

AMUSEMENT EQUIPMENT CO. LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

Gerald Thomas & Co
Chartered Accountants
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

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AMUSEMENT EQUIPMENT CO. LIMITED

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AMUSEMENT EQUIPMENT CO. LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2006

DIRECTORS:

S C Bollom
J A Bollom
W P Bollom

SECRETARY:

Mr J A Bollom

REGISTERED OFFICE:

Old Lifeboat Cottage
Mumbles
Swansea
SA3 4EN

REGISTERED NUMBER:

00282503 (England and Wales)

AUDITORS:

Gerald Thomas & Co
Chartered Accountants
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

AMUSEMENT EQUIPMENT CO. LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report with the financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the operation of amusement and leisure facilities including the sale of alcoholic drinks and refreshments

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

The directors consider the company's year end position to be satisfactory

DIVIDENDS

No interim dividends were paid during the year ended 31 December 2006

The directors recommend final dividends per share as follows

Ordinary 25p shares	35 2p
Preference £1 shares	NIL

The total distribution of dividends for the year ended 31 December 2006 will be £56,392

FIXED ASSETS

The market value of land and buildings is disclosed within the note on tangible fixed assets

FUTURE DEVELOPMENTS

The directors anticipate a growth in revenue in 2007 and beyond as a result of property refurbishment and marketing initiatives, which should lead to an improvement in results

DIRECTORS

The directors during the year under review were

S C Bollom
J A Bollom
W P Bollom

The beneficial interests of the directors holding office on 31 December 2006 in the issued share capital of the company were as follows

	31 12 06	1 1 06
Ordinary 25p shares		
S C Bollom	400	400
J A Bollom	400	400
W P Bollom	-	-
Preference £1 shares		
S C Bollom	100	100
J A Bollom	-	-
W P Bollom	-	-

The directors' interests in the share capital of the parent company, Ameco Leisure Group Limited, are disclosed in that company's financial statements

AMUSEMENT EQUIPMENT CO. LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2006

POTENTIAL IMPACT OF THE EURO

The directors do not consider that the introduction of the Euro will have a significant effect on the company's business

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Gerald Thomas & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD:


J A Bollom - Director

Date 12th April 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AMUSEMENT EQUIPMENT CO. LIMITED

We have audited the financial statements of Amusement Equipment Co Limited for the year ended 31 December 2006 on pages six to twenty one. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' 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 on page three.

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 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 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 AUDITORS TO THE SHAREHOLDERS OF AMUSEMENT EQUIPMENT CO. LIMITED

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 December 2006 and of its 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 Report of the Directors is consistent with the financial statements


Gerald Thomas & Co
Chartered Accountants
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

Date 15th April 2007

AMUSEMENT EQUIPMENT CO. LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
TURNOVER		2,695,633	2,806,344
Cost of sales		<u>2,082,080</u>	<u>2,119,774</u>
GROSS PROFIT		613,553	686,570
Administrative expenses		<u>474,240</u>	<u>412,666</u>
OPERATING PROFIT	3	139,313	273,904
Interest payable and similar charges	4	<u>207,534</u>	<u>193,451</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(68,221)	80,453
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(68,221)</u>	<u>80,453</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

The notes form part of these financial statements

AMUSEMENT EQUIPMENT CO. LIMITED

BALANCE SHEET 31 DECEMBER 2006

		2006		2005	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	7		5,006,260		5,028,161
Investments	8		509,636		477,967
			<u>5,515,896</u>		<u>5,506,128</u>
CURRENT ASSETS					
Stocks	9	43,518		46,077	
Debtors amounts falling due within one year	10	97,705		100,049	
Debtors amounts falling due after more than one year	10	434,666		434,666	
Cash at bank and in hand		87,287		82,787	
		<u>663,176</u>		<u>663,579</u>	
CREDITORS					
Amounts falling due within one year	11	802,635		879,517	
NET CURRENT LIABILITIES			<u>(139,459)</u>		<u>(215,938)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,376,437		5,290,190
CREDITORS					
Amounts falling due after more than one year	12		(2,682,735)		(2,468,322)
ACCRUALS AND DEFERRED INCOME	16		<u>(136,139)</u>		<u>(139,692)</u>
NET ASSETS			<u><u>2,557,563</u></u>		<u><u>2,682,176</u></u>

