

J. AND M. LEISURE (NORTH) LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF J. AND M. LEISURE (NORTH) LIMITED

WE HAVE EXAMINED THE ANNEXED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT. IN COMMON WITH MANY BUSINESSES OF SIMILAR SIZE AND ORGANISATION THE COMPANY'S SYSTEM OF CONTROL IS DEPENDENT UPON THE CLOSE INVOLVEMENT OF THE DIRECTOR, WHO IS A MAJOR SHAREHOLDER. WHERE INDEPENDENT CONFIRMATION OF THE COMPLETENESS OF THE ACCOUNTING RECORDS WAS THEREFORE NOT AVAILABLE WE HAVE ACCEPTED ASSURANCES FROM THE DIRECTOR THAT ALL THE COMPANY'S TRANSACTIONS HAVE BEEN REFLECTED IN THE RECORDS.

SUBJECT TO THE FOREGOING, IN OUR OPINION THE ANNEXED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT, TOGETHER WITH THE NOTES THEREON, GIVE, UNDER THE HISTORICAL COST CONVENTION, A TRUE AND FAIR VIEW OF THE STATE OF THE COMPANY'S AFFAIRS AT 31ST AUGUST 1986 AND OF ITS PROFIT AND SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED ON THAT DATE AND COMPLY WITH THE COMPANIES ACT 1985.

**T. H. DOUGLAS & CO.**

SUNDERLAND

CHARTERED ACCOUNTANTS

Derwent Chambers,  
6 Grange Terrace,  
Stockton Road,  
Sunderland,  
Tyne & Wear.

15th January 1987

J. AND M. LEISURE (NORTH) LIMITED  
BALANCE SHEET - 31ST AUGUST 1986

1985

NOTES

FIXED ASSETS

68915	Tangible assets	8	76025
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CURRENT ASSETS

-	Investments - At cost	13	2834
12699	Stocks	6	19062
2234	Debtors and payments in advance	7	3010
6404	Cash at Bass N.E. Ltd		8904
21299	Cash at bank - Current account		20574
-	Cash at Bank - Deposit account		25883
400	Cash in hand		400
43036			80667

75218	<u>CREDITORS:</u> amounts falling due within one year	9	82588
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( 32182 )

NET CURRENT LIABILITIES

( 1921 )

36733

74104

3230

CREDITORS: amounts falling due after more than one year

10

8000

33503

66104

CAPITAL AND RESERVES

100

Share capital

11

100

33403

Profit and loss account

66004

33503

66104

The financial statements were approved by the directors on 14th January 1987 and were signed on their behalf by:-

*J. W. Anderson*

) ) ) Directors ) ) )

The notes on pages 6 to 9 form part of these accounts.

THE YEAR ENDED 31ST AUGUST 1986

<u>1985</u>		<u>NOTES</u>	
881601	<u>TURNOVER</u>		760789
486197	<u>COST OF SALES</u>		420704
<u>395404</u>	<u>GROSS PROFIT</u>		<u>340085</u>
375701	<u>ADMINISTRATIVE EXPENSES</u>		303856
<u>19703</u>			<u>36229</u>
26959	<u>OTHER OPERATING INCOME</u>		11078
<u>46662</u>	<u>OPERATING PROFIT</u>	2	<u>47307</u>
893	<u>INTEREST RECEIVABLE</u>	4	884
<u>47555</u>			<u>48191</u>
5092	<u>INTEREST PAYABLE</u>	5	3924
<u>42463</u>	<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		<u>44267</u>
268	<u>TAXATION</u>	12	11666
<u>42195</u>	<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		<u>32601</u>
( 8792)	<u>RETAINED PROFIT</u> At 1st September 1985		33403
<u>33403</u>	<u>RETAINED PROFIT</u> At 31st August 1986		<u>66004</u>

The notes on pages 6 to 9 form part of these accounts.

J. AND M. LEISURE (NORTH) LIMITED  
SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31ST AUGUST 1986

1985

<u>SOURCE OF FUNDS</u>			
42463		Profit per accounts	44267
	1360	Add Loss on sale	135
12663	11303	Depreciation	16293
			<u>16428</u>
<u>55126</u>		<u>TOTAL GENERATED FROM OPERATIONS</u>	<u>60695</u>

<u>FUNDS FROM OTHER SOURCES</u>			
41700		Sale of fixed assets	6800
<u>96826</u>			<u>67495</u>

<u>APPLICATION OF FUNDS</u>			
	67088	Purchase of fixed assets	30338
	268	Taxation paid	-
67356	-	Purchase of shares	2834
			<u>33172</u>
<u>29470</u>			<u>34323</u>

<u>MOVEMENT IN WORKING CAPITAL</u>			
( 12355)		Increase (decrease) in stocks	6363
( 13688)		Increase (decrease) in debtors	776
7929		(Increase) decrease in creditors	( 474)
			<u>6665</u>
( 18114)			
29470	47584	Increase in net liquid funds	27658
<u>29470</u>	<u>47584</u>		<u>34323</u>

J. AND M. LEISURE (NORTH) LIMITED  
NOTES TO THE ACCOUNTS - 31ST AUGUST 1986

1. ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Turnover

Turnover represents amounts receivable for goods sold and services provided during the year, stated net of value added tax.

