

Deep Sea Leisure plc

Report and Financial Statements

31 October 2005

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Registered number SC135353	

Directors and Advisers

Directors

E M P Denny
J M Flinn
A Barrachina (Chairman)
J Carlos Smith
C Marina
S J Elaiho

Secretary

S J Elaiho

Registered office

Deep Sea Leisure plc
North Queensferry
Fife
KY11 1JR

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Solicitors

Shepherd and Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh
EH11 2ET

Bankers

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

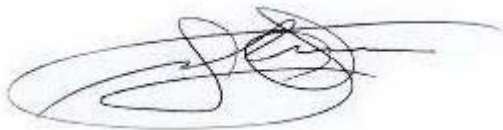
Chairman's statement

The year under review was a period of consolidation following the excellent achievements of the previous two years. Pre-tax profit was £1.650 million for the year ended 31 October 2005, unchanged on the corresponding period in 2004, on turnover 2.9% lower at £6.566 million (£6.761 million – 31 October 2004).

The Board is not recommending a final dividend. Capital expenditure, which totalled £0.468 million has continued during the year with key new attractions being introduced at each aquarium. As a Company we take our responsibility to the promotion of the oceans, the environment and animal conservation very seriously. In this context the opening of a major new seal sanctuary at Deep Sea World in Edinburgh in June last year fulfils all these criteria. This attraction is proving highly educational for visitors and, in conjunction with the Scottish Society for the Prevention of Cruelty to Animals, we are helping in the rehabilitation of rescued seals.

The other new attraction was an adventure play park at Blue Planet Aquarium in Cheshire, which has helped increase the length of visitor time spent at the aquarium. Both new attractions have the benefit of increasing the appeal of the venues as all year attractions rather than simply wet weather attractions.

The coming year will see the Company continue to invest to make visitor experience as memorable as possible at both marine aquariums. Together with a full year benefit from the attractions described above and the continued excellent cost control, the Board is hopeful for progress in the coming year.



A Barrachina
Chairman

Date: 11 January 2006

Finance Director's review

As detailed in the Chairman's statement, the year was one of consolidation. The Board believes that the benefit from investment in new attractions made in 2005 will be fully realised in the coming year as the seal sanctuary and adventure play area will form a major part of each aquarium's marketing campaign in the year ahead.

Strong cashflow and the restructuring of finance facilities (with NatWest) assisted the Company in achieving a virtually unchanged pretax profit for the year ended 31 October 2005 of £1.650 million.

The reduction in turnover is a direct consequence of a fall in visitor numbers at both aquariums, although this has been partly offset by the increase in spend per visitor and a small increase in admission prices.

Costs have continued to be managed effectively although the well documented increase in utility charges have only partly impacted on these results and are therefore expected to have a greater impact in the current financial year. We are working with The Carbon Trust to review ways of reducing our carbon emissions and overall energy costs.

For the first time, Deep Sea World will be hosting two exhibitions during the year focusing on Sharks and a BBC exhibition called Sea Monsters. We anticipate that the exhibitions will provide a strong incentive for people to visit more than once per annum and if the strategy is successful then exhibitions will be introduced at Blue Planet in due course.

As part of the marketing campaign, Deep Sea Leisure is launching two new websites allowing visitors to purchase tickets online for the first time. As the aquariums are seen more as a wet weather attraction our belief is that by making it easier to visit through online ticketing and new outdoor attractions, we will reduce our reliance on the weather and become seen as a family attraction irrespective of the weather.

With other more subtle improvements being made to the aquariums to make them more modern and customer friendly we look forward to the current year as one of further progress.



S J Elaiho
Finance Director

Date: 11 January 2006

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 October 2005.

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 Finance 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 (2004: £nil) and the retained profit for the year of £1,122,000 (2004: £1,128,000) is transferred to reserves.

The restatement of the 2004 results relates to the writing off of fish stock previously recognised in current assets. Full details of the changes to the 2004 accounts are set out in note 24.