The notes form part of these financial statements

AMUSEMENT EQUIPMENT CO. LIMITED

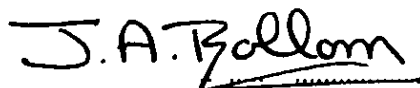
BALANCE SHEET - continued 31 DECEMBER 2006

		2006		2005	
	Notes	£	£	£	£
CAPITAL AND RESERVES					
Called up share capital	17		40,000		40,000
Share premium	18		31,682		31,682
Revaluation reserve	18		2,434,296		2,434,296
Other reserves	18		19,363		19,363
Profit and loss account	18		32,222		156,835
SHAREHOLDERS' FUNDS	22		<u>2,557,563</u>		<u>2,682,176</u>

The financial statements were approved by the Board of Directors on
signed on its behalf by

18th April 2007

and were


J A Bollom - Director


S C Bollom - Director

The notes form part of these financial statements

AMUSEMENT EQUIPMENT CO. LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Net cash inflow from operating activities	1	344,714	670,760
Returns on investments and servicing of finance	2	(207,534)	(193,451)
Capital expenditure and financial investment	2	(313,234)	(231,388)
Equity dividends paid		(56,392)	(47,392)
		<u>(232,446)</u>	<u>198,529</u>
Financing	2	115,131	(124,590)
(Decrease)/Increase in cash in the period		<u>(117,315)</u>	<u>73,939</u>
Reconciliation of net cash flow to movement in net debt	3		
(Decrease)/Increase in cash in the period		(117,315)	73,939
Cash outflow from decrease in debt and lease financing		<u>25,205</u>	<u>65,260</u>
Change in net debt resulting from cash flows		<u>(92,110)</u>	<u>139,199</u>
Movement in net debt in the period		<u>(92,110)</u>	<u>139,199</u>
Net debt at 1 January		<u>(2,885,428)</u>	<u>(3,024,627)</u>
Net debt at 31 December		<u>(2,977,538)</u>	<u>(2,885,428)</u>

The notes form part of these financial statements

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006	2005
	£	£
Operating profit	139,313	273,904
Depreciation charges	301,488	311,045
Loss/(Profit) on disposal of fixed assets	1,979	(2,363)
Decrease in stocks	2,559	7,806
Decrease in debtors	428	5,856
(Decrease)/Increase in creditors	(101,053)	74,512
Net cash inflow from operating activities	344,714	670,760

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2006	2005
	£	£
Returns on Investments and servicing of finance		
Interest paid	(202,524)	(188,923)
Interest element of hire purchase payments	(2,002)	(1,520)
Finance costs	(3,008)	(3,008)
Net cash outflow for returns on investments and servicing of finance	(207,534)	(193,451)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(324,525)	(267,394)
Purchase of fixed asset investments	(31,669)	(31,669)
Sale of tangible fixed assets	42,960	67,675
Net cash outflow for capital expenditure and financial investment	(313,234)	(231,388)
Financing		
New loans in year	2,700,000	-
Loan repayments in year	(2,720,197)	(109,817)
Capital repayments in year	(5,009)	6,955
Amount introduced by directors	195,001	-
Amount withdrawn by directors	(54,664)	(21,728)
Net cash inflow/(outflow) from financing	115,131	(124,590)

The notes form part of these financial statements

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/06 £	Cash flow £	At 31/12/06 £
Net cash			
Cash at bank and in hand	82,787	4,500	87,287
Bank overdraft	(202,218)	(121,815)	(324,033)
	<u>(119,431)</u>	<u>(117,315)</u>	<u>(236,746)</u>
Debt			
Hire purchase	(12,772)	5,009	(7,763)
Debts falling due within one year	(291,967)	237,115	(54,852)
Debts falling due after one year	(2,461,258)	(216,919)	(2,678,177)
	<u>(2,765,997)</u>	<u>25,205</u>	<u>(2,740,792)</u>
Total	<u>(2,885,428)</u>	<u>(92,110)</u>	<u>(2,977,538)</u>