(c) Depreciation

Depreciation has been provided on reducing balances to write down the cost of tangible fixed assets at the following rates:-

Fixtures, fittings and furnishings	15% per annum
Motor vehicles	25% per annum

(d) Stocks

The stocks have been valued by the company's stocktakers at the lower of cost or net realisable value, there being no attendance at the stocktaking by the company's auditors.

(e) Taxation

Provision is made at current rates for corporation tax on profits for the year.

No provision is required for deferred taxation as the directors do not foresee any liability arising for some considerable period ahead.

The company is a close company as defined by section 282 I.C.T.A. 1970.

2. OPERATING PROFIT

This is stated after charging:-

	<u>1986</u>	<u>1985</u>
Auditors' remuneration	2200	2250
Leasing of equipment	-	8452
Loss on sale of tangible fixed assets	135	1360
Directors' remuneration	15145	18780
Depreciation of tangible fixed assets	16293	11303
	<u>          </u>	<u>          </u>

NOTES TO THE ACCOUNTS - 31ST AUGUST 1986

3. STAFF COSTS

	<u>1986</u>	<u>1985</u>
Salaries and wages	114466	156325
Social security costs	4133	6794
	<u>118599</u>	<u>163119</u>

The average weekly number of employees during the year was made up as follows:-

	<u>No.</u>	<u>No.</u>
Office and management	5	9
Others	6	32
	<u>11</u>	<u>41</u>

4. INTEREST RECEIVABLE

	<u>1986</u>	<u>1985</u>
Deposit - Newcastle Brewery PLC - Gross	-	515
Deposit - Bass N.E. Ltd. - Gross	-	378
Bank deposit account interest	884	-
	<u>884</u>	<u>893</u>

5. INTEREST PAYABLE

	<u>1986</u>	<u>1985</u>
Bank charges and interest	2245	3610
Hire purchase interest	1679	1482
	<u>3924</u>	<u>5092</u>

6. STOCKS

	<u>1986</u>	<u>1985</u>
Ales, wines, spirits and food	19062	12699

7. DEBTORS AND PAYMENTS IN ADVANCE

	<u>1986</u>	<u>1985</u>
Prepayments and accrued income	2390	1882
Taxation recoverable	620	352
	<u>3010</u>	<u>2234</u>

J. AND M. LEISURE (NORTH) LIMITED  
NOTES TO THE ACCOUNTS - 31ST AUGUST 1986

8. TANGIBLE FIXED ASSETS

	<u>Fixtures, fittings and furnishings</u>	<u>Motor vehicles</u>	<u>Total</u>
Cost			
At 1st September 1985	79137	9249	88386
Additions	5893	24445	30338
	<u>85030</u>	<u>33694</u>	<u>118724</u>
Disposals	-	9249	9249
At 31st August 1986	<u>85030</u>	<u>24445</u>	<u>109475</u>
Depreciation			
At 1st September 1985	17157	2314	19471
Charge for year	10183	6110	16293
	<u>27340</u>	<u>8424</u>	<u>35764</u>
Disposals	-	2314	2314
At 31st August 1986	<u>27340</u>	<u>6110</u>	<u>33450</u>
Net book values			
At 31st August 1986	<u>57690</u>	<u>18335</u>	<u>76025</u>
At 1st September 1985	<u>61980</u>	<u>6935</u>	<u>68915</u>

9. CREDITORS: amounts falling due within one year

	<u>1986</u>	<u>1985</u>
Trade creditors	40495	40055
Other taxes and social security costs	14739	19851
Other creditors	7510	4872
Accruals	2178	2974
Obligation under hire purchase contract	6000	2768
Directors loan account	-	4698
Corporation tax	11666	-
	<u>82588</u>	<u>75218</u>

J. AND M. LEISURE (NORTH) LIMITED  
NOTES TO THE ACCOUNTS - 31ST AUGUST 1986

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

	<u>1986</u>	<u>1985</u>
Obligation under hire purchase contract	<u>8000</u>	<u>3230</u>

11. SHARE CAPITAL

	<u>1986</u>	<u>1985</u>
Ordinary shares of £1 each Authorised	<u>100</u>	<u>100</u>
... Allotted, called up and fully paid	<u>100</u>	<u>100</u>

12. TAXATION

	<u>1986</u>	<u>1985</u>
This represents tax on interest received	-	268
Current corporation tax	<u>11666</u>	<u>-</u>
	<u>11666</u>	<u>268</u>

13. INVESTMENTS - At cost

The following shares were purchased during the year

	<u>1986</u>
145 Ordinary shares of 25p each - Bass	1015
500 Ordinary shares of 25p each - Trusthouse Forte	825
130 Ordinary shares of 25p each - Vaux Group	495
250 Ordinary shares of 20p each - Scottish and Newcastle Breweries	499
	<u>2834</u>

The bank have a charge on these investments.