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HOTCHKISS PATENTS AND INVESTMENTS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST OCTOBER 1977

CERTIFICATE REQUIRED UNDER SECTION 127 OF THE COMPANIES ACT 1948

We certify that the annexed Report of the Auditors, Balance Sheet, Profit and Loss Account, Notes and Schedules and the Report of the Directors were laid before the company in general meeting during the period to which the Annual Return relates and that they are true copies thereof.

Director.....

Secretary.....

KIDSONS  
Chartered Accountants

# HOTCHKISS PATENTS AND INVESTMENTS LIMITED

## Directors

L. D. Thompson  
W. G. Thompson  
B. J. Thompson  
R. M. Wilcock

## DIRECTORS' REPORT

The directors submit their annual report and the audited accounts of the company for the eleven months ended 31st October 1977.

### TRADING RESULTS

The trading results are shown in the profit and loss account on page 4. The directors do not recommend payment of a dividend.

### CONSOLIDATED ACCOUNTS

The consolidated accounts include the results of the wholly owned subsidiary company for the eleven months to 31st October 1977. The consolidated comparative figures for the previous year however relate only to Hotchkiss Patents and Investments Limited.

### PRINCIPAL ACTIVITIES

The principal activities of the company continued to be as operators of amusement devices.

### EXPORTS

The company's exports from the United Kingdom were Nil.

### DIRECTORS

The following were directors for the whole of the period:-

L. D. Thompson  
W. G. Thompson  
B. J. Thompson  
R. M. Wilcock

### DIRECTORS' SHAREHOLDINGS

The interests of the directors in the company's share capital are set out below:-

<u>Director</u>	<u>Ordinary Shares of £1 each</u>	
	<u>1977</u>	<u>1976</u>
L. D. Thompson	1,334	700
W. G. Thompson	1,500	1,400
B. J. Thompson	-	-
R. M. Wilcock	-	-

In addition W. G. Thompson had a non-beneficial interest as trustee in a further 1,366 at 31st October 1977 (1976 - 500).

### FIXED ASSETS

During the year the company incurred expenditure of £166,525 on new amusement devices.

Following the destruction of 3 amusement devices by the fire at Pleasurelands, Southport during the year the company lost assets costing £12,241.

HOTCHKISS PATENTS AND INVESTMENTS LIMITEDDIRECTORS' REPORT (Continued)

## EXTRAORDINARY ITEMS

The profit on the sale of the quoted investment of £17,821 and the excess of insurance proceeds over the value of the three amusement devices destroyed by fire at Pleasurelands, Southport of £66,212 have both been treated as extraordinary items.

## SUBSIDIARY COMPANY

On 8th March 1977 the company acquired 100% of the share capital of Helters Limited at a cost of £122,304. Helters Limited is incorporated in England. The company's principal activity is operators of amusement devices.

Helters Limited owns 100% of the share capital of Helters (Marine Drive Developments) Limited. This company is incorporated in England, and did not trade during the year.

This company was sold during the year. There was neither profit nor loss on the sale.

## INVESTMENTS

In order to finance the acquisition of Helters Limited the company sold its entire portfolio of quoted investments.

The resulting profit has been taken as an extraordinary profit of £17,821 to the profit and loss account.

## SHARE CAPITAL

In order to finance the purchase of Helters Limited a further 2,000 ordinary shares of £1 each were issued for cash at a price of £5 each. The premium of £4 per share was credited to the share premium account.

## LOAN CAPITAL

In order to finance the purchase of Helters Limited the company issued £50,000 10% unsecured loan stock repayable in equal annual instalments from 1987 to 1996.

## AUDITORS

Messrs. Kidsons, Chartered Accountants, have expressed their willingness to continue in office and accordingly will stand for re-election at the forthcoming annual general meeting.

By Order of the Board

C. WREN-HILTON

Secretary

Columbia House

69 Aldwych

London WC2B 4DY

31st January 1978.

