

Rule 2.46

Form 2.23B

The Insolvency Act 1986

Notice of result of meeting of creditors

2.23B

Name of Company:
Absolute Leisure Limited

Company number:
03770523

In the:
Newcastle upon Tyne District Registry
[full name of court]

Court case number:
1487 of 2009

(a) Insert full name(s) and
address(es) of the
administrator(s)

I / We, (a) Gerald Krasner and Andrew D. Haslam both of Begbies Traynor, 2 Collingwood Street, Newcastle Upon Tyne, NE1 1JF hereby report that *a meeting / ~~an adjourned meeting~~ of the creditors of the above company was held at

* Delete as applicable

(b) 2 Collingwood Street, Newcastle upon Tyne, NE1 1JF on (c) 16 July 2009 at which:-

(b) Insert place of meeting
(c) Insert date of meeting
* Delete as applicable

*1. Proposals / ~~revised proposals~~ were approved.

*2. Proposals / ~~revised proposals~~ were modified and approved.

No modifications were made to the proposals.

(d) Give details of the
modifications (if any)

(d) None

*3. The proposals were rejected.

(e) Insert time and date of
adjourned meeting

*4. The meeting was adjourned to (e)

(f) Details of other resolutions
passed

*5. Other resolutions: (f)

The revised date for automatic end to administration is _____

*Delete as applicable

A creditors' committee *was / was not formed.

Signed: _____

Joint / Administrator(s)

Dated: _____

*Delete as applicable

A copy of the *original proposals / ~~modified proposals~~ / ~~revised proposals~~ is attached for those who did not receive such documents prior to the meeting.

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Begbies Traynor

2 Collingwood Street, Newcastle Upon Tyne, NE1 1JF

Tel Number 0191 2699820

Fax Number: 0191 2699821

DX Number:



COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

MONDAY

ABSOLUTE LEISURE LIMITED – IN ADMINISTRATION RESOLUTIONS SCHEDULE

- The Administrators intend to perform their functions in relation to the Company with the objectives set out in paragraph 3(1)(c) namely "to realise property in order to make a distribution to one or more secured or preferential creditors".
 - The Joint Administrators propose to realise the assets and undertaking of the Company in such a manner as they consider appropriate with a view to achieving the purpose as set out in Paragraph 3 (2) of Schedule B1 of the Insolvency Act 1986.
 - The Joint Administrators propose in the interim to take all necessary actions to preserve the value of the Company's assets.
 - In the event that the sale of the Company's assets, either in whole or in part, involves the disposal of assets that are subject to security and in the event that the Joint Administrators cannot come to terms with the creditor concerned, the Joint Administrators propose to make an application to Court in the prescribed manner under the provisions of Paragraphs 70, 71 and 72 of Schedule B1 of the Insolvency Act 1986.
 - It is proposed that upon completion of the Administration, if appropriate the Joint Administrators intend to move from Administration to Creditors Voluntary Liquidation pursuant to Schedule B1, paragraph 83 of the Act. It is proposed that Gerald M Krasner and Andrew D Haslam of Begbies Traynor Central LLP, 2 Collingwood Street, Newcastle Upon Tyne, NE1 1JF be appointed Joint Liquidators of the Company. Mr Krasner is a Licensed Insolvency Practitioner regulated by the Institute of Chartered Accountants of England and Wales and Mr Haslam is a Licensed Insolvency Practitioner regulated by the Insolvency Practitioners Association.
- In accordance with paragraph 83(7) of the Act and Rule 2.117(3) of the Rules, creditors may nominate a different person as the proposed liquidator provided that the nomination is made after receipt of these proposals and before the proposals are approved. A list of unsecured creditors notified by the Administrators is attached at Appendix 4.
- It is proposed that pursuant to Paragraph 98(2)(b) of Schedule B1 of the Act, the Joint Administrators be given their full discharge from liability in respect of any action as Joint Administrators with effect from the date that the Company is placed into Creditors Voluntary Liquidation.
 - The joint administrators propose to be remunerated on the basis of their hourly costs calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.
 - Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.
 - A creditors committee be formed in order that they may assist the Joint Administrators with the conduct of the ongoing investigations in this and the associated insolvencies, subject to the nomination of the requisite number of members.

These proposals shall be subject to such modifications or conditions as the creditors of the court may approve.

Andrew D Haslam and Gerald M Krasner appointed Joint Administrators on 8 May 2009

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents.

Absolute Leisure Limited (In Administration)

Report and Proposals of the Joint Administrators under the provisions of Paragraph 49 of Schedule B1 to the Insolvency Act 1986

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Absolute Leisure Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 8 May 2009
"the Joint Administrators"	Andrew D Haslam and Gerald M Krasner of Begbies Traynor, 2 Collingwood Street, Newcastle upon Tyne, NE1 1JF
"the Act"	The Insolvency Act 1986, as amended
"the Rules"	The Insolvency Rules 1986, as amended
"the creditors"	All preferential creditors and all unsecured creditors
"preferential creditor"	Any creditor of the Company whose claim is preferential within Section 386 of the Insolvency Act 1986 as at 8 May 2009 being the date the Company entered administration.
"unsecured creditor"	Any person (other than a preferential creditor) who has, or claims to have, any claim against the Company (whether the claim be present, future or contingent or prospective and whether liquidated or for damages and whether arising in contract or tort or otherwise) in connection with or arising from any matter occurring prior to 8 May 2009.

2. STATUTORY INFORMATION

Date of Incorporation:	13 May 1999
Company registered number:	03770523
Registered office:	c/o Begbies Traynor, 2 Collingwood Street, Newcastle Upon Tyne, NE1 1JF
Trading address:	Coco Mo's, Ground Floor, Tyne House, The Side, Newcastle upon Tyne, NE1 3JA The Angel Hotel, New Quay Road, Whitby, North Yorkshire, YO21 1DH
Principal business activities:	Operation of Licensed Bars / Clubs
Trading names:	Coco Mo's Restaurant, The Angel Hotel
Directors:	Anthony Thomas Knox Michael Angelo Mario Quadrini Nicholas Mario Quadrini Sheila Winifred Quadrini
Company Secretary:	Mary Isabella Keen
Auditors:	Tait Walker Chartered Accountants
Share capital:	120,750,000 Ordinary £1 Shares
Shareholders:	Nicholas Mario Quadrini 2,185,575 Ordinary Shares Michael Angelo Mario Quadrini 107,865,975 Ordinary Shares Sheila Winifred Quadrini 10,698,450 Ordinary Shares

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Name(s) of Joint Administrator(s):	Andrew D Haslam, Director and Licensed Insolvency Practitioner and Gerald M Krasner, Partner and Licensed Insolvency Practitioner of Begbies Traynor, 2 Collingwood Street, Newcastle upon Tyne, NE1 1JF
Date of administrators' appointment:	8 May 2009
Court:	Newcastle District Registry, 1487 of 2009
Person(s) making appointment / application:	the Directors
Acts of the Joint Administrators:	The Joint Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency:	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3(1) of Schedule B1 to the Act ("Sch B1 to the Act") the administrator of a company must perform his functions with the objective of:

- Firstly, to rescue a company as a going concern (in other words a restructuring which keeps the entity intact).
- Secondly, if the purpose is not reasonably practicable (or the second would clearly be better for the creditors as a whole), then the administrator must perform his functions with the objective of achieving a better result for creditors than would be obtained through an immediate liquidation of the company.
- Thirdly, if neither of the first 2 parts of the purpose is reasonably practicable, the administrator must perform his functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors.

As detailed within the report, the Administrators have traded parts of the group in order to enhance realisations. However, it is not likely that the Company will be sold as a going concern, therefore, the first statutory purpose is not able to be achieved. The second statutory purpose, to achieve a better realisation for creditors as a whole than would be achieved should the Company be placed into liquidation without first being in Administration will not be achieved as the only asset is that of freehold and leasehold property, which it is not expected will realise sufficient funds to discharge the fixed chargeholder in full. Therefore, the purpose of the Administration is to realise property in order to make a distribution to one or more secured or preferential creditors.

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

Absolute Leisure Limited ("the Company") was incorporated on 13 May 1999 and is the holding and trading company of a complex group structure. A copy of the group structure is attached at Appendix 2. The Company operated a freehold property in Whitby, trading as The Angel Hotel and a leasehold restaurant in Newcastle upon Tyne, trading as Coco Mo's restaurant. The Company also operated as the trading entity for several other licensed outlets that were in fact assets of other group or associated companies.

The group have historically traded profitably and built a successful reputation within the industry. However, in the last 18 months, the licensed industry has seen a fall in custom and turnover has fallen to the extent that the directors were having to introduce monies to meet payments as they fell due. However, it was thought that the Christmas turnover would allow the business and the group to make significant progress in payment of the arrears. However, turnover during December was poor and the accrued arrears were not able to be repaid as the directors had hoped.

Trade continued with the support of the directors as there was a sale expected to take place in April 2009 which would have released significant funds and allowed the cash flow pressures to be relieved. However, a Winding Up Petition was issued against Lookchart Limited, (a company under common control and that traded within the group) on 23 January 2009, on behalf of H M Revenue & Customs in respect of arrears of PAYE, this to be heard on 11 March 2009. Although the directors were successful in obtaining an adjournment of the petition whilst negotiations were entered into, the petition was to be advertised on 28 April 2009.

Agreement could not be reached with regard to the arrears in respect of Lookchart Limited and the directors were aware that there were significant tax arrears with regard to the Company. In addition, should the groups bankers and suppliers become aware of the petition, the directors considered that trade would become almost impossible as it was feared that trade suppliers would withdraw credit limits and the support of the Bank could not be guaranteed.

Permission of the directors was gained to speak to the Company's bankers and other chargeholders and it was considered that the protection of an Administration Order would be required to obtain the required protection whilst the financial position was considered and the assets marketed. As such, a Notice of Intention to Appoint an Administrator was filed at Court on 7 May 2009 and following receipt of the debenture holders consent, on 8 May 2009, Gerald Maurice Krasner and Andrew David Haslam of Begbies Traynor were appointed as Joint Administrators. Creditors should note that Schemebrave Limited, a wholly owned subsidiary was also placed into Administration on 8 May 2009 and Lookchart Limited, a company under common control was placed into Administration on 15 May 2009.

5. OTHER PRE APPOINTMENT INFORMATION

We were first consulted on 26 February 2009 on group matters and advised the group, not the directors. The group were awaiting significant receipts from an expected property completion in April 2009 which did not occur. Following this time, we were consulted further regarding the group financial position.

Secured Chargeholders

There are three secured chargeholders within the group as follows:

Carlsberg Tetley Brewing Limited who have an outstanding balance of approximately £4 million
Allied Irish Bank plc who have an outstanding balance of approximately £2.3 million
Royal Bank of Scotland plc who have an outstanding balance of approximately £688,000

In addition to the fixed charges, there are various cross guarantees within the group.

Following our further consultation regarding the group, permission was granted to liaise with all three chargeholders regarding the financial position and agreement reached on how best to deal with the financial issues.

Associated Companies/Businesses

Attached at Appendix 2 is a summary of the group structure.

Accounts for the Year ending 31 December 2006

Accounts for the year ending 31 December 2006 are enclosed at Appendix 5. Creditors may note that these accounts detail significant assets, a number of which are either no longer within the Company or were in fact assets of other group companies that have been accounted for within the holding company's accounts. Investigations are ongoing into this position as detailed below.

Would creditors please note that the secured chargeholder, Allied Irish Bank plc ('the Bank') is expected to suffer a loss and there is not expected to be a surplus for unsecured creditors. Would creditors please note that there are cross guarantees from other associated companies in respect of the Banks indebtedness.

Previous Company Failures

The directors have all confirmed that they have not been involved in any previous failures.

