

**THE COMPANIES ACT 1985 (AS AMENDED)
PRIVATE COMPANY LIMITED BY SHARES
NORTH AYRSHIRE LEISURE TRADING SERVICES LIMITED
(COMPANY NUMBER 203399)**

WRITTEN RESOLUTION

We, the undersigned, being the holder of the entire issued share capital of North Ayrshire Leisure Trading Services Limited (the "Company") HEREBY PASS, in accordance with Sections 381A and 381B of the Companies Act (as amended) the following resolution as a written resolution and agree that the said resolution shall, for the purposes, be as valid and effective as if the same had been passed as an ordinary resolution at a general meeting of the Company duly convened and held

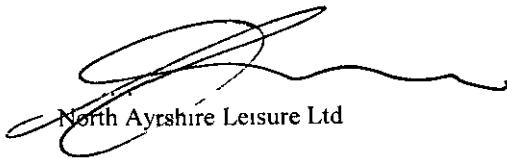
ORDINARY RESOLUTION

1 Accounts

That the profit and loss account and cash flow statement of total recognised profits of the Company for the year ended on 31st March 2008 and the balance sheet of the Company as at that date, together with the Directors' and Auditors' reports on the Accounts, a copy of which are attached, are approved

2 Auditors

That Grant Thornton UK LLP be reappointed as Auditors of the Company and that the Directors be and are to fix the Auditors remuneration


North Ayrshire Leisure Ltd

28 08 08

Date



Financial Statements North Ayrshire Leisure Trading Services Limited

For the year ended 31 March 2008

Company information

Company registration number	SC203399
Registered office	1/1 Galt House Bank Street Irvine Ayrshire KA12 0AJ
Directors	G Higgon A Herbert (Resigned 27 March 2008) E Marshall (Resigned 28 June 2007) A Munro S Dewar (Resigned 28 June 2007) M Highet J Madsen J McGarry W McMahon E Wright (Resigned 31 January 2008) W Freckleton W Cowan D Strain (Resigned 30 November 2007) G Robertson P McNamara (Appointed 28 June 2007) R McNicol (Appointed 28 June 2007)
Secretary	E Carns
Solicitors	Shepherd & Wedderburn 155 St Vincent Street Glasgow
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 95 Bothwell Street Glasgow G2 7JZ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2008.

Principal activities and business review

The company is principally engaged in the provision of catering and body and skincare services.

The catering function has performed well, returning a profit for the third year running of £31,841 (2007: £44,146). Body and Skincare, a salon providing products and treatments, has returned a loss in the year of £8,615 (2007: loss of £7,065). These figures are reported prior to the gift aid contribution made to North Ayrshire Leisure Limited of £10,000 (2007: £nil).

Directors

The directors who served the company during the year are listed on page 1.

No director had any interest in the shares of the company during the year.

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Report of the directors (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware,

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

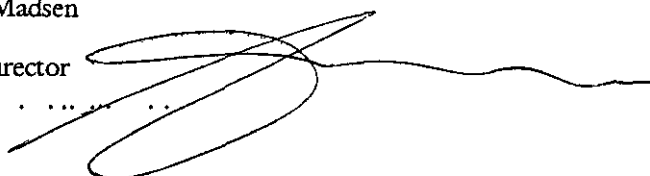
Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD

J Madsen

Director

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned to the right of the name 'J Madsen' and the title 'Director'.

Report of the independent auditor to the members of North Ayrshire Leisure Trading Services Limited

We have audited the financial statements of North Ayrshire Leisure Trading Services Limited for the year ended 31 March 2008 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members 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 Report of the Directors and the financial statements in accordance with United Kingdom law and 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 company's circumstances, consistently applied and adequately disclosed.

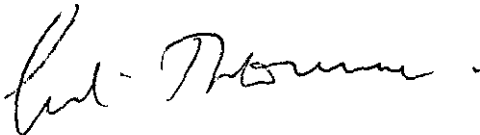
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Report of the independent auditor to the members of North Ayrshire Leisure Trading Services Limited (continued)

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 company's affairs as at 31 March 2008 and of its profit 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 Report of the Directors is consistent with the financial statements.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GLASGOW

2 July 2008

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Stocks

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2008 £	2007 £
Turnover		383,523	386,906
Cost of sales		356,745	344,440
Gross profit		<u>26,778</u>	<u>42,466</u>
Other operating charges	1	13,550	5,385
Operating profit		<u>13,228</u>	<u>37,081</u>
Interest receivable		-	-
Profit on ordinary activities before taxation		<u>13,228</u>	<u>37,081</u>
Tax on profit on ordinary activities		-	-
Profit for the financial year	8	<u>13,228</u>	<u>37,081</u>