HOTCHKISS PATENTS AND INVESTMENTS LIMITEDREPORT OF THE AUDITORS TO THE MEMBERS

In our opinion, the accounts set out on pages 4 to 14, which have been prepared under the historical cost convention, give a true and fair view of the state of the group and of the company at 31st October 1977, and of its results and source and application of funds for the eleven months ended on that date and comply with the Companies Acts 1948 to 1967.

KIDSONS

Chartered Accountants

31st January 1978.

HOTCHKISS PATENTS AND INVESTMENTS LIMITED  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE ELEVEN MONTHS ENDED 31ST OCTOBER 1977

	<u>Note</u>	<u>1977</u> £	<u>1976</u> £
TURNOVER	1	<u>154,107</u>	<u>29,556</u>
PROFIT BEFORE TAXATION	2	733	373
TAXATION	3	<u>17,791</u>	<u>846</u>
LOSS AFTER TAXATION		(17,058)	(473)
EXTRAORDINARY ITEMS	7	<u>87,434</u>	<u>-</u>
		70,376	(473)
Bonus issue of 5,824 10p 'A' ordinary shares		<u>582</u>	<u>-</u>
PROFIT (LOSS) RETAINED	5	<u>69,794</u>	<u>(473)</u>

HOTCHKISS PATENTS AND INVESTMENTS LIMITED

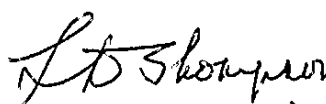

PROFIT AND LOSS ACCOUNT

FOR THE ELEVEN MONTHS ENDED 31ST OCTOBER 1977

	<u>Note</u>	<u>1977</u> £	<u>1976</u> £
TURNOVER	1	<u>34,476</u>	<u>29,556</u>
PROFIT (LOSS) BEFORE TAXATION	2	(4,860)	373
TAXATION	3	<u>4,986</u>	<u>846</u>
LOSS AFTER TAXATION		(9,846)	(473)
EXTRAORDINARY ITEMS	7	<u>85,765</u>	<u>-</u>
PROFIT (LOSS) RETAINED	5	<u>75,919</u>	<u>(473)</u>

HOTCHKISS PATENTS AND INVESTMENTS LIMITED  
CONSOLIDATED BALANCE SHEET - 31ST OCTOBER 1977



		<u>1977</u>	<u>1976</u>
<u>EMPLOYMENT OF FUNDS</u>	<u>Note</u>	£	£
FIXED ASSETS	6	173,944	8,289
GOODWILL ON CONSOLIDATION	11	78,489	-
QUOTED INVESTMENTS	7	-	15,546
DEPOSIT		9,000	9,000
 CURRENT ASSETS			
Unquoted Investments		1	-
Debtors		76,834	742
Taxation Recoverable		710	184
Tax Reserve Certificates		180	180
Cash and Bank		12,892	18,951
		<u>90,617</u>	<u>20,057</u>
 CURRENT LIABILITIES			
Creditors		147,299	18,082
Bank Overdraft		5,783	236
Proposed Dividend		1,000	1,000
		<u>154,082</u>	<u>19,318</u>
		<u>(63,465)</u>	739
		<u>197,968</u>	<u>33,574</u>
 <u>FUNDS EMPLOYED</u>			
SHARE CAPITAL	4	5,000	3,000
RESERVES	5	108,368	30,574
SHAREHOLDERS' FUNDS		113,368	33,574
LOAN CAPITAL	9	50,000	-
DEFERRED TAXATION	10	34,600	-
		<u>197,968</u>	<u>33,574</u>