Would creditors please note that no pre-appointment fee has been charged or paid and you will note that the Joint Administrators' costs below detail pre appointment costs which will be written off in full.

6. THE ADMINISTRATION PERIOD

The Administrators and their staff attended at the Company's head office upon appointment and as detailed above, due to the insolvency of other group companies, the head office function was not required and these staff also made redundant and the offices vacated. Would creditors please note that the head office leasehold was held by an associated company and Absolute Leisure Limited had no interest in the lease.

Freehold Property – The Angel

Immediately following appointment, cash projections were reviewed. These showed that The Angel was profitable and a management agreement was entered into with the previous management team to operate this outlet whilst a marketing exercise was undertaken. To this end, Messrs Christies were instructed to market the property and this exercise is currently ongoing. We have received a number of offers which are still being considered by the Bank.

Leasehold Property – Coco Mo's

The restaurant at Coco Mo's was closed immediately upon our appointment due to weekly trading losses. The leasehold interest has been fully marketed by Christies and a number of offers have been received. These offers have been forwarded to the landlord who is considering the offers and has advised that he should shortly be in a position to confirm the preferred bidder. In order not to prejudice any potential sale, Christies valuations are not being detailed within this report. However, would creditors please note that the offers received will not be sufficient to allow the indebtedness to the Bank to be repaid in full.

Investigations

There are a number of investigations being undertaken by the Joint Administrators within both this Company and those of both Schemebrave Limited and Lookchart Limited. We have been asked to look into a number of matters, specifically regarding the movement of assets within the group, although there are other items which require further investigation. Our investigations are still at a preliminary stage where we are simply seeking the relevant information before coming to any conclusion. We have, however, already interviewed the principle directors of this and associated companies. In order not to prejudice our position, no further comment is being made at this stage.

Professional Advisors

- Solicitors – Dickinson Dees of Newcastle upon Tyne on various matters on a time cost basis;
- Agents – Christies of Newcastle upon Tyne on a time cost basis;

7. OTHER POST APPOINTMENT INFORMATION

Secured Creditor

The freehold property at Whitby is subject to a fixed charge and a debenture in favour of the Bank. At the date of appointment, the Bank were owed the sum of approximately £2.3 million. Discussions are currently being undertaken with the Bank regarding the sale of the freehold property and it is expected that there will be a shortfall to the Bank following the sale.

Preferential Creditors

Under the terms of the Enterprise Act 2002, the crown's preferential status in respect of PAYE and VAT debts has been abolished. The other debts listed in Schedule 6 to the Insolvency Act 1986 will continue to enjoy preferential status.

In this case, the employees made redundant at both head office and Coco Mo's are expected to result in a preferential claim.

Unsecured Creditors

The estimated claims of the unsecured creditors are set out at Appendix 4 and include VAT where appropriate. The balances have been extracted from the Company's records as at 8 May 2009, however, as detailed above, the majority of credit was taken in the name of the Company for a number of the group companies, however, creditors will see from Appendix 1 that it is not anticipated that there will be any funds available to unsecured creditors, unless the investigations result in additional asset recoveries. There is no provision within the unsecured creditors for potential inter company balances, the inter company transactions being part of the ongoing investigations.

Section 176A Fund for Unsecured Creditors

Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realisation). The *prescribed part* is calculated by reference to a sliding scale as follows:

- 50% of the first £10,000 of *net property*;

- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part* if:

- ☐ the *net property* is less than £10,000 and he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ he applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Rule 2.33 of the Rules requires that our proposals for achieving the purpose of the administration shall include, to the best of our knowledge and belief, an estimate of the value of the *prescribed part* and an estimate of the value of the Company's *net property*.

In this case, the Bank have the benefit of a Legal Charge over the premises at Whitby rather than a debenture therefore the prescribed part does not apply.

VAT Bad Debt Relief

Section 36 of the Value Added Tax Act 1994 incorporates provisions which enable the trader to VAT Bad Debt Relief after writing the debt off in his accounts six months after the supply. This procedure does not involve the Administrators and claims should be made directly to HM Revenue & Customs.

Company Directors Disqualification ("CDDA")

As part of their statutory duties the Administrators will consider the conduct of the Directors and any person they consider a shadow or de facto director in relation to their management of the affairs of the Company and the cause of failure and submit their confidential report to the Department of Trade and Industry.

Creditors who wish to draw any matters to the attention of the Administrators should do so in writing.

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration to date, incorporating our projected outcome for creditors.

8. JOINT ADMINISTRATORS' PROPOSALS

As detailed above in Section 3 of this report, the Administrators have concluded that the first and second prescribed objectives under paragraph 3(1)(a) namely "rescuing the Company as a going concern" and 3(1)(b) namely "achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration)" are not achievable.

Purpose of the Administration

The purpose of the Administration is to realise property in order to make a distribution to one or more secured or preferential creditors, in this particular case, Allied Irish Bank plc.

The affairs and business of the Company, have since the date of the Administrators' appointment, been managed by the Administrators. If the Administrators' proposals are approved, the affairs and business will continue to be managed by the Administrators.

- The Administrators intend to perform their functions in relation to the Company with the objectives set out in paragraph 3(1)(c) namely "to realise property in order to make a distribution to one or more secured or preferential creditors".
- The Joint Administrators propose to realise the assets and undertaking of the Company in such a manner as they consider appropriate with a view to achieving the purpose as set out in Paragraph 3 (2) of Schedule B1 of the Insolvency Act 1986.
- The Joint Administrators propose in the interim to take all necessary actions to preserve the value of the Company's assets.
- In the event that the sale of the Company's assets, either in whole or in part, involves the disposal of assets that are subject to security and in the event that the Joint Administrators cannot come to terms with the creditor concerned, the Joint Administrators propose to make an application to Court in the prescribed manner under the provisions of Paragraphs 70, 71 and 72 of Schedule B1 of the Insolvency Act 1986.

Exit from Administration

Under the Enterprise Act 2002, all administrations automatically come to an end after one year, unless an extension is granted by the court or with the consent of creditors (see above).

Otherwise and unless it is proposed that a company in administration should be placed into Creditors' Voluntary Liquidation the appointment of the administrators ceases on the following:

- an application to court (in the event of a Court appointment).
- filing a notice in court and with the Registrar of Companies confirming that the purpose of Administration has been sufficiently achieved.
- in the event that the company has no property the administrator may notify the Registrar of Companies to that effect at which time the appointment of the administrator ceases and three months following that date the company is deemed to be dissolved.

We are of the opinion that the total amount which is owed to each secured creditor of the Company is unlikely to be received and that a distribution will not be made to the unsecured creditors of the Company¹.

However as detailed above, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

In this particular case, due to the areas to investigate being brought to light from a review of the Company's records and the creditors, it is considered appropriate for the Company to be placed into Creditors Voluntary Liquidation when appropriate in order that the investigations may be continued.

Therefore, the exit route chosen in relation to the Company is that of Creditors Voluntary Liquidation in order that the investigations may be continued and a distribution may possibly be paid to unsecured creditors following the completion of the liquidators' duties.

- It is proposed that upon completion of the Administration, the Joint Administrators move from Administration to Creditors Voluntary Liquidation pursuant to Schedule B1, paragraph 83 of the Act. It is proposed that Gerald M Krasner and Andrew D Haslam Begbies Traynor Central LLP, 2 Collingwood Street, Newcastle Upon Tyne, NE1 1JF be appointed Joint Liquidators of the Company. Mr Krasner is a Licensed Insolvency Practitioner, regulated by the Institute of Chartered Accountants of England and Wales and Mr Haslam is a Licensed Insolvency Practitioner regulated by the Insolvency Practitioners Association.

¹ Insolvency Act 1986, Sch B1, para 83(1)

In accordance with paragraph 83(7) of the Act and Rule 2.117(3) of the Rules, creditors may nominate a different person as the proposed liquidator provided that the nomination is made after receipt of these proposals and before the proposals are approved. A list of unsecured creditors notified by the Administrators is attached at Appendix 4.

- It is proposed that pursuant to Paragraph 98(2)(b) of Schedule B1 of the Act, the Joint Administrators be given their full discharge from liability in respect of any action as Joint Administrators with effect from the date that the Company is placed into Creditors Voluntary Liquidation.

Administrators' Remuneration

Administrators pre appointment time costs total £17,460 and as detailed above, no payment was received against these costs and they shall therefore be written off in full.

Total post appointment time spent to date on this assignment amounts to 156.51 hours at an average composite rate of £261.61 per hour resulting in total time costs to date of £40,945.

To assist creditors in determining this matter, the following further information as regards post appointment time costs and expenses is set out at Appendix 3:

- ☐ Begbies Traynor policy for re-charging expenses
- ☐ Begbies Traynor charge-out rates
- ☐ A summary of the administrators time costs to date
- ☐ A creditors' guide to administrators' fees can be found at:
www.insolvency-practitioners.org.uk/uploads/Admin.pdf

The Joint Administrators propose that:

- The Joint Administrators to be remunerated on the basis of their hourly costs calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.
- Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Creditors Committee

Due to the nature of the ongoing investigations into this and other group companies, it would appear appropriate that a Creditors Committee be formed within the Administration of this Company and the Committee also assist with investigations into the associated insolvencies.

- A creditors committee be formed in order that they may assist the Joint Administrators with the conduct of the ongoing investigations in this and the associated insolvencies, subject to the nomination of the requisite number of members.

These proposals shall be subject to such modifications or conditions as the court or creditors may approve.

9. STATEMENT OF AFFAIRS

The directors' estimated statement of affairs as at 8 May 2009 has not yet been received. Therefore, enclosed at Appendix 1 is an estimated outcome statement for creditors.

10. CONCLUSION

Pursuant to paragraph 51 of Schedule B1 to the Act, the Joint Administrators' proposals will be considered at an initial meeting of the Company's creditors summoned in accordance with the Notice of meeting (Form 2.20B) accompanying this document, this meeting to be convened Thursday 16 July 2009, to be held at the offices of Begbies Traynor, 2 Collingwood Street, Newcastle upon Tyne, NE1 1JF.

You are invited to attend the above meeting and a proxy form is enclosed with the covering letter to this report which should be completed and returned to Begbies Traynor, 2 Collingwood Street, Newcastle Upon Tyne, NE1 1JF 24 hours prior to the date of the meeting.

Please do not hesitate to contact me should you have any queries regarding this report or any other aspect of the Company's affairs.