The notes form part of these financial statements

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of land and buildings

Turnover

Turnover represents amounts receivable for goods and services, exclusive of Value Added Tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Freehold property	- Land 0%, buildings 2% on cost
Short leasehold	- over term of lease
Plant and machinery	- straight line over 4 to 7 years
Fixtures and fittings	- Straight line over 8 years
Motor vehicles	- 25% on reducing balance

The company's policy for accounting for revaluations is disclosed within the note on tangible fixed assets

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet and depreciated over their estimated useful lives. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account as incurred

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account

The company also contributes to a Group Personal Pension Plan on behalf of employees

Share capital

In accordance with FRS 25, ordinary share capital has been classified as equity and preference share capital has been classified as debt

Government grants

Grants are credited to deferred income. Grants towards capital expenditure are released to the profit and loss account over the expected useful lives of the related assets. Grants towards revenue expenditure are released as the related expenditure is incurred

Investments

Fixed asset investments are stated at cost

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

2 STAFF COSTS

	2006 £	2005 £
Wages and salaries	965,134	873,477
Social security costs	88,363	78,310
Other pension costs	25,451	29,159
	<u>1,078,948</u>	<u>980,946</u>

The average monthly number of employees during the year was as follows

	2006	2005
Management	9	8
Administration	4	4
Amusement Centres	65	54
Sales and maintenance	3	3
	<u>81</u>	<u>69</u>

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2006 £	2005 £
Hire of plant and machinery	6,037	5,774
Other operating leases	98,500	98,500
Depreciation - owned assets	296,730	307,805
Depreciation - assets on hire purchase contracts	4,757	3,240
Loss/(Profit) on disposal of fixed assets	1,979	(2,363)
Auditors' remuneration	5,500	4,385
	<u>105,400</u>	<u>82,265</u>
Directors' emoluments	4,920	18,143
Directors' pension contributions to money purchase schemes		

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>1</u>	<u>1</u>
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4 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Bank interest	202,524	188,923
Hire purchase	2,002	1,520
Preference shares dividend	3,008	3,008
	<u>207,534</u>	<u>193,451</u>

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

5 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2006 nor for the year ended 31 December 2005

6 DIVIDENDS

	2006 £	2005 £
Ordinary shares of 25p each		
Final	<u>56,392</u>	<u>47,392</u>

7 TANGIBLE FIXED ASSETS

	Freehold property £	Short leasehold £	Plant and machinery £
COST OR VALUATION			
At 1 January 2006	4,564,932	477,545	1,652,993
Additions	87,400	-	97,933
Disposals	-	-	(63,902)
At 31 December 2006	<u>4,652,332</u>	<u>477,545</u>	<u>1,687,024</u>
DEPRECIATION			
At 1 January 2006	246,792	400,747	1,401,048
Charge for year	44,046	18,980	110,139
Eliminated on disposal	-	-	(20,019)
At 31 December 2006	<u>290,838</u>	<u>419,727</u>	<u>1,491,168</u>
NET BOOK VALUE			
At 31 December 2006	<u>4,361,494</u>	<u>57,818</u>	<u>195,856</u>
At 31 December 2005	<u>4,318,140</u>	<u>76,798</u>	<u>251,945</u>

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

7 TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2006	881,970	105,697	7,683,137
Additions	136,492	2,700	324,525
Disposals	(20,375)	-	(84,277)
At 31 December 2006	998,087	108,397	7,923,385
DEPRECIATION			
At 1 January 2006	537,992	68,397	2,654,976
Charge for year	117,830	10,492	301,487
Eliminated on disposal	(19,319)	-	(39,338)
At 31 December 2006	636,503	78,889	2,917,125
NET BOOK VALUE			
At 31 December 2006	361,584	29,508	5,006,260
At 31 December 2005	343,978	37,300	5,028,161

Included in cost or valuation of land and buildings is freehold land of £2,450,035 (2005 - £2,450,035) which is not depreciated