  
 L. D. THOMPSON  
  
 W. G. THOMPSON

} Directors

HOTCHKISS PATENT AND INVESTMENTS LIMITEDBALANCE SHEET - 31ST OCTOBER 1977

		<u>1977</u>	<u>1976</u>
	Note	£	£
<u>EMPLOYMENT OF FUNDS</u>			
FIXED ASSETS	6	29,258	8,289
QUOTED INVESTMENTS	7	-	15,546
SUBSIDIARY COMPANY			
SHARES AT COST		122,304	-
CURRENT ACCOUNT		<u>7,400</u>	<u>-</u>
DEPOSIT		9,000	9,000
CURRENT ASSETS			
Debtors		71,747	742
Taxation recoverable		240	184
Tax reserve certificates		180	180
Bank		12,262	18,951
Dividend Receivable		<u>582</u>	<u>-</u>
		<u>85,011</u>	<u>20,057</u>
CURRENT LIABILITIES			
Creditors		77,380	18,082
Current taxation		-	236
Proposed dividend		<u>1,000</u>	<u>1,000</u>
		<u>78,380</u>	<u>19,318</u>
NET CURRENT ASSETS (LIABILITIES)		<u>6,631</u>	<u>739</u>
		<u>174,593</u>	<u>33,574</u>
<u>FUNDS EMPLOYED</u>			
SHARE CAPITAL	4	5,000	3,000
RESERVES	5	114,493	30,574
SHAREHOLDERS' FUNDS		119,483	33,574
LOAN CAPITAL	9	50,000	-
DEFERRED TAXATION	10	<u>5,100</u>	<u>-</u>
		<u>174,593</u>	<u>33,574</u>

  
 L. D. THOMPSON  
  
 W. G. THOMPSON

} Directors



HOTCHKISS PATENTS AND INVESTMENTS LIMITED  
CONSOLIDATED SOURCE AND APPLICATION OF FUNDS  
YEAR ENDED 31ST OCTOBER 1977

	Note	<u>1977</u>	<u>1976</u>
		£	£
Profit before taxation		733	1,325
Depreciation		6,756	1,423
Funds retained from trading		<u>7,489</u>	<u>2,748</u>
SOURCE OF FUNDS			
Shares Issued		10,000	-
Loan Capital issue		50,000	-
Insurance proceeds on amusement devices destroyed by fire		71,500	-
Proceeds of sale of quoted investments		33,367	-
Proceeds of sale of amusement devices		6,895	88
Proceeds of sale of motor car		1,581	-
		<u>173,343</u>	<u>88</u>
APPLICATION OF FUNDS			
Purchase of amusement devices		166,525	250
Purchase of Helters Limited	(11)	122,304	-
Purchase of investments		-	450
Minority dividend		373	-
Minority share bonus issue		582	-
Taxation paid		583	405
		<u>290,867</u>	<u>1,105</u>
NET INFLOW (OUTFLOW) OF FUNDS		<u>(110,035)</u>	<u>1,731</u>
WORKING CAPITAL MOVEMENTS			
(Increase) in bank borrowing		(69,346)	10,545
(Increase) in creditors		(116,415)	(9,106)
Increase in debtors		75,726	292
		<u>(110,035)</u>	<u>1,731</u>

HOTCHKISS PATENTS AND INVESTMENTS LIMITEDNOTES ON ACCOUNTS - 31ST OCTOBER 1977

## 1. ACCOUNTING POLICIES

- (a) The consolidated accounts include the result of the wholly owned subsidiary company for the eleven months to 31st October 1977. The comparative figures for the previous year however relate to Hotchkiss Patents and Investments Limited.
- (b) Turnover  
Turnover is defined as takings net of value added tax
- (c) Depreciation  
Depreciation is provided on the fixed assets at varying rates in order to write them off over the period of their expected life.
- (d) Stock  
Stock is consistently valued at the lower of cost and net realisable value.
- (e) Taxation  
Corporation tax is based on profits for the year, and is calculated at 52%.
- (f) Deferred Taxation  
Provision is made for taxation at the rate of 52% which is deferred because of differences between depreciation provided in the accounts and the corresponding allowances for this purpose.