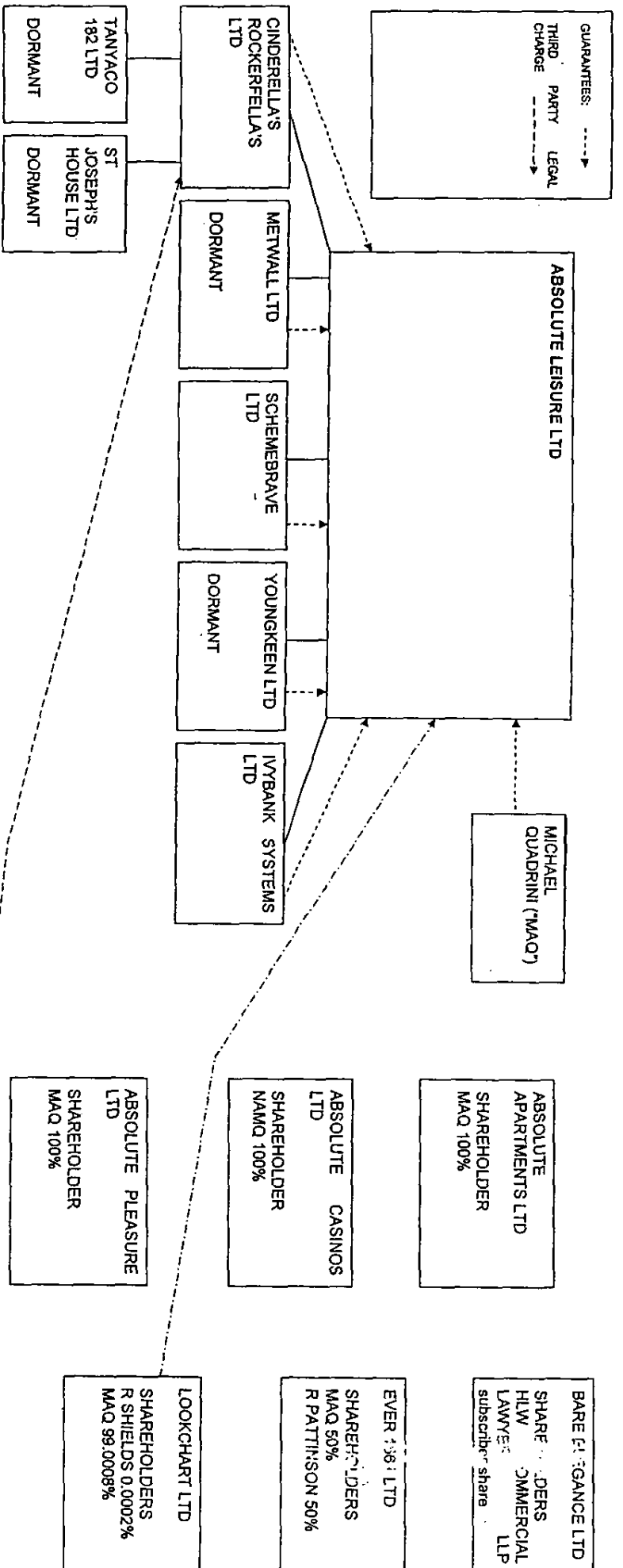
Andrew D Haslam
Joint Administrator

Date: 30 June 2009

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS
AND PAYMENTS, INCORPORATING ESTIMATED
OUTCOME FOR CREDITORS

ABSOLUTE LEISURE LIMITED**APPENDIX 1****JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS
AND PAYMENTS, INCORPORATING ESTIMATED
OUTCOME FOR CREDITORS****Period 8 May to 30 June 2009.**

Estimated to realise per Statement of Affairs £	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
ASSETS SPECIFICALLY PLEDGED			
Freehold Property - The Angel	0	Unknown	0
Fixed Chargeholder - Allied Irish Bank plc	0	(2,300,000)	(2,300,000)
Deficit c/d	0	(2,300,000)	(2,300,000)
ASSETS NOT SPECIFICALLY PLEDGED			
Leasehold Property - Coco Mo's	0	Unknown	0
Fixtures and Equipment	0	Unknown	0
Other receipts (including management fee)	600	1,200	1,800
Payments	600	1,200	1,800
Administrator's fees	0	(125,000)	(125,000)
Administrator's disbursements	0	(2,000)	(2,000)
Agent's fees & expenses	0	(20,000)	(20,000)
Legal Fees	0	(30,000)	(30,000)
Available for preferential creditors	600	(175,800)	(175,200)
Arrears of wages and holiday pay	0	(10,000)	(10,000)
Surplus available for creditors	600	(185,800)	(185,200)
Estimated unsecured creditors			1,050,715



JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

- a. Begbies Traynor policy for re-charging expenses;
- b. Begbies Traynor charge-out rates;
- c. Summary of time costs incurred and summary by staff grade and work activity.

POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Standard professional practice¹ requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Required professional practice classifies expenses into two broad categories:

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges;
- *Category 2 expenses (approval required)* – all other items of expenditure:
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost.

CHARGING POLICY

- *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred.
- *Category 2 expenses (approval required)*
 - (A) The following items of expenditure are re-charged as described:
 - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 (London £150) per meeting;
 - Car mileage is re-charged at the rate of 40 pence per mile;
 - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;
 - (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge:
 - Telephone and facsimile
 - Printing and photocopying
 - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

¹ Statement of Insolvency Practice 9 (SIP 9) effective from April 2007

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions.

The rates applying to the Newcastle Upon Tyne office from the date of appointment to the date of this report are as follows:

Grade of staff	Charge-out Rate (£ per hour)
Partner	350
Director- Senior Manager	325
Senior Manager	250
Senior Administrator	160
Administrator	130
Support Staff	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

ABSOLUTE LEISURE LIMITED - IN ADMINISTRATION

ADMINISTRATORS' TIME COSTS
AS AT 29 JUNE 2009

	Partner		Director		Manager		Assistants & support staff		Total	
	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Administration and Accounting										
Setting up case file, filing, file reviews, review of books and records and bonding	0	0	9.50	3,088	3.00	885	40.70	5,062	53.20	9,034
Planning and Control										
Agreeing strategy, review of trading projections and decision on which outlets to trade.	0	2,240	0	0	2	590	0	0	2	2,830
Floating Charge Assets										
Including a review of the assets, vesting of the furniture and equipment, discussions with directors	9	2,975	7	2,275	0	0	0	0	16	5,250
Fixed Charge Assets										
Review and agreement of license to occupy and the valuation / trading of the property	5	1,575	8.00	2,600	0	0	0	0	12.50	4,175
Employees										
Attendance at both the head office and Coco - Mo's in order to dismiss staff. Dealing with completion of RP1 / RP14 and RP14a forms and employee queries.	0	0	7	2,275	11	3,245	13	1,895	31	7,415
Debt Collection										
	0	0	0	0	0	0	0	0	0	0
Dealing with Creditors										
Initial reports to creditors, dealing with creditor correspondence and ad-hoc queries / telephone calls.	0	0	0	0	2	590	6	750	8	1,340
Investigations										
Review of company records, interview of the directors and liaising with auditor regarding inspection of records	7	2,520	15.50	5,038	4	1,180	0	0	26.70	8,738
Statutory Duties										
Initial notification to creditors, Statement of Affairs and drafting of the report to creditors	0	0	0	0	7	2,154	0.06	10	7.36	2,163
Total hours/cost	20.20	9,310	47.00	15,275	29.30	8,644	60.01	7,716	136.51	40,945
Charge out rates from 8 May 2009		350		325		250		100.160		
Average rate per hour		461		325		295		129		27

SCHEDULE OF UNSECURED CREDITORS

Begbies Traynor
Absolute Leisure Limited
B - Company Creditors

Key	Name	Address	£
CA00	AB Autos	251 Whitehall Road, Lees 12, LS12 6ER	380.48
CA01	Able UK Ltd	Billingham Reach Ind Est, Teeside, TS23 1PX	7,659.00
CA02	Acorn Catering Equipment	Unit 25 Team Valley Business Centre, Earlsay, Team Valley Trading Estate, Gateshead, NE11 0RQ	1,191.20
CA03	ADT UK	Insolvency Dept, ADT Fire & Security, Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB	1,428.46
CA04	Aiivini	Units B5, Leodis Court, David Street, Leeds, West Yorkshire, LS11 5JJ	2,358.80
CA05	Alliance Leicester	Corporate Charging, Bootle, GIR 0AA, Merseyside	176.70
CA06	Andersons	16 Longmeadow Close, Ryton, NE40 4TE	94.00
CA07	Arbewise Tree Surgery	57 Milner Street, Acomb, York, YO24 4NJ	446.50
CA08	Asc Environmental Ltd	The Rivergreen Centre, Aikley Heads, Durham, DH1 5TS	8,497.35
CA09	Asp Liquide UK Ltd	Credit Control, Station Road, Coleshill, Birmingham, B46 1JY	478.27
CA0A	Abundant Life Church	Abundant Life Centre, Wapping Road, Bradford, BD3 0EQ	3,000.00
CA0B	Aspx Radio Systems Ltd	102 Tantobie Road, Denton Burn, Newcastle upon Tyne, NE15 7DQ	0.00
CB00	Edo Stoy Hayward	c/o Spratt Endicott, 52-54 The Green, banbury, Oxon, OX16 9AB	14,100.00
CB01	Berrymans Lace Mawer	Innovation House, Yarm Road, Stockton on Tees, TS18 3TN	1,205.52
CB02	BH Refrigeration	Unit 2F, Larpool Lane Ind Est, Larpool Lane, Whitby, YO22 4LX	1,585.77
CB03	Bishop Skinner	7/8 St James Street, Newcastle upon Tyne, NE1 4NF	133,864.07
CB04	BOC Ltd	PO Box 6, Priestley Road, Worsley, Manchester, M28 2US	4.59
CB05	Booth Shipping Co Ltd	The Cape, Tilston, Near Malpas, SY14 7HB	2,342.50
CB06	British Gas	British Gas Trading Ltd, 1600 Parkway Court, Oxford Business Park South, Garsington Road, Oxford, OX4 2JY	33,771.31
CB07	BT One Bill	Alexander Bain House, 15 York Street, Atlantic Quay, Glasgow, G2 8LA	382.17
CB08	Brocolitia Water Coolers Ltd	7c Halfwhistle Ind Estate, Northumberland, NE49 9HA	138.58
CC00	T A Carneblad	Premier BDC, Whitehouse Centre, Whitehouse Road, Scotswood, Tyne & Wear, NE15 6EP	1,150.00
CC01	C Carnevale	Carnevale House, Blundell Street, London, N7 9BN	11,337.49
CC02	*Chubb Fire Alarm Ltd*POST RETURNED	Wilton House, Bury Road, Radcliffe, Manchester, M26 2HU	458.25
CC03	Ciborio Ltd	Ciborio North East, PO Box 241, Newcastle upon Tyne, NE16 5WS	1,500.00
CC04	Coastline Office Supplies	17A Front Street, Monkseaton, Whitley Bay, NE25 8AQ	776.52
CC05	Cortech Fire & Security Systems Ltd	Cortech House, Ellington Terrace, Ashington, Northumberland, NE63 8PY	1,432.17
CC06	Coverdale & Son Ltd	Unit 1D, Larpool Lane Ind Est, Whitby, YO22 4LX	772.35