Cost or valuation at 31 December 2006 is represented by

	Freehold property £	Short leasehold £	Plant and machinery £
Valuation in 1989	2,464,300	(30,000)	-
Cost	2,188,032	507,545	1,687,024
	4,652,332	477,545	1,687,024

	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1989	-	-	2,434,300
Cost	998,087	108,397	5,489,085
	998,087	108,397	7,923,385

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

7 TANGIBLE FIXED ASSETS - continued

If land and buildings had not been revalued they would have been included at the following historical cost

	2006 £	2005 £
Cost	2,608,180	2,608,180
Aggregate depreciation	626,444	561,350
Value of land in freehold land and buildings	201,154	201,154

The carrying values of the freehold and leasehold properties are based on 1989 open market valuations by independent valuers, Roger Etchell & Co, Chartered Surveyors, together with subsequent expenditure and depreciation. Latest valuations were undertaken in November 2006 by Christie & Co, Chartered Surveyors for the purpose of establishing security for the company's bankers. The properties were valued at £5.025 million, compared with a total carrying value, including fixtures, fittings and equipment, of £5.1 million.

The latest valuations have not been reflected in the financial statements as, in the opinion of the directors, the valuations were for bank security purposes only and do not reflect a permanent diminution in values.

The company has not adopted a policy of revaluation for the purposes of Financial Reporting Standard 15 but the carrying values of fixed assets reflect previous revaluations which have been retained.

Included in the above are assets held under hire purchase contracts or finance leases as follows: fixtures and fittings at net book value of £4,934 (2005: £10,533), depreciation for the year of £790 (2005: £1,470); motor vehicles at net book value of £9,257 (2005: £13,225), depreciation for the year of £3,967 (2005: £2,645).

8 FIXED ASSET INVESTMENTS

	Endowment Policies £
COST	
At 1 January 2006	477,967
Additions	31,669
At 31 December 2006	509,636
NET BOOK VALUE	
At 31 December 2006	509,636
At 31 December 2005	477,967

The above represent endowment life assurance policies with a surrender value of £721,993 (2005: £612,612).

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

9 STOCKS

	2006	2005
	£	£
Stock - spares	7,117	6,958
Commodities	36,401	39,119
	<u>43,518</u>	<u>46,077</u>

10 DEBTORS

	2006	2005
	£	£
Amounts falling due within one year		
Trade debtors	2,105	1,291
Other debtors	485	485
Directors' current accounts	-	1,916
Tax	404	404
Prepayments	94,711	95,953
	<u>97,705</u>	<u>100,049</u>

Amounts falling due after more than one year		
Due from group undertakings	<u>434,666</u>	<u>434,666</u>

Aggregate amounts	<u>532,371</u>	<u>534,715</u>
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11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Bank loans and overdrafts (see note 13)	378,885	494,185
Hire purchase contracts (see note 14)	3,205	5,708
Trade creditors	80,428	194,814
Social security and other taxes	33,687	30,379
VAT	65,293	55,179
Other creditors	170	16,554
Net wages	40	50
Directors' current accounts	196,865	58,444
Accrued expenses	40,509	17,241
Deferred government grants	3,553	6,963
	<u>802,635</u>	<u>879,517</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006	2005
	£	£
Bank loans (see note 13)	2,640,577	2,423,658
Preference shares (see note 13)	37,600	37,600
Hire purchase contracts (see note 14)	4,558	7,064
	<u>2,682,735</u>	<u>2,468,322</u>

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

The company has two loans repayable after five years. The first loan totalling £1.2 million is an interest only loan. The interest rate is fixed at 7.07%. The capital element is repayable by November 2014. The second loan of £1.5 million is repayable by November 2021 and carries a fixed interest rate of 6.49%.

