DeMure LIMITED

Directors Report & Accounts 2004

For the Financial Period to 31 December 2004

SCT SDONN5CW 1180
COMPANIES HOUSE 17/05/05

Company Registration: SC267600

DIRECTORS

Peter L. Perrins, C.A. - Managing Director (appointed 24 May 2004)

George P. Carter, C.A. - Financial Director (appointed 24 May 2004)

Brian R. King (appointed 24 May 2004)

Christopher J. Barr (appointed 24 May 2004)

Dr Derek J. Douglas, C.A. – Non-Executive Director (appointed 24 May 2004)

John M Caldwell (appointed 7 May, resigned 24 May 2004)

Frank A Fowlie (appointed 7 May, resigned 24 May 2004)

SECRETARY

Frank A Fowlie (appointed 7 May, resigned 24 May 2004)

George P. Carter, C.A. (appointed 24 May 2004)

AUDITORS

Ernst & Young LLP
Barony House
Stoneyfield Business Park
Stoneyfield
INVERNESS
IV2 7PA

BANKERS

Lloyds TSB Scotland plc
Edinburgh City Office
28 Hanover Street
Edinburgh
EH2 2DS

SOLICITORS

Maxwell MacLaurin
100 West Regent Street
Glasgow
G2 2QB

Shepherd & Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

REGISTERED OFFICE

23/25 Huntly Street
INVERNESS
IV3 5PR

Company Registration: SC267600

DeMure Limited

Directors Report

The Directors have pleasure in submitting their Report to the shareholders, together with the Accounts for the period since incorporation on 7 May 2004 to 31 December 2004.

Principal Activity

The principal activity of the Company is as a Property holding and development company.

Incorporation

The Company was incorporated on 7th May 2004 as Sunset Strip (No. 2) Limited and changed its name to DeMure Limited on 24th May 2004.

Directors and their interests

The Directors of the Company at the end of the financial period and their interests in the share capital of the Company were as follows:

	Ordinary Shares of 1p Each	
	At 31 December 2004	At 7 May 2004
Peter L. Perrins, C.A.	42,709	-
George P. Carter, C.A.	42,708	-
Brian R. King	42,708	-
Christopher J. Barr	42,708	-
Derek J. Douglas	6,364	-

On 9th December 2004, under section 162 of the Companies Act 1985, the company bought back 1,591 *ordinary shares of 1p each, for a total consideration of £10,000.*

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.

Auditors

A resolution to appoint Ernst & Young LLP as auditors will be put to members at the Annual General Meeting.

ON BEHALF OF THE BOARD

23/25 Huntly Street,
Inverness.
IV3 5PR

23 March 2005

G. P. CARTER C.A.
Director & Company Secretary

DeMure Limited

Profit & Loss Account

For the financial period to 31 December 2004

	Note	2004 £
TURNOVER	2	113,627
Cost of Sales		-
GROSS PROFIT		113,627
Administration Expenses		(79,282)
OPERATING PROFIT	3	34,345
Interest Receivable & other similar income		11,495
Interest Payable		(16,836)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		29,004
Tax On Profit on Ordinary Activities	4	(8,000)
RETAINED PROFIT FOR FINANCIAL PERIOD		£21,004

The notes on pages 4 –8 form part of these accounts

DeMure Limited

Balance Sheet

As at 31 December 2004

	Note	2004 £
FIXED ASSETS		
Tangible assets	5	**7,665,954**
CURRENT ASSETS		
Debtors	6	**141,290**
Cash at Bank		**96,578**
		237,868
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	**1,516,132**
NET CURRENT (LIABILITIES)		**(1,278,264)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,387,690**
CREDITORS: AMOUNTS FALLING DUE OUTWITH ONE YEAR		**-**
PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred Taxation	8	**1,000**
NET ASSETS		**£6,386,690**
CAPITAL AND RESERVES		
Called Up Share capital	9	**1,772**
Share Premium Account	10	**6,373,898**
Capital Redemption Reserve	10	**16**
Profit and Loss Account	11	**11,004**
EQUITY SHAREHOLDERS' FUNDS		**£6,386,690**

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).
These accounts were approved by the Directors on 23 March 2005 and signed on their behalf by

George P. Carter
Director

Peter L. Perrins
Director

The notes on pages 4 – 8 form part of these accounts

DeMure Limited

Notes to the Accounts

For the financial period to 31 December 2004

1. Accounting Policies

a) Basis of Preparation

The accounts have been prepared under the historical cost convention, modified to include the revaluation of investment properties, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). This requires a departure from the Companies Act 1985 relating to depreciation and an explanation of the departure is given below.

b) Investment properties

The company's properties are held for long-term investment. Investment properties are accounted for in accordance with SSAP 19, as follows:

- Investment properties are revalued annually. The surplus or deficit on revaluation is transferred to the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year; and
- No depreciation is provided in respect of investment properties.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the Directors believe that the policy of not providing depreciation is necessary in order for the accounts to give a true and fair view, since the current value of investment properties, and changes to that current value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been included cannot be separately identified or quantified.

c) *Depreciation*

Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:-

Fixture, fittings and equipment - over 3 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

d) 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 future reversal of the underlying timing difference can be deducted.

Notes to the Accounts

For the financial period to 31 December 2004

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

2. Turnover

Turnover represents rental income in respect of the company's investment properties. All turnover arises from continuing operations in the UK.