Begbies Traynor
Absolute Leisure Limited
B - Company Creditors

Key	Name	Address	£
CC07	Crown Estates	16 New Burlington Place, London, W1S 2HX	7,354.32
CC08	Carlsberg UK Ltd	Headingley Office Park, Ground Floor, Stockdale House, 8 Victoria Road, Leeds, LS6 1PF	31,884.12
CD00	Japo Sysatems Ltd	Unit 17 High Tech Business Village, Witney Way, Boldon, NE35 9PE	392.48
CD01	Darlington Borough Council	Town Hall, Darlington, DL1 5QT	5,826.84
CD02	Lennis Crooks	Whitby Business Park, Fiarfield Way, Whitby, North Yorkshire, YO22 0TD	1,394.55
CD03	Direct Recruitment	1st Floor, 25 Collingwood Street, Newcastle upon Tyne, NE1 1JE	159.62
CD04	Love Building Materials		1,453.13
CD05	RYLA		281.25
CD06	Darlington Borough Council	Corporate Services Dept, Town Hall, Darlington, DL1 5QT	6,998.35
CE00	Asi-Tel (Bluebell Telecom)	9 Riverside Studios, Amethyst Road, Newcastle upon Tyne, NE7 4YL	1,365.53
CE01	EUS	54 Silver Lonnen, Newcastle upon Tyne, NE5 2HD	218.09
CE02	Ellesmere Linen Hire Ltd	42 Carmere Road, Leechmere Ind Est, Sunderland, SR2 9TW	326.22
CE03	Ellwoods North East Ltd	2a Walton Road, Pattinson North Ind Est, District 15 Washington, Tyne & Wear, NE38 8QA	3,608.49
CE04	E On Electricity	Customer Service Centre, PO Box 7750, Nottingham, NG1 6WR	1,834.06
CF00	5th Avenuey Flowers	7 Queen Street, Quayside, Newcastle upon Tyne, NE1 3UG	428.88
CF01	Fuel Network Ltd	Alexandra House, Lawnswood Business Park, Redvers Close, Leeds, LS16 6QY	562.77
CG00	Glan Haswell	1 & 2 Frances Street, Silkswoth, Sunderland, SR3 1EN	8,971.38
CG01	Glanmore Property Fund Ltd	Debenham Tie Leung, 3-5 Swallow Place, London, W1A 4NA	13,212.11
CG02	Gateshead Metropolitan Borough Council	Finance & ICT, Civic Centre, Regent Street, Gateshead, NE8 1HH	4,437.50
CG03	Gold Star Security Ltd	5a Station Terrace, East Boldon, Tyne & Wear, NE36 0LJ	2,514.00
CG04	Gordon Brown Associates	Churchill House, 12 Mosley Street, Newcastle upon Tyne, NE1 1DE	3,912.50
CG05	Green Line	The Byre, Redhouse Farm, Hartside, Durham, DH1 5RJ	5,680.31
CG06	Gateshead Council	Civic Centre, Regent Street, Gateshead, NE8 1HH	11,094.56
CH00	Hall & Partners	Freeman House, 410-420 West Road, Newcastle upon Tyne, NE5 2ER	18,640.40
CH01	Hartley Linfood and Whitlam	Commercial House, Commercial Street, Sheffield, S1 2AT	4,193.16
CH02	Hartlepool Foy Boatman		312.00
CH03	Hawden Hire Centre	Trafford House, Chester Road, Stretford, Manchester, M32 0RL	617.74
CH04	Honeywell Control Systems Ltd	Honeywell House, Arlington Business Park, Bracknell, Berkshire, RG12 1EB	616.88
CH05	Horton Carter	Mallan House, Bridge End, Hexham, Northumberland, NE46 4DQ	4,920.00
CH06	Hornitech North East	1 Fair View, Burnopfield, Newcastle upon Tyne, NE16 6AW	700.50

Begbies Traynor
Absolute Leisure Limited
B - Company Creditors

Key	Name	Address	£
CH07	Hobson Foods Ltd	The Bakehouse Craft Bakery, Saltmeadows Road, Gateshead, NE8 3AH	107.75
CH08	Hire Station Limited	Fields Farm Road, Long Eaton, Nottingham, NG10 3FZ	0.00
CI00	J Ince	Quality Row, Byker, Newcastle upon Tyne, NE6 1NW	14.19
CI01	Initial Washroom Solutions	Rentokil Initial UK Limited, Accounts Receivable, PO Box 4975, Dudley, DY1 9FA	5,039.60
CJ00	John D Bowmaker	Nothways Court, Great North Road, Aberford, Leeds, LS25 3AU	381.88
CJ01	John D Bowmaker	11 Swiffal Edge, Albany Village, Washington, NE37 1UW	356.00
CJ02	John D Bowmaker	PO Box 319, Wellington Street, Leeds, LS1 1UJ	352.50
CJ03	J Seas Marine Services Ltd	14 Green Place, South Shields, Tyne & Wear, NE33 2AE	575.00
CL00	Lenny Dent	106 Rowan Avenue, Harraton, Washington, NE38 9AG	76.37
CL01	Loomis UK Ltd	5th Floor, City Gate East, Tollhouse, Nottingham, NG1 5FS	779.57
CL02	Leeds City Council	PO Box 60, 2 Great George Street, Leeds, LS2 8JR	252.00
CL03	Leeds City Council	PO Box 60, 2 Gret George Street, Leeds, LS2 8JR	2,098.29
CM00	Mark Toney	Wesley Drive, Benton Square Ind Est, Newcastle upon Tyne, NE12 9UP	951.15
CM01	Matthew Clark	Whitchurch Lane, Whitchurch, Bristol, BS14 0JZ	1,683.19
CM02	M/C Electrical Services (Whitby) Ltd	19 White Point Avenue, Whitby, North Yorkshire, YO21 3JG	217.50
CM03	Metro Repro Ltd	B I House, Carlisle Square, Newcastle upon Tyne, NE1 6UF	1,401.73
CN00	Newcastle and Gateshead Crane Hire Ltd	The Ferryhouse, The Willows, Old Ryton Village, Tyne & Wear, NE40 3QF	6,016.56
CN01	*Newcastle Locksmiths POST RETURNED*	285/287 Westgate Road, Newcastle upon Tyne, NE4 6AJ	16.26
CN02	Newcastle City Council - Rates	Civic Centre, Newcastle upon Tyne, NE99 2PT	1,230.00
CN03	NJN Catering Services UK Ltd	39 Meadow View, East Herrington, Sunderland, SR3 3RE	1,138.43
CN04	Noble Denton Consultants Ltd	25/26 Brenkley Way, Seaton Burn, Newcastle upon Tyne, NE13 6DS	2,831.70
CN05	Noonan Thompson Gale	The Old Vicarage Carriage Drive, Armitage Bridge, Huddersfield, HD4 7ND	312.00
CN06	Northumbrian Water	Customer Accounts, PO Box 300, Durham, DH1 5WQ	577.74
CN07	N Power	PO Box 209, MBA Payment Processing Centre, Wetherby Road, Scarcroft, Leeds, LS14 3WX	9,802.83
CN08	Newcastle City Council	PO Box 1UP, Newcastle upon Tyne, NE99 1UP	116,204.00
CN09	Newcastle City Council	PO Box 1UP, Newcastle upon Tyne, NE99 1UP	243.00
CN0A	Newcastle City Council	PO Box 1UP, Newcastle upon Tyne, NE99 1UP	1,368.00
CN0B	Newcastle City Council	PO Box 1UP, Newcastle upon Tyne, NE99 1UP	9,330.78
CP00	PG Architectural Coatings UK Ltd	Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	81.62
CP01	Patrick Parsons Ltd	25 Collingwood Street, Newcastle upon Tyne, NE1 1JE	31,307.81
CP02	Teessport Limited	17-27 Queens Square, Middlesbrough, TS2 1AH	440.62

Begbies Traynor
Absolute Leisure Limited
B - Company Creditors

Key	Name	Address	£
CP03	Penny Print	Unit 1, Halifax Road, Dunston, Tyne & Wear, NE11 9JW	1,679.50
CP04	Parsimmon Homes (yorkshire) Limited	Persimmon House, Fulford, York, YO19 4FE	411.57
CP05	Patricia Nicholson	64 Queen Alexandra Road, Sunderland, SR2 9PB	900.00
CP06	Prior Flats Heaton Moor	59 Priory Gardens, Green Lane, Heaton Moor, Stockport, SK4 3LH	200.00
CP07	Product Agency	Third Floor, 61-63 High Bridge, Newcastle upon Tyne, NE1	899.12
CP08	Performing Rights Soc Ltd	PO Box 2397, London, W1A 2RU	6,816.44
CP09	Pipex Communications UK Ltd	5 Roundwood Avenue, Stockley Park, Uxbridge, Middlesex, UB11 1AY	167.75
CR00	Radfords Butchers	81 Coach Road, Sleights, Whitby, North Yorkshire, YO22 5EH	1,630.86
CR01	Railtrack	Network Rail, Accounts Receivable, PO Box 4278, 4 Travis Street, Manchester, M60 3BP	46,500.00
CR02	Ravenworth Digital	Unit 2, Arcot Court, Nelson Road, Cramlington, NE23 1BB	1,932.69
CR03	Reeds Cranes	Unit A Blenheim Place, Halifax Road, Dunston Ind Est, Gateshead, NE11 9HF	1,999.47
CR04	Rentokil Environmental Services	Pest Control Division, Rentokil Limited, East Grinstead, West Sussex, RH19 1YN	373.11
CR05	Renvac Scaffolding Ltd	Front Street, Bebside, Blyth, NE24 4HP	2,266.50
CR06	Restaurandary.com Limited	75 Bothwell Street, Glasgow, G2 6TS	705.00
CR07	Richmonds Solicitors	Westgate Road, Newcastle upon Tyne, NE1 1TS	11,284.67
CR08	Ringtons	Algernon Road, PO Box 3, Newcastle upon Tyne, NE6 2YN	117.68
CR09	John Rutherford	8 Victoria Avenue, Forest Hall, Newcastle upon Tyne, NE12 8AX	82.80
CR0A	Ryder	Northumbrian Way, Newcastle upon Tyne, NE12 6RT	67,000.00
CR0B	R Tait Walker	Bulman House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3LS	20,244.98
CS00	Scarborough Borough Council	PO Box 147 Town Hall, St Nicholas Street, Scarborough, YO11 1UP	42,941.15
CS01	Sanderson Wetherall	22-24 Grey Street, Newcastle upon Tyne, NE1 6AD	32,435.79
CS02	Savills Commercial Ltd	68 Fountain Street, Manchester, M2 2FE	27,988.37
CS03	Scarborough BC	Finance Dept, Town Hall, St Nicholas Street, Scarborough, YO11 2HG	3,344.45
CS04	St D Garritt Ltd	Vicarage Cottage, High Street, Wadworth, Doncaster, DN11 9BG	2,254.00
CS05	Short Richardson & Forth	4 Mosley Street, Newcastle upon Tyne, NE1 1DE	1,571.96
CS06	Simon Watts	125 Kenton Lane, Newcastle upon Tyne, NE3 4LD	230.00
CS07	Sinton & Co Solicitors	5 The Cube, Barrack Road, Newcastle upon Tyne, NE4 6DB	730.00
CS08	Southern Electric	Po Box 6008, Basingstoke, RG21 8ZB	5,262.76
CS09	Southern Electric Gas	Ty Meridian, Cardiff Gate Business Park, Cardiff, CF23 8AU	3,340.51
CS0A	St James Estates Ltd	Local Taxation, PO Box 39, Stockport, SK1 3FP	2,928.47
CS0B	Stockport MBC	St Peters Basin, Newcastle upon Tyne, NE6 1HX	257.63
CS0C	St Peters Marina		2,013.87