Donations

During the year, Deep Sea Leisure plc have made a charitable donations of £6,461 (2004: £2,580) to various charitable institutions as stated below:

Charity Name	2005 £	2004 £	Charity Description
The Historical Dive Society	118	-	Education relating to historical diving methods and restoration of dive sites
Royal National Institute for the Blind (RNIB)	84	-	Helps blind people
British Red Cross	344	-	Humanitarian help across the world
Red Nose Day	559	-	Helps build better lives for third world people
CHAS	323	-	Local sick childrens hospice
The Shark Trust	1,565	2,580	Promotes the study, management and conservation of sharks
SSPCA	473	-	Scottish society for the prevention of cruelty to animals
Shell Shock	481	-	Promotes the plight of marine turtles
Riding for the Disabled (Dunfermline Branch)	1,065	-	Buys horses and teaches disabled children to ride
Muscular Dystrophy Campaign	311	-	Promotes the search for treatment and cures for muscular dystrophies
Marine Conservation Society	292	-	Promotes the conservation of all marine animals
Children in Need	846	-	Helps disadvantaged children around the UK
Total donations	<u>6,461</u>	<u>2,580</u>	

Directors' report

Directors and their interests

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

E M P Denny
J M Flinn
A Barrachina
J Carlos Smith
C Marina
S J Elaiho

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:

	<i>As at 31 October 2005</i>	<i>As at 31 October 2004</i>
J M Flinn*	72,168	72,168
	<u> </u>	<u> </u>

* Such shares are registered in the name of Floatrich Limited

The director's 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:

	<i>As at 31 October 2005</i>	<i>As at 31 October 2004</i>
A Barrachina	1,972	1,972
J Carlos Smith	19,131 ¹	19,131 ¹
	<u> </u>	<u> </u>

¹ Such shares are registered in the name of Old Chap S.A.

Directors' report (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 billing from suppliers outstanding at the end of the financial year is 27 days (2004: 19 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 supports the principles contained in the Combined Code and have 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; and
- 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 previous auditors, PricewaterhouseCoopers LLP resigned during the year and Ernst & Young LLP were appointed in the place. Ernst & Young 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 50 Moray Place, Edinburgh on 22 February 2006. The notice convening the annual general meeting is enclosed with this annual report.

By order of the Board



S J Elaiho
Director

Date: 11 January 2006

Statement of directors' responsibilities in respect of the financial statements

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 of the company for that year. 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; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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.

Independent auditors' report

to the members of Deep Sea Leisure plc

We have audited the company's financial statements for the year ended 31 October 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with United Kingdom law and applicable accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirement and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report, Chairman's Statement and Finance Directors Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. 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 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.

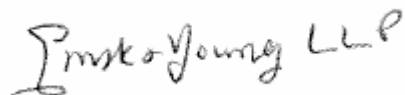
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Deep Sea Leisure plc (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 October 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, slightly slanted style.

Ernst & Young LLP
Registered Auditor
Manchester

Date: 11 January 2006

Profit and loss account

For the year ended 31 October 2005

	<i>Note</i>	<i>2005</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Turnover	1	6,566	6,761
Cost of sales		(815)	(847)
		<hr/>	<hr/>
Gross profit		5,751	5,914
Administrative expenses		(4,073)	(4,091)
		<hr/>	<hr/>
Operating profit	2	1,678	1,823
Interest receivable and similar income	5	120	55
Interest payable and similar charges	5	(148)	(224)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,650	1,654
Tax charge on profit on ordinary activities	6	(528)	(526)
		<hr/>	<hr/>
Profit retained for the financial year	17	1,122	1,128
		<hr/> <hr/>	<hr/> <hr/>
Earnings per ordinary share (basic and diluted)	7	5.84p	5.88p
		<hr/> <hr/>	<hr/> <hr/>

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

Turnover and operating profits arise wholly from continuing operations.