3. Operating Profit

The operating profit is stated after charging: -

		2004 £
Depreciation		£28,115
Auditors' Remuneration	- Audit	£2,250

4. Tax on Profit on Ordinary Activities

Analysis of charge in period

	2004 £
Current Tax	
UK Corporation tax on profits of the period	7,000
Deferred Tax	
Arising in the period	1,000
Tax on profit on ordinary activities	£8,000

Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is greater than the standard rate of corporation tax in the UK (19%). The differences are explained below: -

	2004 £
Profit on ordinary activities before tax	29,004
Profit on ordinary activities multiplied by standard rate of corporation tax of 19%	5,511
Effects of:	
Expenses not deductible for tax purposes	3,489
Depreciation for the period in excess of capital allowances	(1,000)
Current tax charge for period	£8,000

Notes to the Accounts

For the financial period to 31 December 2004

5. Tangible Fixed Assets

	TOTAL	Heritable Property	Fixtures Fittings & Equipment
<u>Cost or Valuation</u>			
On Incorporation	-	-	-
Additions on issue of shares	5,625,675	5,397,655	228,020
Additions - other	2,068,394	2,068,394	-
At 31 December 2004	£7,694,069	£7,466,049	£228,020
<u>Depreciation</u>			
On Incorporation	-	-	-
Provisions for financial period	28,115	-	28,115
At 31 December 2004	£28,115	£-	£28,115
Net Book Value			
At 31 December 2004	**£7,665,954**	**£7,466,049**	**£199,905**
Net Book Value			
On Incorporation	£ -	£ -	£ -

The Company's heritable properties are held for long term investment. These investment properties were valued by the Directors as at 31 December 2004, on the basis of open market value for existing use. This valuation does not differ from the historic cost of the properties, and accordingly no uplift on revaluation is considered necessary.

6. Debtors

	2004 **£**
Amounts falling due within one year:	
Other Debtors	**141,290**
	£141,290

Notes to the Accounts

For the financial period to 31 December 2004

7. Creditors: Amounts Falling Due Within One Year

	2004 £
Other creditors	*1,500,000*
Corporation tax	8,027
Accruals and deferred income	8,105
	£1,516,132

The bank overdraft which arises from time to time is secured.

8. Deferred Taxation

	2004 £
On Incorporation	-
Provided in financial period	1,000
Balance at 31 December 2004	**£1,000**

Deferred tax is provided in the accounts as follows:-

	2004 £
Capital allowances in advance of depreciation	£1,000

No provision for deferred taxation has been made in relation to the valuation of land and buildings. If land and buildings were disposed of at the balance sheet amounts, it is estimated that the tax liability would be **£180,000**.

9. Share Capital

	2004 £
Authorised:	
178,788 Ordinary Shares of 1p	£1,788
***Allotted, Called Up & Fully* Paid:**	
177,197 Ordinary Shares of 1p	£1,772

On 9th June 2004, 178,787 ordinary shares of 1p each were issued credited as fully paid, in exchange for assets with a *net book value of £6,375,686. On 9th December 2004, 1,591 Ordinary shares were bought back by the company for a* total consideration of £10,000.

Notes to the Accounts

For the financial period to 31 December 2004

10. Reserves

	Share Premium Account	Capital Redemption Reserve	Profit & Loss Account
On Incorporation	-	-	-
Retained profit for the financial period	-	-	21,004
Arising on issue of shares in the period	6,373,898	-	-
Purchase of Company's shares	-	16	(10,000)
At 31 December 2004	**£6,373,898**	**£16**	**£11,004**

11. Reconciliation of Movements in Shareholders' Funds

	2004 £
On incorporation	-
Profit for the Financial Period	**21,004**
Issue of shares in the period	**6,375,686**
Purchase of Company Shares	**(10,000)**
At 31 December 2004	**£6,386,690**

12. Commitments

At 31 December 2004, the Company had capital commitments of **£2,595,000** in respect of capital expenditure.

13. Contingent Liabilities

The Company is party to an arrangement providing for the unlimited cross guarantee of bank overdrafts and loans of DeMure Limited and of companies within the Carlton Bingo plc Group. The cross guarantee arrangements are secured by fixed and floating changes over the assets of the Company and of the Group. At the financial period *end, the contingent liability amounted to* **£10,807,923** *for the Company.*

14. Related Party Transactions

Included within other creditors (note 7) is £1,500,000 due to Carlton Gaming Limited, a wholly owned subsidiary of *Carlton Bingo plc.*

In June 2004, as part of a capital reconstruction of the Carlton Bingo plc Group, the company acquired assets and cash with a net book value of £6,375,686 from the Carlton Bingo plc Group.

The Company currently leases properties to companies within the Carlton Bingo plc Group. The rentals for these properties has been determined by an independent valuer. The Company received rental income from companies within the Carlton Bingo plc Group of £113,627 *in the period to date in respect of these properties. In addition*, the Company is also engaged in building a further two shell units to be let on completion to the Carlton Bingo plc Group.

The Directors of DeMure Limited are also Directors and shareholders of Carlton Bingo plc.

Statement of Directors' Responsibilities in Respect of the Accounts

For the financial period to 31 December 2004

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing those accounts, the Directors are required to (a) select suitable accounting policies and then apply them consistently, (b) make judgements and estimates that are reasonable and prudent, (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and (d) prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the Auditors

For the financial year to 31 December 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEMURE LIMITED

We have audited the company's financial statements for the period ended 31 December 2004, which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 14. These financial Statements have been prepared on the basis of the accounting polices set out therein and in accordance with the Financial Reporting Standard for Smaller Entities.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Director's Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Ernst & Young LLP

Registered Auditor
Inverness

23 March 2005