Begbies Traynor
Absolute Leisure Limited
B - Company Creditors

Key	Company Name	Address	£
CS0D	Amlock Electronics Ltd	93-105 New Bridge Street, Newcastle upon Tyne, NE1 2SW	2,544.38
CS0E	Swingbridge Garage	Southshort Road, Gateshead, Newcastle upon Tyne, NE8 3AE	56.75
CS0F	Scarborough BC	Finance Dept, Town Hall, St Nicholas Street, Scarborough, YO11 2HG	0.00
CT00	247 Security	C Gilchrist, 2 Pinfold Way South, Bridlington, YO16 7GJ	13,822.70
CT01	3663 (BFS Group Ltd)	Green Lane, Felling, Tyne & Wear, NE8 1YQ	3,499.62
CT02	Tees & Hartlepool Pilotage Company Ltd	17/27 Queens Square, Middlesbrough, TS2 1AH	412.00
CT03	Tees Inshore Engineering	Cochranes Wharf, Dockside Road, North Ormesby, Middlesbrough, TS3 6AU	468.00
CT04	Thring Townsend	Merchant Investors Assurance Company Ltd, St Bartholomews House, Lewins Mead, Bristol, BS1 2NH	1,178.00
CT05	The Till Roll Co Ltd	28 Chapelgate, Retford, Notts, DN22 6PJ	202.34
CT06	Total Gas & Power	Bridge Gate, 55-57 High Street, Redhill, RH1 1RX	603.18
CV00	Vodafone	PO Box 549, Banbury, OX17 3ZJ	1,151.01
CV01	Vialtus Solutions	5 Roundwood Avenue, Stockley Park, Uxbridge, UB11 1FF	0.00
CW00	Wilf Noble Building Supplies	Sneaton Lane, Runswarp, Whitby, N Yorkshire, YO22 5HL	1,202.39
CW01	City of Wakefield MDC	PO Box 102, Chantry House, 123 Kirkgate, Wakefield, WF1 1ZS	12,972.00
CW02	Walker Morris	Kings Court, 12 King Street, Leeds, LS1 2HL	587.50
CW03	Wall to Wall	3 Hutton Terrace, Sandwyford, Newcastle upon Tyne, NE2 1QT	89.84
CW04	Washtek	Office 6, Galaxy Business Park, Newburn Bridge Road, Tyne & Wear, NE21 4SQ	128.30
CW05	Westlake & Co Chartered Surveyors	The Estate House, South Street, Gargrave, North Yorkshire, BD23 3RT	3,392.50
CW06	Steven Wiggott	43 Beacons Lane, Stockton on Tees, TS17 5EF	1,080.00
CX00	Verrox UK Ltd	Park View, 82 Oxford Road, Uxbridge, UB8 1UX	1,759.04
CY00	City of York Council	PO Box 308, Library Square, York, YO1 7WH	5,522.50
CY01	York Tourism Bureau	20 George Hudson Street, York, YO1 6WR	1,986.41
CY02	Yorkshire Water	PO Box 52, Vicar Lane, Bardford, BD1 5RQ	1,659.02
EB00	Boyd	33 The Crescent, Wallsend, Tyne & Wear, NE28 7RE	3,879.21
EB01	Bushby	31 Kirkwood Drive, Redcar, TS10 2SX	854.37
EB02	Barlett	125 Biddlestone Road, Heaton, Newcastle, NE6 5FP	1,670.39
EB03	Paul L Bushby	38 Windermere Avenue, Redcar, Cleveland, TS10 1LF	0.00
EC00	S Cicala	87 Spencer Street, Newcastle upon Tyne, NE6 5DA	0.00
EC01	A P Cadoni	87 Spencer Street, Newcastle upon Tyne, NE6 5DA	0.00
EC02	A Casula	240 Clara Street, Newcastle upon Tyne, NE4 8PY	0.00
EC03	G Calvert	1 Isabella Walk, Throckley, Newcastle, NE15 9QG	0.00

Begbies Traynor
Absolute Leisure Limited
B - Company Creditors

Key	Name	Address	£
EC04	G Cicala	87 Spencer Street, Newcastle, NE6 5DA	0.00
ED00	V Di Peitro	266 Alexandra Road, Tyne & Wear, Gateshead	347.00
ED01	W Damota	222 Croydon Road, Newcastle upon Tyne, NE4	0.00
EE00	L Elsdon	14 Milfield Avenue, Shiremoor, Newcastle upon Tyne, NE27 0LE	261.41
EF00	YA Fikru	4 Priory Court, Tyne & Wear, Gateshead	0.00
EG00	A Gegaj	172 Ovington Grove, Newcastle upon Tyne, NE5 2QD	220.55
EG01	M F Grifagno	123 Rectory Road, Gateshead, Tyne & Wear, NE8 1XJ	0.00
EH00	S J Hutchinson	10 Lishman Terrace, Crawcrook, Ryton, Tyne & Wear, NE40 3UB	0.00
EH01	Sarah Horbury	31 Kirkwood Drive, Redcar, Cleveland, TS10 2SX	0.00
EK00	M Keen	31 Laburnum Avenue, Walkerville, NE6 4PP	1,862.70
EK01	A Knox	22 The Grove, Gosforth, Newcastle upon Tyne, NE3 1NE	0.00
EK02	Catherine Knox	22 The Grove, Gosforth, Newcastle, NE3 1NG	0.00
EL00	M Liddell	30 Grouse Moor Drive, Ashington, Northumberland, NE63 8LU	0.00
EM00	D Marongiu	123 Rectory Road, Gateshead, Tyne & Wear, NE8 1XS	64.22
EN00	M Nelson	60 Biddleston Road, Heaton, Newcastle upon Tyne, NE6 5SL	0.00
EP00	N Price	6 Tynewold Close, Teams, Gateshead, NE8 2PX	0.00
EP01	JB Podda	1 Pickwick Close, Merryoaks, Durham, DH1 3QU	876.16
EP02	I Pretty	142 Birchwood Hill, Leeds, LS17 8NS	0.00
EP03	Fietro Pisu	85 Second Avenue, Heaton, Newcastle, NE5 5XT	0.00
EQ00	A Quadrini	22 Northam Close, Brunswick Green, Wodeopen, NE13 7HS	0.00
EQ01	U Quadrini	Furzefield Road, Newcastle upon Tyne, Gosforth	0.00
EQ02	John Quadrini	3 Ealing Mews, Newcastle, NE3 2ZG	0.00
ER00	Deay	2 Tyne Street, Consett, Co Durham, DH8 6NN	0.00
ER01	Ray	56 Houghton Crescent, West Denton, Newcastle upon Tyne, NE5 5EE	0.00
ES00	M Seafeld	81 Park Crescent, Shiremoor, Newcastle upon Tyne, NE27 0IJ	100.91
ET00	B Tian	119 Dilston Road, Newcastle upon Tyne, NE4 5AB	0.00
ET01	M Tonge	9 Eastbourne Gardens, Beacon Lane, Cramlington, Northumberland, NE23 8JW	0.00
EW00	J A Wang	180 Colston Street, Fenham, Newcastle, NE4 8UL	0.00
EW01	B Wilson	5 Thirlmere Close, Killingworth, NE12 6DZ	850.86
EW02	Uota Wanderson	5 Clifton Road, Newcastle upon Tyne, Fenham	125,267.56

Begbies & Synor
Absolute Assurance Limited
B - Company Creditors

Key	Name	Address	£
182 Entries Totalling			1,050,715.78

Signature _____

ACCOUNTS FOR THE YEAR ENDING 31
DECEMBER 2006

COMPANY REGISTRATION NUMBER 3770523

ABSOLUTE LEISURE LIMITED
FINANCIAL STATEMENTS
31st DECEMBER 2006

WEDNESDAY



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COMPANIES HOUSE

ABSOLUTE LEISURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2006

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ABSOLUTE LEISURE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	M A M Quadri S W Quadri N A M Quadri A T Knox
Company secretary	M I Keen
Registered office	Hillgate Quay Gateshead Tyne & Wear NE6 2QS
Auditor	Tait Walker Chartered Accountants & Registered Auditors Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Bankers	Allied Irish Bank (GB) 9-17 Collingwood Street Newcastle upon Tyne NE1 1HE
Solicitors	HLW Commercial Lawyers Princess House 122 Queen Street Sheffield S1 2DW

ABSOLUTE LEISURE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st DECEMBER 2006

The directors present their report and the financial statements of the group for the year ended 31st December 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company and its subsidiaries during the year was that of ownership and management of public houses and nightclubs

Business Review

The directors wish to emphasise that the loss for the year includes substantial non-recurring expenditure within both Absolute Leisure's licensed estate together with several ongoing projects within its property development division

Within the licensed estate the directors completed a strategic review of the business which resulted in the estate being streamlined to ensure that only the venues with solid trading futures were retained

The termination of leases on venues identified in the review resulted in an exceptional write down in the year significantly contributing to the reported result

During the year Absolute Leisure continued to progress several property backed transactions which are now nearing completion. These projects and the considerable associated costs represent a substantial investment by Absolute Leisure Limited to both diversify its portfolio and ensure a substantial return on investment

The Key Performance Indicators the company uses to appraise the performance of the company include the 'Cash Ratio' which has increased from 0.043 to 0.046. This represents an improvement in the company's ability to settle current liabilities using only its cash reserves

Another important KPI the company utilises has highlighted that Bank and Brewery borrowing was reduced in the year by over £1.2m and this was substantially reduced still further during 2007

Environmental and social responsibility

The company recognises its environmental and social responsibilities and understands the importance of the contribution that it can make

The company has implemented various policies and designed environmental targets for itself in order to monitor its impact on the environment and reduce any damage that might be caused by its activities

In addition to the environmental targets that the group has set, it has also designed a target regarding its social responsibility, and in specific its responsibility to the local community

ABSOLUTE LEISURE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2006

Employees

The company aims to ensure that its workforce are safe, healthy and fulfilled. To such end, the company has put in place a number of measures including health and safety, training and recognition and reward schemes. The number of employees is disclosed in note 5 to the accounts.

Future Developments

The directors are of the opinion that 2007 will continue to provide a difficult trading environment within the licensed industry. The introduction of the smoking ban combined with both the changes to licensing laws and the general downturn within the economy has resulted in tougher trading conditions nationwide.

It was because of these reasons the directors undertook the strategic review of the trading venues and disposed of those units mentioned previously. This restructuring has left the licensed estate well placed to generate above average returns in the coming years.

During 2007 the company will continue to progress with the property based transactions on at least three prestigious sites within its portfolio. These transactions will both produce substantial returns on investment for Absolute Leisure and further enhance the company's reputation in this field resulting in additional opportunities becoming available to the company.

RESULTS AND DIVIDENDS

The loss for the year amounted to £3,250,967. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has an established, structured approach to risk management. The company's activities expose it to a variety of financial risks, including the effects of credit, liquidity and cash flow, and interest rate risks. The company has adopted risk management policies that seek to mitigate these risks in a cost effective manner. Financial assets that expose the company to financial risk consist primarily of trade debtors and cash. Financial liabilities that expose the company to financial risk consist principally of trade creditors, invoice discounting and hire purchase agreements.

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The company performs ongoing credit evaluation of its customers' financial condition.

Liquidity risk is the risk that the company does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the company ensures there is an adequate liquidity buffer to cover contingencies. The company maintains sufficient cash and open committed credit lines from its bankers to meet its funding requirements.

Interest rate risk re unfavourable movements in interest rates is not perceived as being material to the accounts due to the borrowing agreements in place.

ABSOLUTE LEISURE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2006

DIRECTORS

The directors who served the company during the year were as follows

M A M Quadrim
S W Quadrim
N A M Quadrim
A T Knox

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing these 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 UK 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 group 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 group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

ABSOLUTE LEISURE LIMITED

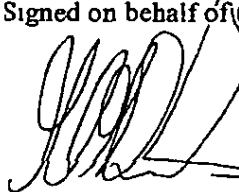
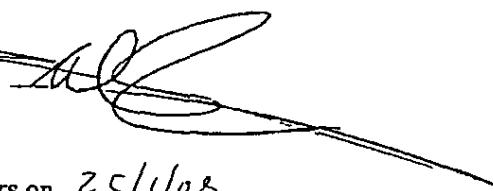
THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2006

AUDITOR

A resolution to re-appoint Tait Walker as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Signed on behalf of the directors

MI Keen
Company Secretary

Approved by the directors on 25/1/08

ABSOLUTE LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE COMPANY'S SHAREHOLDERS

YEAR ENDED 31st DECEMBER 2006

We have audited the group and parent company financial statements ("the financial statements") of Absolute Leisure Limited for the year ended 31st December 2006 set out on pages 8 to 30, which have been prepared on the basis of the accounting policies set out on pages 14 to 15

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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.