Statement of Total Recognised Gains and Losses

For the year ended 31 October 2005

	<i>2005</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Profit retained for the financial year and total recognised gains and losses relating to the year	1,122	1,128
Prior year adjustment (note 24)	(171)	-
	<hr/>	<hr/>
Total recognised gains and losses since last Annual Report	951	1,128
	<hr/> <hr/>	<hr/> <hr/>

Balance sheet

As at 31 October 2005

		31 October 2005		<i>Restated</i> 31 October 2004	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	8		16,245		16,552
Current assets					
Stock	9	123		110	
Debtors	10	107		81	
Cash at bank and in hand		3,136		2,430	
			<u>3,366</u>		<u>2,621</u>
Creditors: amounts falling due within one year	11	(2,333)		(2,069)	
			<u>1,033</u>		<u>552</u>
Net current assets					
			<u>17,278</u>		<u>17,104</u>
Creditors: amounts falling due after more than one year	12		(1,083)		(2,029)
Provisions for liabilities and charges	13		(2,274)		(2,165)
Deferred income	14		(2,579)		(2,690)
			<u>11,342</u>		<u>10,220</u>
Net assets					
			<u><u>11,342</u></u>		<u><u>10,220</u></u>
Capital and reserves					
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		3,477		2,355
			<u>11,342</u>		<u>10,220</u>
Shareholders' funds – equity	17		<u><u>11,342</u></u>		<u><u>10,220</u></u>

The financial statements on pages 11- 26 were approved by the Board of Directors on 11 January 2006 and were signed on its behalf by:



S J Elaiho
Director

Cash flow statement

For the year ended 31 October 2005

	<i>Note</i>	<i>2005</i>	<i>Restated</i>
		<i>£000</i>	<i>2004</i>
			<i>£000</i>
Reconciliation of operating profit to net cash inflow from operating activities			
Operating Profit		1,678	1,823
Depreciation charges		802	780
(Increase)/decrease in stocks		(13)	(1)
(Increase)/decrease in debtors		(26)	17
Increase in creditors		64	297
Decrease in deferred income		(111)	(111)
		<u>2,394</u>	<u>2,805</u>
Net cash inflow from operating activities		<u><u>2,394</u></u>	<u><u>2,805</u></u>
Cash flow statement			
Net cash inflow from operating activities		2,394	2,805
Returns on investments and servicing of finance	19	(28)	(169)
Tax paid		(247)	-
Capital expenditure	19	(468)	(44)
		<u>1,651</u>	<u>2,592</u>
Cash inflow before financing		<u>1,651</u>	<u>2,592</u>
Financing	19	(945)	(945)
		<u>706</u>	<u>1,647</u>
Increase in cash		<u><u>706</u></u>	<u><u>1,647</u></u>
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase in cash		706	1,647
Cash outflow from movement in net debt		945	945
		<u>1,651</u>	<u>2,592</u>
Change in net (debt)/funds resulting from cash flows		<u>1,651</u>	<u>2,592</u>
Movement in net (debt)/funds in the year	20	1,651	2,592
Net debt at beginning of year	20	(543)	(3,135)
		<u>1,108</u>	<u>(543)</u>
Net funds/(debt) at end of year	20	<u><u>1,108</u></u>	<u><u>(543)</u></u>

Notes to the financial statements

For the year ended 31 October 2005

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, with the exception of fish stock which is explained below.

Basis of preparation

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

The company has changed its accounting treatment for fish stock. Previously costs for fish purchased were carried at historical cost and recognised as current assets. However the directors believe that a more prudent approach is to write such costs off as they are incurred. This has required a change to the accounting treatment for fish stock. The prior year results have been restated accordingly (note 24).

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

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

Interest

Finance costs that are directly attributable to the construction of a new aquaria are capitalised until the date of the aquaria being ready for use. Otherwise interest is charged against to the profit and loss account as it accrues.

Notes to the financial statements

For the year ended 31 October 2005

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Fish stocks are no longer classified as current assets but expensed as costs are incurred. 2004 results have been restated to reflect the change in accounting treatment. Full details may be found in note 24.

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.

The Company operates in a single principal area of activity which is the operation of two undersea marine exhibits as visitor attractions. All turnover, profits and net assets relate to one geographical area being the United Kingdom.

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 results as stated in the financial statements.