All of the activities of the company are classed as continuing

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

Balance sheet

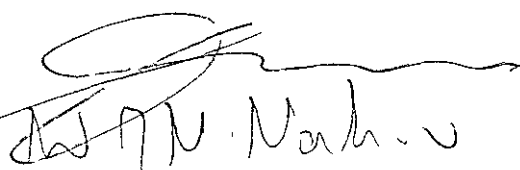
	Note	2008 £	2007 £
Current assets			
Stocks	3	22,115	22,249
Debtors	4	208,558	372,300
Cash at bank		17,409	12,053
		<u>248,082</u>	<u>406,602</u>
Creditors: amounts falling due within one year	5	229,330	401,078
Net current assets		<u>18,752</u>	<u>5,524</u>
Total assets less current liabilities		<u>18,752</u>	<u>5,524</u>
Capital and reserves			
Called up equity share capital	7	1	1
Profit and loss account	8	18,751	5,523
Shareholders' funds	9	<u>18,752</u>	<u>5,524</u>

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

These financial statements were approved by the directors on 26 June 2008 and are signed on their behalf by

J Madsen

W McMahon



Notes to the financial statements

1 Other operating charges

	2008 £	2007 £
Administrative expenses	3,550	5,385
Gift aid	10,000	
	<u>13,550</u>	<u>5,385</u>

2 Directors and employees

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

	2008 No.	2007 No.
Catering	6	6
Body and skincare	2	2
	<u>8</u>	<u>8</u>

The aggregate payroll costs of the above were

	2008 £	2007 £
Wages and salaries	153,216	143,063
Social security costs	1,159	1,282
Pension costs	9,888	8,867
	<u>164,263</u>	<u>153,212</u>

Staff are employed by North Ayrshire Leisure Limited with associated costs recharged to North Ayrshire Leisure Trading Services Limited.

3 Stocks

	2008 £	2007 £
Raw materials	<u>22,115</u>	<u>22,249</u>

Notes to the financial statements (continued)

4 Debtors

	2008 £	2007 £
Trade debtors	5,129	4,323
Amounts owed by related parties	203,190	367,671
Prepayments and accrued income	239	306
	<u>208,558</u>	<u>372,300</u>

5 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	16,951	15,416
Amounts owed to group undertakings	211,215	384,245
Corporation tax	—	—
Other creditors	1,164	1,417
	<u>229,330</u>	<u>401,078</u>

6 Related party transactions

North Ayrshire Council provided a banking facility during the period. At 31 March 2008 this facility was included in amounts owed by related parties and amounted to £171,700 (2007: £268,000).

North Ayrshire Council provided some administrative support and assistance to the company for which they made no charge

The balance due from North Ayrshire Council at 31 March 2008 was £203,190 (2007: £367,671).

The ultimate parent company is North Ayrshire Leisure Limited due to its 100% shareholding. North Ayrshire Leisure Limited incurred salary costs of £164,262 (2007: £153,212) which were recharged to North Ayrshire Leisure Trading Services Limited in respect of staff who are employed by the company but worked exclusively for North Ayrshire Trading Services Limited.

At 31 March 2008 the company the amount owed to North Ayrshire Leisure Limited was £211,215 (2007: £384,245). Included within this amount was a transfer of gift aid of £10,000, transferred from North Ayrshire Trading Services Limited to North Ayrshire Leisure

Notes to the financial statements (continued)

7 Share capital

Authorised share capital:

	2008 £	2007 £
10,000 ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid.

	2008 No.	£	2007 No.	£
Ordinary shares of £1 each	1	1	1	1

8 Profit and loss account

	2008 £	2007 £
Balance brought forward	5,523	(31,558)
Profit for the financial year	13,228	37,081
Balance carried forward	18,751	5,523

9 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	13,228	37,081
Opening shareholders' deficit	5,524	(31,557)
Closing shareholders' funds/(deficit)	18,752	5,524

10 Capital commitments

The company had no capital commitments at 31 March 2008 or at 31 March 2007

11 Contingent liabilities

There were no contingent liabilities at 31 March 2008 or 31 March 2007

12 Ultimate parent undertaking

The directors consider that the ultimate parent undertaking of this company is North Ayrshire Leisure Limited.

Management information

**The following page does not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 5 to 6**

Profit and loss account

	2008 £	2007 £
Turnover	383,523	386,906
Cost of sales		
Purchases	188,798	183,996
Direct wages	164,262	153,212
Vending machine rentals	3,685	7,232
	<u>356,745</u>	<u>344,440</u>
Gross profit	26,778	42,466
Overheads		
Repairs and maintenance	396	1,163
Licenses	30	35
Telephone	189	(254)
Printing, stationery and postage	57	168
Sundry expenses	82	195
Cleaning materials	990	1,692
Materials and equipment	563	938
Uniforms	37	618
Bank charges	909	830
Bad debt expense	297	-
Gift aid	10,000	
	<u>13,550</u>	<u>5,385</u>
Operating profit	13,228	37,081
Bank interest receivable	-	-
Profit on ordinary activities	13,228	37,081