

Action Stations (Lakeside) Limited

Directors' report and financial statements

31 December 1996

Registered number 2870844



Action Stations (Lakeside) Limited

Directors' report and financial statements

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Action Stations (Lakeside) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activity and business review

The principal activity of the company is the development and operation of an indoor themed childrens' play area which opened at the Lakeside Shopping Centre in Thurrock in June 1995. On 23 June 1997 the directors took the decision to close or sell the business. The directors have therefore prepared the financial statements on a break up basis. The effect of adopting this basis of preparation is explained in note 1 to the financial statements.

Results

Results for the year ended 31 December 1996 are set out on page 5 to the financial statements.

The directors do not recommend the payment of a dividend in respect of the year (1995: £nil).

Significant changes in fixed assets

Details of fixed assets are set out in note 8 on page 10.

Directors and directors' interests

The directors who held office during the year were as follows:

MN Grenside
RDE Luard
MW Luiz

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

All the directors are also directors of Action Stations (2000) Limited, the immediate parent undertaking, and their interests in the share capital of that company are disclosed in its accounts. RDE Luard and MW Luiz are also directors of Flextech p.l.c. the company's ultimate parent company and their interests in the share capital of that company are disclosed in the Flextech p.l.c. annual report.

Action Stations (Lakeside) Limited

Directors' report

Directors and directors' interests *(continued)*

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the board



RG Taylor
Secretary

4th Floor
The Quadrangle
Imperial Square
Cheltenham
Gloucestershire
GL50 1YX

29 October 1997

Action Stations (Lakeside) Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

As explained in note 1 of the financial statements, the directors do not believe the going concern to be appropriate. Accordingly, these financial statements have been prepared on a break up basis.

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 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.



Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Action Stations (Lakeside) Limited

We have audited the financial statements on pages 5 to 13 which, as described in note 1, have been prepared on a break up basis.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 the company's affairs as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 October 1997

Action Stations (Lakeside) Limited

Profit and loss account for the year ended 31 December 1996

	<i>Note</i>	Year ended 31 December 1996 £000	Year ended 31 December 1995 £000
Turnover - continuing operations		532	237
Cost of sales		(492)	(251)
Gross profit/(loss)		40	(14)
Administrative expenses		(1,523)	(1,364)
Operating loss		(1,483)	(1,378)
Exceptional provision for loss on termination of operations	5	(2,115)	-
Loss on ordinary activities before interest		(3,598)	(1,378)
Interest receivable and similar income	6	7	-
Loss on ordinary activities before taxation	2-4	(3,591)	(1,378)
Tax on ordinary activities	7	-	-
Loss on ordinary activities after taxation		(3,591)	(1,378)

The company had no recognised gains or losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

The historical cost losses in current and prior years are the same as those reported above.

The operations of the company are classified as continuing in the current and prior years per Financial Reporting Standard 3, but are to be discontinued in the following year.

Action Stations (Lakeside) Limited

Balance sheet at 31 December 1996

	Note	1996 £000	1995 £000
Fixed assets			
Tangible assets	8	-	1,919
Current assets			
Stock	9	4	41
Debtors	11	173	966
Cash at bank and in hand		16	114
		<u>193</u>	<u>1,121</u>
Creditors: amounts falling due within one year	12	<u>(5,374)</u>	<u>(4,830)</u>
Net current liabilities		(5,181)	(3,709)
Provision for liabilities and charges	13	<u>(200)</u>	<u>-</u>
Net liabilities		<u>(5,381)</u>	<u>(1,790)</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	14	<u>(5,381)</u>	<u>(1,790)</u>
Equity shareholders' deficit	14	<u>(5,381)</u>	<u>(1,790)</u>

These financial statements were approved by the board of directors on 29/12/97 and were signed on its behalf by:


MW Luiz
Director

Action Stations (Lakeside) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

In the previous years, the financial statements have been prepared on a going concern basis. However, the directors of the company have now decided that the company will not continue its principal activity and on 23 June 1997, the directors took the decision to sell or close the business. The company will therefore cease to trade in the foreseeable future. As there is currently no intention to commence or acquire a replacement trade, the directors consider that it is inappropriate to adopt the going concern basis in preparing these accounts. Consequently, the financial statement have been prepared on a break up basis. Under this basis the carrying value of all assets and liabilities have been adjusted to reflect their ultimate realisable values and settlement values. Long term assets have been reclassified as current.

Financial Reporting Standard No 1

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

Fixed assets

As a result of the decision to prepare the accounts on the break up basis, the company's fixed assets have been reclassified from long term assets to current assets. These assets are stated at the lower of cost and net realisable value.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of consumables and goods purchased for resale the FIFO method is used.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents amounts receivable for the provision of services and sale of food and merchandise, net of value added tax.