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):

	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Depreciation – owned assets:		
- Buildings	212	212
- Land	14	14
- Plant	576	554
	<u>802</u>	<u>780</u>
Auditor's remuneration:		
- audit	34	32
- non-audit	-	29
Operating leases – hire of plant and machinery	7	7
Deferred grants release	(111)	(111)
	<u> </u>	<u> </u>

Notes to the financial statements

For the year ended 31 October 2005

3. Remuneration of directors

	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Directors' emoluments	85	131
Directors' fees	16	17
Company contributions to money purchase pension schemes	-	9
Compensation for loss of office	-	62
Amounts paid to third parties in respect of directors' services	60	55
	<u> </u>	<u> </u>

The emoluments of the highest paid director were £84,742 (2004: £146,144), including compensation for loss of office and company pension contributions of £ nil (2004: £9,000) were made to a personal pension plan on his behalf.

The amounts paid to third parties comprise:

- Fee of £17,380 (2004: £16,663) to Floatrich Limited for the services of JM Flinn; and
- Fee of £41,854 (2004: £48,000) to Aspro Ocio SA, a fellow subsidiary of Signet Investments SA, for the services of A Barrachina, J Carlos Smith.

4. Staff numbers and costs

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

	<i>Number of employees</i>	
	<i>2005</i>	<i>2004</i>
	<i>No.</i>	<i>No.</i>
Management and administration	5	6
Operations	154	152
	<u> </u>	<u> </u>
	159	158
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	<i>£000</i>	<i>£000</i>
Wages and salaries	1,372	1,392
Social security costs	94	99
Pension costs	-	11
	<u> </u>	<u> </u>
	1,466	1,502
	<u> </u>	<u> </u>

Notes to the financial statements

For the year ended 31 October 2005

5. Net interest payable

	2005 £000	2004 £000
Interest payable on bank loans and overdrafts	147	224
Interest on Corporation Tax	1	-
	<hr/>	<hr/>
Total interest payable	148	224
Bank interest receivable	(120)	(55)
	<hr/>	<hr/>
	28	169
	<hr/> <hr/>	<hr/> <hr/>

No interest was capitalised in the year (2004: £nil)

6. Tax on profit on ordinary activities

	2005 £000	2004 £000
Analysis of charge in year:		
Corporation tax	436	17
Corporation tax – prior year	(17)	7
	<hr/>	<hr/>
Total current tax	419	24
	<hr/>	<hr/>
Origination and reversal of timing differences:		
Deferred taxation – current year	104	507
Deferred taxation – prior year	5	(5)
	<hr/>	<hr/>
Total deferred taxation	109	502
	<hr/>	<hr/>
Tax on profit on ordinary activities	528	526
	<hr/> <hr/>	<hr/> <hr/>
Current tax reconciliation		
Profit on ordinary activities before tax	1,650	1,654
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	495	496
	<hr/>	<hr/>
Effects of:		
Expenses not deductible for tax purposes	26	26
Depreciation for year in excess of capital allowances	71	73
Utilisation of tax losses	(156)	(578)
	<hr/>	<hr/>
Adjustment to the tax charge with respect to previous years	(17)	7
	<hr/>	<hr/>
Total current tax charge	419	24
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future charges

Corporation tax loss of £nil (2004: £507,000) are available for carry forward against future trading profits.

Notes to the financial statements

For the year ended 31 October 2005

7. Earnings per ordinary share

	2005	2004
	£000	£000
Earnings are calculated as follows:		
Profit after tax	1,122	1,128
	<u> </u>	<u> </u>
Basic and diluted earnings per share	5.84p	5.88p
	<u> </u>	<u> </u>

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 (2004: 19,199,783) calculated in accordance with Financial Reporting Standard 14. There are no potentially dilutive instruments in issue. Consequently basic earnings per share are the same as diluted earnings per share.

8. Tangible fixed assets

	<i>Land</i>	<i>Buildings</i>	<i>Plant</i>	<i>Total</i>
	£000	£000	£000	£000
Cost				
At 1 November 2004	2,241	10,608	9,406	22,255
Additions	-	-	495	495
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 2005	2,241	10,608	9,901	22,750
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 November 2004	78	1,274	4,351	5,703
Charge for the year	14	212	576	802
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 October 2005	92	1,486	4,927	6,505
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 October 2005	2,149	9,122	4,974	16,245
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 November 2004	2,163	9,334	5,055	16,552
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Included in the net book value of land is £1,953,000 (2004: £1,967,000), which is subject to a lease of 150 years and freehold land of £196,000 (2004: £196,000).