13 LOANS

An analysis of the maturity of loans is given below

	2006 £	2005 £
Amounts falling due within one year or on demand		
Bank overdrafts	324,033	202,218
Bank loans	54,852	291,967
	<u>378,885</u>	<u>494,185</u>
Amounts falling due between one and two years		
Bank loans	<u>54,852</u>	<u>221,007</u>
Amounts falling due between two and five years		
Bank loans	<u>164,556</u>	<u>634,820</u>
Amounts falling due in more than five years		
Repayable otherwise than by instalments		
Bank loans	1,200,000	-
Preference shares	37,600	37,600
	<u>1,237,600</u>	<u>37,600</u>
Repayable by instalments		
Bank loans	<u>1,221,169</u>	<u>1,567,831</u>

Details of shares shown as liabilities are as follows

Authorised Number	Class	Nominal value £1	2006 £	2005 £
40,000	Preference		<u>40,000</u>	<u>40,000</u>
Allotted, issued and fully paid Number	Class	Nominal value £1	2006 £	2005 £
37,600	Preference		<u>37,600</u>	<u>37,600</u>

The preference shares confer a right to a fixed preferential dividend of 8%, a right to repayment of capital in priority to ordinary shares but no further right to participate in profits or assets.

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2006 £	2005 £
Gross obligations repayable		
Within one year	3,782	6,960
Between one and five years	4,681	7,764
	<u>8,463</u>	<u>14,724</u>
Finance charges repayable		
Within one year	577	1,252
Between one and five years	123	700
	<u>700</u>	<u>1,952</u>
Net obligations repayable		
Within one year	3,205	5,708
Between one and five years	4,558	7,064
	<u>7,763</u>	<u>12,772</u>

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	2006 £	2005 £
Expiring		
In more than five years	98,500	98,500

15 SECURED DEBTS

The following secured debts are included within creditors

	2006 £	2005 £
Bank overdrafts	324,033	202,218
Bank loans	2,695,429	2,715,625
Hire purchase contracts	7,763	12,772
	<u>3,027,225</u>	<u>2,930,615</u>

The bank loans and overdraft are secured on properties and assets of the company whilst the hire purchase liabilities are secured on the related assets

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

16 ACCRUALS AND DEFERRED INCOME

	2006 £	2005 £
Deferred government grants	<u>136,139</u>	<u>139,692</u>

17 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid Number	Class	Nominal value 25p	2006 £	2005 £
160,000	Ordinary		<u>40,000</u>	<u>40,000</u>

18 RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Other reserves £	Totals £
At 1 January 2006	156,835	31,682	2,434,296	19,363	2,642,176
Deficit for the year	(68,221)				(68,221)
Dividends	(56,392)				(56,392)
At 31 December 2006	<u>32,222</u>	<u>31,682</u>	<u>2,434,296</u>	<u>19,363</u>	<u>2,517,563</u>

19 ULTIMATE PARENT COMPANY

The ultimate parent company is Ameco Leisure Group Limited, a company registered in England and Wales, which is under the control of JA Bollom

20 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31 December 2006 and 31 December 2005

	2006 £	2005 £
S C Bollom		
Balance outstanding at start of year	1,917	1,621
Balance outstanding at end of year	-	1,917
Maximum balance outstanding during year	<u>1,917</u>	<u>1,917</u>

The company's fixed asset investments are held by Mr JA Bollom in trust for the company and are used as security against bank loans

At the balance sheet date an amount of £33,106 (2005 £58,445) was due to Mr J A Bollom in respect of loans made less repayments. Amounts were also due to Mr S C Bollom of £121,530 and Mr W Bollom of £42,229 (2005 £0). These balances reflect loans made to the company, less repayments

21 RELATED PARTY DISCLOSURES

Included in debtors is an amount of £434,666 (2005 £434,666) due from the company's parent, Ameco Leisure Group Limited

AMUSEMENT EQUIPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
(Loss)/Profit for the financial year	(68,221)	80,453
Dividends	(56,392)	(47,392)
	(124,613)	33,061
Transfer of preference shares to debt	-	(37,600)
	(124,613)	(4,539)
Net reduction of shareholders' funds	(124,613)	(4,539)
Opening shareholders' funds	2,682,176	2,686,715
Closing shareholders' funds	2,557,563	2,682,176

23 RECLASSIFICATION OF PREFERENCE SHARE CAPITAL

Following the adoption of FRS 25, preference share capital has been reclassified as a long term liability, and the related dividends classed as interest payments. The comparative figures have been restated to reflect this change.