## 2. PROFIT BEFORE TAXATION

GROUP	<u>1977</u>	<u>1976</u>
	£	£
The profit is stated after charging:-		
Depreciation	6,756	1,423
Directors' Fees	7,000	2,000
Other Emoluments	2,000	-
Audit Fee	900	620
Loan Interest	3,230	-
	<u>          </u>	<u>          </u>
and crediting:-		
Income from Quoted Investments	352	1,458
Interest Receivable	2,569	-
	<u>          </u>	<u>          </u>

HOTCHKISS PATENTS AND INVESTMENTS LIMITEDNOTES ON ACCOUNTS - 31ST OCTOBER 1977

(CONTINUED)

## 2. PROFIT BEFORE TAXATION (Continued)

COMPANY	<u>1977</u>	<u>1976</u>
	£	£
The profit is stated after charging:-		
Depreciation	1,311	1,423
Directors' Fees	3,000	2,000
Audit Fee	600	620
Loan Interest	3,230	-
and crediting:-		
Income from Quoted Investments	352	1,458
Dividend from Subsidiary Company	582	-
	<u>          </u>	<u>          </u>

## 3. TAXATION

GROUP	<u>1977</u>	<u>1976</u>
	£	£
United Kingdom corporation tax	-	236
Income tax on franked investment income	122	606
Taxation overprovision in respect of earlier years	(16,931)	4
Transfer to deferred taxation	34,600	-
	<u>17,791</u>	<u>846</u>
	£	£
United Kingdom corporation tax	-	236
Income tax on franked investment income	122	606
Taxation overprovision in respect of earlier years	(236)	4
Transfer to deferred taxation	5,100	-
	<u>4,986</u>	<u>846</u>

## 4. SHARE CAPITAL

	<u>Ordinary Shares of £1 each</u>	
	<u>Authorised</u>	<u>Issued and Fully Paid</u>
	£	£
1st December 1976	5,000	3,000
Issued during the period	-	2,000
	<u>5,000</u>	<u>5,000</u>
31st October 1977		

During the year the company issued 2,000 shares of £1 each, the premium of £4 per share has been taken to the share premium account.

HOTCHKISS PATENTS AND INVESTMENTS LIMITEDNOTES ON ACCOUNTS - 31ST OCTOBER 1977

(CONTINUED)

## 5. RESERVES

GROUP	Share Premium	Capital	Development, Replacement	General	Total
	£	£	£	£	£
30th November 1976	-	7,098	16,500	6,976	30,574
Transfer	-	-	(16,500)	16,500	-
Loss for year	-	-	-	(17,058)	(17,058)
Extraordinary Item	-	-	-	87,434	87,434
Provision on increase on Share Capital	9,000	-	-	-	8,000
Bonus issue of 5,824 10p 'A' Ordinary Shares	-	-	-	(582)	(582)
31st October 1977	9,000	7,098	-	93,270	108,368

## COMPANY

	Share Premium	Capital	Development, Replacement	General	Total
	£	£	£	£	£
30th November 1976	-	7,098	16,500	6,976	30,574
Transfer	-	-	(16,500)	16,500	-
Loss for year	-	-	-	(9,846)	(9,846)
Extraordinary Item	-	-	-	85,765	85,765
Premium on increase in Share Capital	8,000	-	-	-	8,000
31st October 1977	8,000	7,098	-	99,395	114,493

## 6. FIXED ASSETS

GROUP	Short Lease	Amusement Devices	Automatic Machines	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£	£
At 30th November 1976	-	24,419	-	-	-	24,419
Helters Addition	12,811	39,867	12,339	1,101	5,394	71,512
Additions at cost	-	166,525	-	-	-	166,525
Destroyed by fire	-	(12,241)	-	-	-	(12,241)
Sales	-	-	(12,339)	-	(2,109)	(14,448)
31st October 1977	12,811	218,576	-	1,101	3,285	235,767

# HOTCHKISS PATENTS AND INVESTMENTS LIMITED

## NOTES ON ACCOUNTS - 31ST OCTOBER 1977

(CONTINUED)

### 6. FIXED ASSETS

GROUP (Cont'd.)