Action Stations (Lakeside) Limited

Notes (continued)

2 Loss on ordinary activities before taxation

	Year ended 31 December 1996 £000	Year ended 31 December 1995 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	5	5
Other services	-	2
Depreciation and other amounts written off tangible fixed assets	366	167
Hire of plant and machinery	3	3
Loss on disposal of fixed assets	-	82
Exceptional provision for transfer of trade	1,784	-
Exceptional rent deposit write off	331	-
	<hr/>	<hr/>

3 Remuneration of directors

The emoluments and fees of the highest paid director were £85,242 (1995: £95,000) and £nil (1995: £nil) respectively. Neither the chairman nor any other director received any remuneration during the year or the prior period.

Action Stations (Lakeside) Limited

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 1996	Number of employees 1995
Administration	6	4
Play area	8	16
	<hr/>	<hr/>
	14	20
	<hr/>	<hr/>

The aggregate payroll cost of these persons were as follows:

	1996 £000	1995 £000
Wages and salaries	373	346
Social security costs	27	26
Other pension costs	3	6
	<hr/>	<hr/>
	403	378
	<hr/>	<hr/>

5 Exceptional item

Due to the transfer of the trade and principal assets of the company on 23 June 1997, a provision of £1,784,000 has been created. In addition a rent deposit of £331,000 has been written off.

6 Interest receivable and similar income

	1996 £000	1995 £000
On bank deposits	7	-
	<hr/>	<hr/>

7 Taxation

There is no charge for the year due to the availability of losses. Subject to the agreement of the Inland Revenue at 31 December 1996 the company had losses of £3,043,865 (1995: £1,683,038) available for relief in future periods.

Action Stations (Lakeside) Limited

Notes (continued)

8 Tangible fixed assets

	Computer hardware	Fixtures fittings tools and equipment	Play area	Total
	£000	£000	£000	£000
<i>Cost</i>				
At beginning of year	111	423	1,548	2,082
Additions	15	6	10	31
Transfer to current assets	(126)	(429)	(1,558)	(2,113)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	16	29	118	163
Charge for year	42	60	264	366
Transfer to current assets	(58)	(89)	(382)	(529)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 1996	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	95	394	1,430	1,919
	<hr/>	<hr/>	<hr/>	<hr/>

Action Stations (Lakeside) Limited

Notes (continued)

9 Stock

	1996 £000	1995 £000
Consumables	4	9
Merchandise	-	32
	<u>4</u>	<u>41</u>

10 Current assets

	1996 £000	1995 £000
Assets for disposal transferred from fixed assets	1,584	-
Less provision	(1,584)	-
	<u>-</u>	<u>-</u>

11 Debtors

	1996 £000	1995 £000
Amounts due within one year:		
Trade debtors	-	19
Amounts owed by parent undertaking	58	53
Amounts owed by fellow group subsidiary undertakings	17	3
Other debtors	-	391
Prepayments and accrued income	98	59
Rent deposit	-	110
	<u>173</u>	<u>635</u>
Amounts due after more than one year		
Rent deposit	-	331
	<u>-</u>	<u>331</u>
	<u>173</u>	<u>966</u>

Action Stations (Lakeside) Limited

Notes (continued)

12 Creditors: amounts falling due within one year

	1996 £000	1995 £000
Trade creditors	49	209
Amounts owed to fellow subsidiary undertakings	5,148	4,440
Accruals and deferred income	177	181
	<u>5,374</u>	<u>4,830</u>

13 Provision for liabilities and charges

	1996 £000	1995 £000
Provisions for termination of operations	<u>200</u>	<u>-</u>

14 Reconciliation of movements in equity shareholders' deficit

	1996 £000	1995 £000
Opening equity shareholders' deficit	(1,790)	(412)
Loss for the financial period	(3,591)	(1,378)
Closing equity shareholders' deficit	<u>(5,381)</u>	<u>(1,790)</u>

15 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Action Stations (Lakeside) Limited

Notes (continued)

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1996 Land and buildings £000	1995 Land and buildings £000
Operating leases which expire:		
Over five years	188	188

17 Related party transactions

Included in the profit and loss account are sales, cost of sales, interest expense and interest income which arise from transactions between the company and related parties. Such transactions mainly comprise sales and purchases of goods and services in the ordinary course of business or from financing transactions between the other group companies, its associated undertakings and its parent company, and in total amounted to:

	1996 £000	1995 £000
Cost of sales from associated undertakings	300	-

All balances outstanding at the year end as regards related parties are disclosed in notes 11 and 12 of the financial statements.

18 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Action Stations (2000) Limited, a company registered in England and Wales. The largest group in which the results of the company are consolidated is that headed by Tele-Communications Inc., a Delaware (USA) company incorporated in the USA. Copies of Tele-Communications Inc.'s group accounts can be obtained from its registered office at Terrace Tower 11, 5619 DTC Parkway, Englewood, Colorado, 80111 USA.

The parent company of the smallest group for which consolidated accounts are prepared is Flextech p.l.c., a company registered in England and Wales. Copies of Flextech p.l.c.'s annual report can be obtained from its corporate headquarters at 160 Great Portland Street, London W1N 5TB.