ABSOLUTE LEISURE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE COMPANY'S SHAREHOLDERS *(continued)*

YEAR ENDED 31st DECEMBER 2006

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31st December 2006 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Tait Walker

TAIT WALKER
Chartered Accountants
& Registered Auditors

Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

25th January 2008

ABSOLUTE LEISURE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st DECEMBER 2006

	Note	2006 £	2005 £
GROUP TURNOVER	2	7,055,925	8,858,157
Cost of sales		<u>2,553,361</u>	<u>2,797,313</u>
GROSS PROFIT		4,502,564	6,060,844
Administrative expenses		7,433,428	6,785,819
Other operating income	3	<u>(435,603)</u>	<u>(728,434)</u>
OPERATING (LOSS)/PROFIT	4	(2,495,261)	3,459
(Loss)/profit on disposal of fixed assets	7	(129,011)	232,582
		<u>(2,624,272)</u>	<u>236,041</u>
Interest payable and similar charges	8	721,203	671,819
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(3,345,475)</u>	<u>(435,778)</u>
Tax on loss on ordinary activities	9	(94,508)	(129,898)
LOSS FOR THE FINANCIAL YEAR	10	<u>(3,250,967)</u>	<u>(305,880)</u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account

The notes on pages 14 to 30 form part of these financial statements.

ABSOLUTE LEISURE LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

YEAR ENDED 31st DECEMBER 2006

	2006 £	2005 £
Reported loss on ordinary activities before taxation	(3,345,475)	(435,778)
Realisation of gains recognised in previous periods	410,135	362,224
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>836,018</u>	<u>198,610</u>
Historical cost (loss) / profits on ordinary activities before taxation	<u>(2,099,322)</u>	<u>125,056</u>
Historical cost (loss) / profits for the year after taxation	<u>(2,004,814)</u>	<u>254,954</u>

The notes on pages 14 to 30 form part of these financial statements

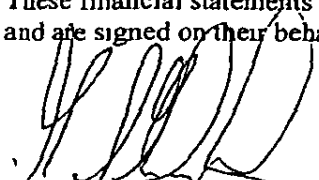
ABSOLUTE LEISURE LIMITED

GROUP BALANCE SHEET

31st DECEMBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Intangible assets	11	678,443	743,558
Tangible assets	12	19,791,747	23,918,233
		<u>20,470,190</u>	<u>24,661,791</u>
CURRENT ASSETS			
Stocks	14	128,027	159,677
Debtors	15	2,487,739	2,979,447
Cash in hand		161,307	184,011
		<u>2,777,073</u>	<u>3,323,135</u>
CREDITORS: amounts falling due within one year	17	<u>3,463,962</u>	<u>4,246,539</u>
NET CURRENT LIABILITIES		<u>(686,889)</u>	<u>(923,404)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,783,301</u>	<u>23,738,387</u>
CREDITORS: amounts falling due after more than one year	18	<u>9,013,504</u>	<u>9,717,623</u>
		<u>10,769,797</u>	<u>14,020,764</u>
CAPITAL AND RESERVES			
Called-up equity share capital	24	12,075,000	12,075,000
Revaluation reserve	25	5,832,214	7,078,367
Profit and loss account	25	(7,137,417)	(5,132,603)
SHAREHOLDERS' FUNDS	26	<u>10,769,797</u>	<u>14,020,764</u>

These financial statements were approved by the directors and authorised for issue on 25/1/08, and are signed on their behalf by


M A M Quadram
Director


A.T. Knox
Director

The notes on pages 14 to 30 form part of these financial statements

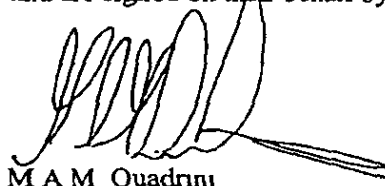
ABSOLUTE LEISURE LIMITED

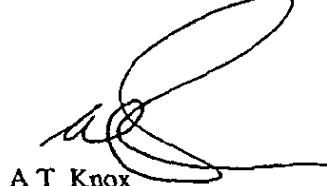
BALANCE SHEET

31st DECEMBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Intangible assets	11	685,489	738,604
Tangible assets	12	16,578,649	20,557,582
Investments	13	<u>1,829,001</u>	<u>1,829,001</u>
		19,093,139	23,125,187
CURRENT ASSETS			
Stocks	14	99,825	129,501
Debtors	15	2,753,970	3,230,424
Cash in hand		<u>126,019</u>	<u>153,376</u>
		2,979,814	3,513,301
CREDITORS: amounts falling due within one year	17	<u>3,535,533</u>	<u>4,236,274</u>
NET CURRENT LIABILITIES		<u>(555,719)</u>	<u>(722,973)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,537,420	22,402,214
CREDITORS: amounts falling due after more than one year	18	<u>7,850,572</u>	<u>8,565,834</u>
		<u>10,686,848</u>	<u>13,836,380</u>
CAPITAL AND RESERVES			
Called-up equity share capital	24	12,075,000	12,075,000
Revaluation reserve	25	5,832,214	7,078,367
Profit and loss account	25	<u>(7,220,366)</u>	<u>(5,316,987)</u>
SHAREHOLDERS' FUNDS		<u>10,686,848</u>	<u>13,836,380</u>

These financial statements were approved by the directors and authorised for issue on 25/1/05, and are signed on their behalf by


M A M Quadri
Director


A T Knox
Director

The notes on pages 14 to 30 form part of these financial statements

ABSOLUTE LEISURE LIMITED

GROUP CASH FLOW

YEAR ENDED 31st DECEMBER 2006

	2006	2005
	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(247,314)	(250,455)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(678,835)	(657,231)
Interest element of hire purchase	<u>(21,677)</u>	<u>(30,560)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(700,512)	(687,791)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(264,092)	(480,811)
Receipts from sale of fixed assets	<u>2,604,742</u>	<u>1,821,527</u>
NET CASH INFLOW FROM CAPITAL EXPENDITURE	2,340,650	1,340,716
CASH INFLOW BEFORE FINANCING	1,392,824	402,470
FINANCING		
New bank loans	1,800,000	500,000
Repayment of bank loans	(2,674,063)	(491,179)
Capital element of hire purchase	<u>(188,440)</u>	<u>(273,088)</u>
NET CASH OUTFLOW FROM FINANCING	(1,062,503)	(264,267)
INCREASE IN CASH	<u>330,321</u>	<u>138,203</u>

RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2006	2005
	£	£
Operating (loss)/profit	(2,495,261)	3,459
Amortisation	65,115	65,115
Depreciation	1,674,995	717,083
Decrease in stocks	31,650	51,933
Decrease/(increase) in debtors	586,216	(789,800)
Decrease in creditors	<u>(110,029)</u>	<u>(298,245)</u>
Net cash outflow from operating activities	<u>(247,314)</u>	<u>(250,455)</u>

The notes on pages 14 to 30 form part of these financial statements

ABSOLUTE LEISURE LIMITED

GROUP CASH FLOW *(continued)*

YEAR ENDED 31st DECEMBER 2006

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2006	2005
	£	£
Increase in cash in the period	330,321	138,203
Net cash outflow from/(inflow) from bank loans	874,063	(8,821)
Cash outflow in respect of hire purchase	<u>188,440</u>	<u>273,088</u>
Change in net debt resulting from cash flows	1,392,824	402,470
New finance leases	<u>(18,171)</u>	<u>(7,950)</u>
Movement in net debt in the period	<u>1,374,653</u>	<u>394,520</u>
Net debt at 1 January 2006	(11,192,334)	(11,586,853)
Net debt at 31 December 2006	<u>(9,817,680)</u>	<u>(11,192,334)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2006 £	Cash flows £	Other changes £	At 31 Dec 2006 £
Net cash				
Cash in hand and at bank	184,011	(22,704)	—	161,307
Overdrafts	<u>(655,996)</u>	<u>353,026</u>	<u>—</u>	<u>(302,970)</u>
	<u>(471,985)</u>	<u>330,322</u>	<u>—</u>	<u>(141,663)</u>
Debt				
Debt due within 1 year	(815,043)	191,085	—	(623,958)
Debt due after 1 year	<u>(9,688,911)</u>	<u>682,978</u>	<u>—</u>	<u>(9,005,933)</u>
Hire purchase agreements	<u>(216,395)</u>	<u>188,440</u>	<u>(18,171)</u>	<u>(46,126)</u>
	<u>(10,720,349)</u>	<u>1,062,503</u>	<u>(18,171)</u>	<u>(9,676,017)</u>
Net debt	<u>(11,192,334)</u>	<u>1,392,825</u>	<u>(18,171)</u>	<u>(9,817,680)</u>

The notes on pages 14 to 30 form part of these financial statements

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its estimated useful life. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of section 230 of the Companies Act 1985.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 5% straight line
Negative Goodwill	- 5% straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 1% straight line
Leasehold Property	- over the period of the lease
Fixtures & Fittings	- 10% reducing balance
Motor Vehicles	- 25% reducing balance
Ships	- 1% straight line

Charter vessels in the course of refurbishment are not depreciated.

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

1. ACCOUNTING POLICIES *(continued)*

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and interest is charged to the Profit and Loss Account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2006	2005
	£	£
United Kingdom	<u>7,055,925</u>	<u>8,858,157</u>

ABSOLUTE LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2006

3. OTHER OPERATING INCOME

	2006	2005
	£	£
Management charges receivable	—	5,096
Compensation for business interruption	—	250,000
Rent Received	276,782	240,000
Other operating income	158,821	233,338
	<u>435,603</u>	<u>728,434</u>

4. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2006	2005
	£	£
Amortisation	65,115	65,115
Depreciation of owned fixed assets	1,653,853	645,749
Depreciation of assets held under hire purchase agreements	21,142	71,334
Auditor's remuneration		
- as auditor	<u>39,650</u>	<u>39,725</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2006	2005
	No	No
Number of production staff	187	239
Number of administrative staff	8	8
Number of management staff	22	22
	<u>217</u>	<u>269</u>

The aggregate payroll costs of the above were

	2006	2005
	£	£
Wages and salaries	2,221,037	2,555,157
Social security costs	130,892	164,111
	<u>2,351,929</u>	<u>2,719,268</u>

ABSOLUTE LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2006

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2006 £	2005 £
Emoluments receivable	<u>18,091</u>	<u>15,491</u>

7. LOSS/PROFIT ON DISPOSAL OF FIXED ASSETS

	2006 £	2005 £
(Loss)/profit on disposal of fixed assets	<u>(129,011)</u>	<u>232,582</u>

The loss on sale of fixed assets relates to the disposal of,

Freehold Property	111,757	239,975
Fixtures and Fittings	(240,768)	-
Motor Vehicles	-	(7,393)
	<u>(129,011)</u>	<u>232,582</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank borrowing	345,284	282,048
Finance charges	21,677	30,560
Other similar charges payable	<u>354,242</u>	<u>359,211</u>
	<u>721,203</u>	<u>671,819</u>

9. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2006 £	2005 £
Deferred tax		
Origination and reversal of timing differences	<u>(94,508)</u>	<u>(129,898)</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

9. TAXATION ON ORDINARY ACTIVITIES *(continued)*

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2005 - 19%)

	2006 £	2005 £
Loss on ordinary activities before taxation	(3,345,475)	(435,778)
Loss on ordinary activities by rate of tax	(635,640)	(82,798)
Items not deductible / (Chargeable) for tax	15,369	15,300
Capital Allowances in excess of depreciation	350,741	36,651
Tax Losses relieved / carried forward	40,845	30,847
Tax effect of capital gain	228,685	-
Total current tax	-	-

10. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £(3,149,532) (2005 - £(265,495))

11. INTANGIBLE FIXED ASSETS

Group	Goodwill £	Negative Goodwill £	Total £
COST			
At 1st January 2006 and 31st December 2006	2,455,677	(1,326,430)	1,129,247
AMORTISATION			
At 1st January 2006	731,704	(346,015)	385,689
Charge for the year	122,784	(57,669)	65,115
At 31st December 2006	854,488	(403,684)	450,804
NET BOOK VALUE			
At 31st December 2006	1,601,189	(922,746)	678,443
At 31st December 2005	1,723,973	(980,415)	743,558