Net book value of buildings, include freehold buildings of £3,075,000 (2004: £3,149,000), leasehold buildings of £6,047,000 (2004: £6,184,000) subject to a lease of 150 years. Depreciation charged in the year on freehold buildings was £74,000 (2004: £74,000) and £138,153 (2004: £138,000) on leasehold buildings.

Notes to the financial statements

For the year ended 31 October 2005

9. Stocks

	2005	<i>Restated</i> 2004
	£000	£000
Goods for resale	123	110
	<u>123</u>	<u>110</u>

The accounting treatment for fish stocks has been revised and costs are now expensed as incurred. This has resulted in a restatement of 2004 results. Full details of the change may be found in note 24.

10. Debtors

	2005	2004
	£000	£000
Trade debtors	36	21
Prepayments	71	60
	<u>107</u>	<u>81</u>
	<u>107</u>	<u>81</u>

11. Creditors: amounts falling due within one year

	2005	2004
	£000	£000
Bank loans (note 12)	945	945
Trade creditors	198	123
Corporation tax	190	17
Other taxation and social security	300	317
Other creditors	197	205
Accruals	503	462
	<u>2,333</u>	<u>2,069</u>
	<u>2,333</u>	<u>2,069</u>

Notes to the financial statements

For the year ended 31 October 2005

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

	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Bank loans	945	1,890
Other loans	138	139
	<u>1,083</u>	<u>2,029</u>
	<u><u>1,083</u></u>	<u><u>2,029</u></u>
	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Debt can be analysed as falling due:		
In one year or less, or on demand	945	945
Between one and two years	1,083	1,890
Between two and five years	-	138
	<u>2,028</u>	<u>2,973</u>
	<u><u>2,028</u></u>	<u><u>2,973</u></u>

The bank loans of £1,890,000 (2004: £2,835,000) are from the National Westminster Bank plc and are secured by a first legal charge 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 bank loan at 1% above Basic 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 (2004: £139,000) loan.

Notes to the financial statements

For the year ended 31 October 2005

13. Provisions for liabilities and charges

	2005 £000	<i>Restated</i> 2004 £000
Deferred taxation - Accelerated capital allowances and tax losses		
At 1 November 2004 – as previously reported	2,165	1,736
Prior year adjustment (note 24)	-	(73)
	<hr/>	<hr/>
At 1 November 2004 – as restated	2,165	1,663
Adjustment to prior years	5	(5)
Charged to profit and loss account	104	507
	<hr/>	<hr/>
At 31 October 2005	2,274	2,165
	<hr/> <hr/>	<hr/> <hr/>

The elements of deferred taxation are as follows:

	2005 £000	<i>Restated</i> 2004 £000
Difference between accumulated depreciation and capital allowances	2,274	2,317
Tax losses	-	(152)
	<hr/>	<hr/>
	2,274	2,165
	<hr/> <hr/>	<hr/> <hr/>

14. Deferred income

	2005 £000	2004 £000
Government Grants		
At 1 November 2004	2,690	2,801
Amount credited to profit and loss account	(111)	(111)
	<hr/>	<hr/>
At 31 October 2005	2,579	2,690
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

For the year ended 31 October 2005

15. Called up share capital

	2005 £000	2004 £000
Authorised Equity		
41,200,000 ordinary shares of 5p each (2004: 41,200,000)	2,060	2,060
Allotted, called up and fully paid Equity		
19,199,783 ordinary shares of 5p each (2004: 19,199,783)	960	960

16. Share premium and reserves

	<i>Share premium Account £000</i>	<i>Capital redemption reserve £000</i>	<i>Profit and loss account £000</i>
At 1 November 2004 – as previously reported	5,902	1,003	2,526
Prior year adjustment (note 24)	-	-	(171)
At 1 November 2004 – as restated	5,902	1,003	2,355
Retained profit for year	-	-	1,122
At 31 October 2005	5,902	1,003	3,477