	<u>Short Lease</u>	<u>Amusement Devices</u>	<u>Automatic Machines</u>	<u>Fixtures &amp; Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£	£
DEPRECIATION						
30th November 1976	-	16,130	-	-	-	16,130
Halters Additions	12,295	31,824	10,303	551	1,748	56,721
Depreciation on assets destroyed by fire	-	(6,953)	-	-	-	(6,953)
Depreciation on sale	-	-	(10,303)	-	(528)	(10,831)
Depreciation for year	380	5,590	-	96	690	6,756
	<u>12,675</u>	<u>46,591</u>	<u>-</u>	<u>647</u>	<u>1,910</u>	<u>61,823</u>
NET BOOK VALUE						
31st October 1977	136	171,979	-	454	1,375	173,944
30th November 1976	-	8,289	-	-	-	8,289

### COMPANY

	<u>Amusement Devices</u>
	£
COST	
30th November 1976	24,419
Additions at cost	25,836
Destroyed by fire	<u>(7,500)</u>
	<u>42,755</u>
31st October 1977	<u>42,755</u>
DEPRECIATION	
30th November 1976	16,130
Depreciation on assets destroyed by fire	<u>(3,944)</u>
Depreciation for year	<u>1,311</u>
	<u>13,497</u>
31st October 1977	<u>13,497</u>
NET BOOK VALUE	
31st October 1977	<u>29,258</u>
	<u>8,289</u>
30th November 1976	<u>8,289</u>

HOTCHKISS PATENTS AND INVESTMENTS LIMITEDNOTES ON ACCOUNTS - 31ST OCTOBER 1977(CONTINUED)

## 7. EXTRAORDINARY ITEMS

GROUP	<u>1977</u>	<u>1976</u>
	£	£
Excess of insurance proceeds over net book value of assets destroyed by fire during the period to 31st October 1977	66,212	-
Profit on sale of quoted investments	17,821	-
Sale of Fixed Assets	<u>3,401</u>	<u>-</u>
	<u>87,434</u>	<u>-</u>
COMPANY		
Excess of insurance proceeds over net book value of assets destroyed by fire during the period to 31st October 1977	67,944	-
Profit on sale of quoted investments	<u>17,821</u>	<u>-</u>
	<u>85,765</u>	<u>-</u>

## 8. SUBSIDIARY COMPANY

Helters Limited became a wholly owned subsidiary of the company on 8th March 1977.

It is incorporated in the United Kingdom and registered in England.  
The shares in the subsidiary company are valued at cost.

## 9. LOAN CAPITAL

	<u>1977</u>	<u>1976</u>
	£	£
Long term loans		
10% unsecured loan stock 1987/1996	<u>50,000</u>	<u>-</u>

## 10. DEFERRED TAXATION

	<u>1977</u>	<u>1976</u>
	£	£
GROUP		
Due to capital allowances	<u>34,600</u>	<u>-</u>
	<u>34,600</u>	<u>-</u>

HOTCHKISS PATENTS AND INVESTMENTS LIMITEDNOTES ON ACCOUNTS - 31ST OCTOBER 1977(CONTINUED)

10. DEFERRED TAXATION (Continued)	<u>1977</u>	<u>1976</u>
COMPANY	£	£
Due to capital allowances	<u>5,100</u>	<u>-</u>
		<u>1977</u>
11. PURCHASE OF HELTERS LIMITED		£
Cash paid for Helters Limited		<u>122,304</u>
Assets acquired:		
Fixed Assets		14,791
Unquoted Investments		1
Stock		366
Cash at Bank		<u>57,504</u>
		<u>72,662</u>
Less:		
Liabilities Assumed:		
Creditors		12,802
Current Taxation		15,172
Dividend payable to minority		<u>873</u>
		<u>28,847</u>
Net Book Value of Assets acquired		48,815
Goodwill on consolidation		<u>78,489</u>
		<u>122,304</u>

## 12. CAPITAL COMMITMENTS

There are commitments for capital expenditure not provided for in these accounts at 31st October 1977 of £55,000.