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

11. INTANGIBLE FIXED ASSETS *(continued)*

Company	Goodwill £	Negative Goodwill £	Total £
COST			
At 1st January 2006 and 31st December 2006	<u>2,215,677</u>	<u>(1,153,384)</u>	<u>1,062,293</u>
AMORTISATION			
At 1st January 2006	669,704	(346,015)	323,689
Charge for the year	<u>110,784</u>	<u>(57,669)</u>	<u>53,115</u>
At 31st December 2006	<u>780,488</u>	<u>(403,684)</u>	<u>376,804</u>
NET BOOK VALUE			
At 31st December 2006	<u>1,435,189</u>	<u>(749,700)</u>	<u>685,489</u>
At 31st December 2005	<u>1,545,973</u>	<u>(807,369)</u>	<u>738,604</u>

12. TANGIBLE FIXED ASSETS

Group	Freehold & Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Ships £	Charter Vessels £	Total £
COST OR VALUATION						
At 1 Jan 2006	15,077,921	10,591,400	56,136	5,900,000	1,076,372	32,701,829
Additions	119,446	74,506	-	-	88,311	282,263
Disposals	<u>(2,283,775)</u>	<u>(640,853)</u>	-	-	-	<u>(2,924,628)</u>
At 31 Dec 2006	<u>12,913,592</u>	<u>10,025,053</u>	<u>56,136</u>	<u>5,900,000</u>	<u>1,164,683</u>	<u>30,059,464</u>
DEPRECIATION						
At 1 Jan 2006	999,572	7,573,147	33,878	177,000	-	8,783,597
Charge for the year	1,096,878	513,552	5,565	59,000	-	1,674,995
On disposals	<u>(49,935)</u>	<u>(140,940)</u>	-	-	-	<u>(190,875)</u>
At 31 Dec 2006	<u>2,046,515</u>	<u>7,945,759</u>	<u>39,443</u>	<u>236,000</u>	<u>-</u>	<u>10,267,717</u>
NET BOOK VALUE						
At 31 Dec 2006	<u>10,867,077</u>	<u>2,079,294</u>	<u>16,693</u>	<u>5,664,000</u>	<u>1,164,683</u>	<u>19,791,747</u>
At 31 Dec 2005	<u>14,078,349</u>	<u>3,018,253</u>	<u>22,258</u>	<u>5,723,000</u>	<u>1,076,372</u>	<u>23,918,232</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

12. TANGIBLE FIXED ASSETS *(continued)*

Revaluation

The freehold and leasehold property and fixtures and fittings operated by the group were valued independently by Kenneth Sampson FRICS as at 1st January 2002 and 31st December 2002. This is on the basis of Existing Use Value as fully operational entities and Market Value for surplus properties and development properties, not for use as fully operational entities in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2006 £	2005 £
Net book value at end of year	<u>13,937,044</u>	<u>16,576,430</u>
Historical cost:		
At 1 Jan 2006	10,787,244	12,117,429
Disposals in year	<u>(889,562)</u>	<u>(1,330,185)</u>
At 31 Dec 2006	<u>9,897,682</u>	<u>10,787,244</u>
Depreciation:		
At 1 Jan 2006	1,289,181	1,210,748
On disposals	<u>(13,197)</u>	<u>(131,645)</u>
Charge for year	<u>516,868</u>	<u>210,078</u>
At 31 Dec 2006	<u>1,792,852</u>	<u>1,289,181</u>
Net historical cost value:		
At 31 Dec 2006	<u>8,104,830</u>	<u>9,498,063</u>
At 1 Jan 2006	<u>9,498,063</u>	<u>10,906,681</u>

Hire purchase agreements

Included within the net book value of £19,791,747 is £175,554 (2005 - £630,124) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £21,142 (2005 - £71,334).

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

12. TANGIBLE FIXED ASSETS *(continued)*

Company	Freehold & Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Ships £	Charter Vessels £	Total £
COST OR VALUATION						
At 1 Jan 2006	12,065,041	9,677,583	56,136	5,900,000	1,076,372	28,775,132
Additions	119,446	68,419	—	—	88,311	276,176
Disposals	(2,283,775)	(640,854)	—	—	—	(2,924,629)
At 31 Dec 2006	<u>9,900,712</u>	<u>9,105,148</u>	<u>56,136</u>	<u>5,900,000</u>	<u>1,164,683</u>	<u>26,126,679</u>
DEPRECIATION						
At 1 Jan 2006	742,784	7,263,888	33,878	177,000	—	8,217,550
Charge for the year	1,001,817	454,972	5,565	59,000	—	1,521,354
On disposals	(49,935)	(140,939)	—	—	—	(190,874)
At 31 Dec 2006	<u>1,694,666</u>	<u>7,577,921</u>	<u>39,443</u>	<u>236,000</u>	<u>—</u>	<u>9,548,030</u>
NET BOOK VALUE						
At 31 Dec 2006	<u>8,206,046</u>	<u>1,527,227</u>	<u>16,693</u>	<u>5,664,000</u>	<u>1,164,683</u>	<u>16,578,649</u>
At 31 Dec 2005	<u>11,322,257</u>	<u>2,413,695</u>	<u>22,258</u>	<u>5,723,000</u>	<u>1,076,372</u>	<u>20,557,582</u>

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2006 £	2005 £
Net book value at end of year	<u>13,937,044</u>	<u>16,576,430</u>
Historical cost:		
At 1 Jan 2006	10,787,244	12,117,429
Disposals in year	(889,562)	(1,330,185)
At 31 Dec 2006	<u>9,897,682</u>	<u>10,787,244</u>
Depreciation:		
At 1 Jan 2006	1,289,181	1,210,748
On disposals	(13,197)	(131,645)
Charge for year	516,868	210,078
At 31 Dec 2006	<u>1,792,852</u>	<u>1,289,181</u>
Net historical cost value:		
At 31 Dec 2006	<u>8,104,830</u>	<u>9,498,063</u>
At 1 Jan 2006	<u>9,498,063</u>	<u>10,906,681</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

12. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £16,578,649 is £143,247 (2005 - £594,227) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £17,552 (2005 - £67,345).

13. INVESTMENTS

Company	Group companies £
COST	
At 1st January 2006 and 31st December 2006	<u>10,936,714</u>
AMOUNTS WRITTEN OFF	
At 1st January 2006 and 31st December 2006	<u>9,107,713</u>
NET BOOK VALUE	
At 31st December 2006	<u>1,829,001</u>
At 31st December 2005	<u>1,829,001</u>

The amount written off represents a permanent diminution in the value of the investments

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
Direct holdings:				
Cinderella's Rockerfella's Limited	England	Ordinary shares	100%	Pubs & Clubs
Schemebrave Limited	England	Ordinary shares	100%	Pubs & Clubs
Youngkeen Limited	England	Ordinary shares	100%	Pubs & Clubs
Metwall Limited	England	Ordinary shares	100%	Pubs & Clubs
Lookchart Limited	England	Ordinary shares	100%	Pubs & Clubs
Ivybank Systems Limited	England	Ordinary shares	100%	Property Investment

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

13. INVESTMENTS *(continued)*

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Indirect holdings:				
St Josephs House Limited	England	Ordinary shares	100%	Pubs & Clubs
Tanyaco 182 Limited	England	Ordinary shares	100%	Pubs & Clubs

During its last two financial years Cinderella's Rockerfella's Limited did not trade and at the end of the current year the aggregate of its capital and reserves was £566,000 (2005 - £566,000)

During its last two financial years Metwall Limited did not trade and at the end of the current year the aggregate of its capital and reserves was £1,000 (2005 - £1,000)

During its last two financial years Youngkeen Limited did not trade and at the end of the current year the aggregate of its capital and reserves was £1,000 (2005 - £1,000)

During its last two financial years Schemebrave Limited did not trade and at the end of the current year the aggregate of its capital and reserves was £1,000 (2005 - £1,000)

During the year to 31st December 2006 Lookchart Limited made a loss for the financial year of £19,256 (2005 - Profit £43,419) and at the end of the year the aggregate capital and reserves was £1,739,230 (2005 - £1,758,487)

During the year to 31st December 2006 Ivybank Systems Limited made a loss of £82,180 (2005 - £83,803) and at the end of the year the aggregate capital and reserves was a deficit of £223,235 (2005 - (£141,055))

During its last two financial years St Josephs House Limited did not trade and at the end of the current year the aggregate of its capital and reserves was £2 (2005 - £2)

During its last two financial years Tanyaco 182 Limited did not trade and at the end of the current year the aggregate of its capital and reserves was £100 (2005 - £100)

14. STOCKS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Stock	<u>128,027</u>	<u>159,677</u>	<u>99,825</u>	<u>129,501</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

15. DEBTORS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	8,448	60,554	4,698	60,554
Amounts owed by group undertakings	-	-	378,484	335,671
Other debtors	1,996,201	1,870,111	1,919,238	1,792,833
Deferred taxation (Note 16)	161,264	66,756	207,157	125,725
Prepayments and accrued income	321,826	982,026	244,393	915,641
	<u>2,487,739</u>	<u>2,979,447</u>	<u>2,753,970</u>	<u>3,230,424</u>

16. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Asset/Provision brought forward	66,756	(63,142)	125,725	(2,459)
Increase in asset	<u>94,508</u>	<u>129,898</u>	<u>81,432</u>	<u>128,184</u>
Asset carried forward	<u>161,264</u>	<u>66,756</u>	<u>207,157</u>	<u>125,725</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2006		2005	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	105,599	-	29,688	-
Tax losses available	<u>55,665</u>	<u>-</u>	<u>37,068</u>	<u>-</u>
	<u>161,264</u>	<u>-</u>	<u>66,756</u>	<u>-</u>

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of

Company	2006		2005	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances	151,492	-	88,657	-
Tax losses available	<u>55,665</u>	<u>-</u>	<u>37,068</u>	<u>-</u>
	<u>207,157</u>	<u>-</u>	<u>125,725</u>	<u>-</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

17. CREDITORS: amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	926,928	1,471,039	632,732	1,143,288
Trade creditors	1,146,163	1,295,365	976,942	993,517
Amounts owed to group undertakings	—	—	646,219	712,010
Hire purchase agreements	38,555	187,683	27,853	175,566
Directors' loan accounts	582,710	551,832	582,710	551,832
Other creditors including taxation and social security				
Other taxation and social security	493,816	401,561	435,286	346,208
Other creditors	33,129	119,360	33,129	119,360
Accruals and deferred income	242,661	219,699	200,662	194,493
	<u>3,463,962</u>	<u>4,246,539</u>	<u>3,535,533</u>	<u>4,236,274</u>

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

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	926,928	1,471,039	632,732	1,143,288
Hire purchase agreements	38,555	187,683	27,853	175,566
	<u>965,483</u>	<u>1,658,722</u>	<u>660,585</u>	<u>1,318,854</u>

Bank loans and overdrafts are secured by way of guarantees from the following subsidiary companies Youngkeen Ltd, Metwall Ltd, Schemebrave Ltd, Cinderella's Rockerfellas Ltd, a guarantee from the following related company, Riverzest (Glasgow) Ltd, a personal guarantee from a director M A M Quadrim and a first legal charges over various properties and the yacht known as Absolute Pleasure

Brewery loans are secured by way of legal charges over certain properties and ships held by the company

Obligations under hire purchase contracts are secured by related assets and bear finance charges at commercial rates of interest

18. CREDITORS: amounts falling due after more than one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	9,005,933	9,688,911	7,843,001	8,547,824
Hire purchase agreements	7,571	28,712	7,571	18,010
	<u>9,013,504</u>	<u>9,717,623</u>	<u>7,850,572</u>	<u>8,565,834</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