17. Reconciliation of movements in equity shareholders' funds

	2005 £000	2004 £000
Opening equity shareholders' funds – as previously reported	10,220	9,263
Prior year adjustment (note 24)	-	(171)
Opening equity shareholders' funds – as restated	10,220	9,092
Profit for the year	1,122	1,128
Closing equity shareholders' funds	11,342	10,220

Notes to the financial statements

For the year ended 31 October 2005

18. Commitments

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

	2005 £000	2004 £000
Contracted	138	-

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

	<i>31 October 2005</i> <i>Plant</i> £000	<i>31 October 2004</i> <i>Plant</i> £000
Operating leases which expire:		
Within one year	7	7

19. Gross cash flows

	2005 £000	2004 £000
Returns on investments and servicing of finance		
Interest received	120	55
Interest paid	(148)	(224)
Net cash outflow from returns on investments and servicing of finance	(28)	(169)
Capital expenditure		
Payments to acquire tangible fixed assets	(468)	(44)
Net cash outflow from capital expenditure	(468)	(44)
Financing		
Loans repaid	(3,780)	(945)
Loans drawn down	2,835	-
Net cash outflow from financing	(945)	(945)
Taxes		
Tax paid	(247)	-
Net cash outflow from tax paid	(247)	-

Notes to the financial statements

For the year ended 31 October 2005

20. Analysis of changes in net (debt)/funds

	<i>At beginning of year £000</i>	<i>Cash flows £000</i>	<i>At end of year £000</i>
Cash at bank and in hand	2,430	706	3,136
Debt due within one year	(945)	-	(945)
Debt due after one year	(2,028)	945	(1,083)
	(2,973)	945	(2,028)
Net (debt)/funds	(543)	1,651	1,108

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.

As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures

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 Company has no financial assets, other than short term debtors and cash at bank.

	<i>2005 £000</i>	<i>2004 £000</i>
Financial assets comprise:		
Cash and bank (all Sterling)	3,136	2,430
Floating rate	3,136	2,430
Financial liabilities comprise:		
Bank loans (all Sterling)	(1,890)	(2,835)
Other loans (all Sterling)	(138)	(138)
	(2,028)	(2,973)

Notes to the financial statements

For the year ended 31 October 2005

21. Financial instruments (continued)

	2005 £000	2004 £000
Floating Rate	(1,890)	(2,835)
Interest Free	(138)	(138)
	<u>(2,028)</u>	<u>(2,973)</u>
Total financial assets less financial liabilities		
Floating Rate	1,246	(405)
Interest Free	(138)	(138)
Total	<u>1,108</u>	<u>(543)</u>

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 investment.

The maturity profile of the group's financial liabilities is as follows:

	2005 £000	2004 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	945	945
Between one and two years	1,083	1,890
Between two and five years	-	138
	<u>2,028</u>	<u>2,973</u>

A comparison of book values and fair values of the Company's financial assets and liabilities at 31 October 2005 was performed and identified no material differences between the two amounts.

Hedging

The company does not have any currency exposure which would require hedging, or expose the company to foreign exchange risk.

22. Related party transactions

During the year the Company has been charged £41,854 (2004: £48,000) by Aspro Ocio SA, a fellow subsidiary of Signet Investments SA, in respect of management services.

Notes to the financial statements

For the year ended 31 October 2005

23. Ultimate parent undertaking

The immediate parent undertaking and company which prepares consolidated accounts that include the company is Leisure Resources 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, it heads the largest group of undertakings for which consolidated financial statements are prepared. Signet Investments SA and its subsidiaries, which include Aspro Ocio SA (see note 22) are collectively known as the Aspro Group.

24. Prior Year Adjustment

The company has changed its accounting treatment for fish stocks. Previously such costs were recognised as current assets at historical cost. However the directors feel that a more prudent view is to write off such costs as they are incurred.

Accordingly the following have been restated by the amounts shown:

	<i>2004</i> <i>£000</i>
Balance Sheet	
Stock	(244)
Provision for liabilities and charges – deferred tax	73
	—————
Net reduction of shareholders funds	(171)
	=====

The adoption of this new policy has no impact on the profit and loss account in either the year ended 31 October 2005 or 31 October 2004 as subsequent additions in these year have already been charged to the profit and loss account as they were not significant.