflow from capital expenditure</b>	<b>(44)</b>	(218)
<b>Financing</b>		
Net loans repaid	(945)	(1,204)
Capital element of finance leases and hire purchase rentals	-	-
<b>Net cash outflow from financing</b>	<b>(945)</b>	(1,204)

# Deep-Sea Leisure PLC

## 20 Analysis of changes in net debt

	At beginning of year £'000	Cash flows £'000	At end of year £'000
Cash at bank and in hand	783	1,647	<b>2,430</b>
Debt due within one year	(945)	-	<b>(945)</b>
Debt due after one year	(2,973)	945	<b>(2,028)</b>
	(3,918)	945	<b>(2,973)</b>
Net Debt	(3,135)	2,592	<b>(543)</b>

## 21 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 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 Base Rate.

The weighted average interest rate on the floating interest rate borrowings was 5.88% (2003: 5.7%) for a weighted average period of 3 years (2003: 4 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 12.

A comparison of book values and fair values of the Company's financial assets and liabilities at 31 October 2004 was performed and identified no material differences between the two amounts.

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## 22 Related party transactions

During the year the Company has been charged £48,000 (2003: £32,000) by Aspro Ocio SA, a fellow subsidiary of Signet Investments SA, in respect of management services. An amount of £nil (2003: £16,000) remains unpaid at the year end.

# Deep-Sea Leisure PLC

## 23 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.