18. CREDITORS: amounts falling due after more than one year (continued)

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	9,005,933	9,688,911	7,843,001	8,547,824
Hire purchase agreements	7,571	28,712	7,571	18,010
	<u>9,013,504</u>	<u>9,717,623</u>	<u>7,850,572</u>	<u>8,565,834</u>

Bank loans and overdrafts are secured by way of guarantees from the following subsidiary companies Youngkeen Ltd, Metwall Ltd, Schemebrave Ltd, Cinderella's Rockerfellas Ltd, a guarantee from the following related company, Riverzest (Glasgow) Ltd, a personal guarantee from a director M A M Quadrim and a first legal charges over various properties and the yacht known as Absolute Pleasure

Brewery loans are secured by way of legal charges over certain properties and ships held by the company

Obligations under hire purchase contracts are secured by related assets and bear finance charges at commercial rates of interest

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Bank loans and overdrafts	<u>7,180,102</u>	<u>7,282,073</u>	<u>6,405,570</u>	<u>6,490,319</u>

19. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Amounts repayable				
In one year or less or on demand	926,928	1,466,081	632,732	1,143,288
In more than one year but not more than two years	483,958	601,709	359,358	514,376
In more than two years but not more than five years	1,341,873	1,805,128	1,078,073	1,543,128
In more than five years	<u>7,180,102</u>	<u>7,282,073</u>	<u>6,405,570</u>	<u>6,490,319</u>
	<u>9,932,861</u>	<u>11,154,991</u>	<u>8,475,733</u>	<u>9,691,111</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

20. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Amounts payable within 1 year	38,555	187,683	27,853	175,566
Amounts payable between 1 and 2 years	7,571	28,712	7,571	18,010
	<u>46,126</u>	<u>216,395</u>	<u>35,424</u>	<u>193,576</u>

21. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2006 the group had annual commitments under non-cancellable operating leases as set out below

Group	Land and buildings	
	2006	2005
	£	£
Operating leases which expire		
Within 2 to 5 years	81,750	93,520
After more than 5 years	212,973	293,198
	<u>294,723</u>	<u>386,718</u>

At 31st December 2006 the company had annual commitments under non-cancellable operating leases as set out below

Company	Land and buildings	
	2006	2005
	£	£
Operating leases which expire		
Within 2 to 5 years	45,750	-
After more than 5 years	162,973	270,698
	<u>208,723</u>	<u>270,698</u>

ABSOLUTE LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2006

22. TRANSACTIONS WITH THE DIRECTORS

Included in other creditors are loans to the following directors -

	2006 £	2005 £
N.A.M. Quadrini		
Maximum outstanding during year	<u>69,414</u>	<u>27,520</u>
A.T. Knox		
Outstanding at the beginning of year	<u>5,000</u>	<u>5,000</u>
Maximum outstanding during year	<u>5,000</u>	<u>5,000</u>
Outstanding at the end of year	<u>5,000</u>	<u>5,000</u>

23. RELATED PARTY TRANSACTIONS

The company had loan accounts due to (from) the following subsidiary companies -

	Balance at 31/12/06 £	Balance at 31/12/05 £
Metwall Limited	1,000	1,000
Cinderella's Rockerfella's Limited	565,898	565,898
Youngkeen Limited	1,000	1,000
Schemebrave Limited	1,000	1,000
Lookchart Limited	(378,484)	(335,671)
Ivybank Systems Limited	77,321	143,112

The company is related to Ever 1661 Limited by virtue of a common director and shareholder, M A M Quadrini. During the year Absolute Leisure Limited carried out the administrative function for the company and invoiced management charges. At 31st December 2006 the balance due from Ever 1661 Limited and included in other debtors of the company was £377,814 (2005 - £342,553). Other debtors relating to Ever 1661 Limited included in the balance sheet of the group was £451,277 (2005 - £416,331). All balances were guaranteed by director, M A M Quadrini.

The company is related to Absolute Casino's Limited by virtue of a common director and shareholder, N A M Quadrini. During the year the company oversaw the management of the company by making purchases and administering the company. At 31st December 2006 the balance due from Absolute Casino's and included in other debtors was £945,765 (2005 - £773,367).

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

23. RELATED PARTY TRANSACTIONS *(continued)*

The company is related to Absolute Apartments Limited by virtue of a common director and shareholder, M A M Quadram. During the year Absolute Leisure Limited carried out the administrative function for the company and invoiced management charges. At 31st December 2006 the balance due from Absolute Casino's and included in other debtors of the company was £501,032 (2005 - £423,396). Other debtors relating to Absolute Apartments Limited included in the balance sheet of the group was £504,532 (2005 - £426,896).

During the year the company leased a property to director, M A M Quadram. Included in Other Operating Income is rent received in respect of this property of £260,000, (2005 - £240,000). All transactions were carried out at normal commercial rates.

24. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
200,000,000 Ordinary shares of £0.10 each	<u>20,000,000</u>	<u>20,000,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £0.10 each	<u>120,750,000</u>	<u>12,075,000</u>	<u>120,750,000</u>	<u>12,075,000</u>

25. RESERVES

Group	Revaluation reserve £	Profit and loss account £
Balance brought forward	7,078,367	(5,132,603)
Loss for the year	-	(3,250,967)
Other movements		
- transfer to/from revaluation reserve	(1,246,153)	1,246,153
Balance carried forward	<u>5,832,214</u>	<u>(7,137,417)</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2006

25. RESERVES (continued)

Company	Revaluation reserve £	Profit and loss account £
Balance brought forward	7,078,367	(5,316,987)
Loss for the year	—	(3,149,532)
Other movements		
- transfer to/from revaluation reserve	(1,246,153)	1,246,153
Balance carried forward	<u>5,832,214</u>	<u>(7,220,366)</u>

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Loss for the financial year	(3,250,967)	(305,880)
Transfer from revaluation reserve	1,246,153	560,835
Transfer to profit and loss account	(1,246,153)	(560,835)
Net reduction to shareholders' funds	(3,250,967)	(305,880)
Opening shareholders' funds	<u>14,020,764</u>	<u>14,326,644</u>
Closing shareholders' funds	<u>10,769,797</u>	<u>14,020,764</u>

27. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is considered to be the director, M A M Quadrini in his capacity as Chairman and majority shareholder

ABSOLUTE LEISURE LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31st DECEMBER 2006

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 6 to 7**

ABSOLUTE LEISURE LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER 2006

	2006	2005
	£	£
TURNOVER	7,055,925	8,858,157
COST OF SALES		
Direct wages	306,348	298,480
Live acts / self employed promoters	217,612	244,571
Purchases	<u>2,029,401</u>	<u>2,254,262</u>
	2,553,361	2,797,313
GROSS PROFIT	4,502,564	6,060,844
OVERHEADS		
Administrative expenses	7,433,428	6,785,819
	<u>(2,930,864)</u>	<u>(724,975)</u>
OTHER OPERATING INCOME	435,603	728,434
OPERATING (LOSS)/PROFIT	(2,495,261)	3,459
(Loss)/Profit on disposal of fixed assets	<u>(129,011)</u>	<u>232,582</u>
	(2,624,272)	236,041
Interest payable and similar charges	<u>(721,203)</u>	<u>(671,819)</u>
LOSS ON ORDINARY ACTIVITIES	<u>(3,345,475)</u>	<u>(435,778)</u>

ABSOLUTE LEISURE LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st DECEMBER 2006

	2006 £	2005 £
ADMINISTRATIVE EXPENSES		
Accountancy fees	18,953	31,459
Advertising	134,649	138,016
Amortisation	122,784	122,784
Amortisation	(57,669)	(57,669)
Auditors remuneration	39,650	39,725
Bank charges	126,902	129,323
Depreciation	1,674,995	717,083
Directors national insurance contributions	—	1,267
Directors salaries	12,000	10,691
Entertaining	15,674	35,323
General expenses	11,040	11,780
Hire of equipment	50,163	52,580
Insurance	280,944	282,620
Laundry and cleaning	226,415	258,289
Legal and professional fees	480,335	208,933
Light and heat	245,212	192,372
Motor expenses	125,242	164,249
Printing, stationery and postage	57,166	85,674
Rent, rates and water	728,920	711,637
Repairs and maintenance	234,572	297,008
Security	736,331	800,805
Staff national insurance contributions	130,892	162,844
Staff training	280	595
Sundry expenses	40,234	59,274
Telephone	52,791	64,048
Travel and subsistence	42,264	19,123
Wages and salaries	1,902,689	2,245,986
	<u>7,433,428</u>	<u>6,785,819</u>
OTHER OPERATING INCOME		
Compensation for business interruption	—	250,000
Management charges receivable	—	5,096
Other operating income	158,821	133,338
Other operating income - Loss of Income Cocomos	—	100,000
Rent Received	276,782	240,000
	<u>435,603</u>	<u>728,434</u>
INTEREST PAYABLE AND SIMILAR CHARGES		
Bank interest payable	345,284	282,048
Hire purchase interest	21,677	30,560
Inland revenue interest and penalties	73,162	21,991
Interest on other loans	281,080	337,220
	<u>721,203</u>	<u>671,819</u>

JOINT ADMINISTRATORS' PROPOSALS

ABSOLUTE LEISURE LIMITED – IN ADMINISTRATION RESOLUTIONS SCHEDULE

- The Administrators intend to perform their functions in relation to the Company with the objectives set out in paragraph 3(1)(c) namely "to realise property in order to make a distribution to one or more secured or preferential creditors".
- The Joint Administrators propose to realise the assets and undertaking of the Company in such a manner as they consider appropriate with a view to achieving the purpose as set out in Paragraph 3 (2) of Schedule B1 of the Insolvency Act 1986.
- The Joint Administrators propose in the interim to take all necessary actions to preserve the value of the Company's assets.
- In the event that the sale of the Company's assets, either in whole or in part, involves the disposal of assets that are subject to security and in the event that the Joint Administrators cannot come to terms with the creditor concerned, the Joint Administrators propose to make an application to Court in the prescribed manner under the provisions of Paragraphs 70, 71 and 72 of Schedule B1 of the Insolvency Act 1986.
- It is proposed that upon completion of the Administration, if appropriate the Joint Administrators intend to move from Administration to Creditors Voluntary Liquidation pursuant to Schedule B1, paragraph 83 of the Act. It is proposed that Gerald M Krasner and Andrew D Haslam of Begbies Traynor Central LLP, 2 Collingwood Street, Newcastle Upon Tyne, NE1 1JF be appointed Joint Liquidators of the Company. Mr Krasner is a Licensed Insolvency Practitioner regulated by the Institute of Chartered Accountants of England and Wales and Mr Haslam is a Licensed Insolvency Practitioner regulated by the Insolvency Practitioners Association.

In accordance with paragraph 83(7) of the Act and Rule 2.117(3) of the Rules, creditors may nominate a different person as the proposed liquidator provided that the nomination is made after receipt of these proposals and before the proposals are approved. A list of unsecured creditors notified by the Administrators is attached at Appendix 4.

- It is proposed that pursuant to Paragraph 98(2)(b) of Schedule B1 of the Act, the Joint Administrators be given their full discharge from liability in respect of any action as Joint Administrators with effect from the date that the Company is placed into Creditors Voluntary Liquidation.
- The joint administrators propose to be remunerated on the basis of their hourly costs calculated on the time properly spent in the course of the administration and that they may draw their remuneration on account as and when funds permit. The joint administrators also seek approval to re-charge expenses in line with their firm's policy.
- Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.
- A creditors committee be formed in order that they may assist the Joint Administrators with the conduct of the ongoing investigations in this and the associated insolvencies, subject to the nomination of the requisite number of members.

These proposals shall be subject to such modifications or conditions as the creditors of the court approve.