

**Action Stations (Lakeside) Limited**



**Directors' report and financial statements**

31 December 1998

Registered number 2870844

## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

### **Principal activity and business review**

The principal activity of the company was the operation of an indoor themed childrens' play area. On 14 November 1997 all the assets of the company were sold.

The company no longer trades.

### **Results**

Results for the year ended 31 December 1998 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 (1997: £nil).

### **Directors and directors' interests**

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

MN Grenside  
RDE Luard (deceased 15 August 1998)  
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.

Both 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. MW Luiz is also a director of Flextech plc the company's ultimate parent company and his interest in the share capital of that company is disclosed in the Flextech plc annual report.

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.

### **Year 2000 compliance**

The company's parent, Flextech plc, is managing on behalf of all its subsidiary entities the group's Year 2000 compliance. The plans and group wide costs associated with the Year 2000 issue are set out below in the following paragraphs. The costs will be borne by Flextech plc.

In 1998, the Group established a steering committee, supported by a dedicated project team with responsibility for managing programmes that review products, systems and services used in the Group's businesses to determine Year 2000 compliance. The project team also works with suppliers and manufacturers to modify or upgrade products, systems and services that are non-compliant. In the event that modifications cannot be made or upgrades are not available, the Group intends actively to seek and secure alternative suppliers or develop contingency arrangements.

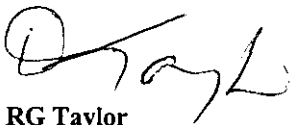
The project objective is to ensure complete compliance of internal systems in advance of the Year 2000. The Group believes that its relatively modern systems and systems upgrades planned for 1999, incorporating external package solutions that are Year 2000 compliant, should help it achieve this objective. The Group estimates that the aggregate cost of achieving Year 2000 compliance will be approximately £1.0 million, of which approximately £300,000 had been spent at 31 December 1998. Although the Group believes that it will achieve Year 2000 compliance in advance of 1 January 2000, it cannot provide assurance that it will do so.

## **Directors' report**

### **Auditor**

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor 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

*5 October* 1999

## **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.

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.



KPMG Audit Plc

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## Auditor's report to the members of Action Stations (Lakeside) Limited

We have audited the financial statements on pages 5 to 10.

### *Respective responsibilities of directors and auditor*

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 1998 and of its profit 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

*10 October* 1999

## Profit and loss account

*for the year ended 31 December 1998*

	<i>Note</i>	Year ended 31 December 1998 £000	Year ended 31 December 1997 £000
Turnover - discontinued operations		-	270
Cost of sales		-	(214)
		<hr/>	<hr/>
Gross profit		-	56
Administrative expenses		73	(524)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before and after taxation	2-4	73	(468)
		<hr/>	<hr/>
Retained profit/(loss) for the financial year		73	(468)
		<hr/> <hr/>	<hr/> <hr/>

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 profits/(losses) in current and prior years are the same as those reported above.

## Balance sheet

at 31 December 1998

	Note	1998 £000	1997 £000
<b>Current assets</b>			
Debtors	6	108	134
Cash at bank and in hand		-	16
		<u>108</u>	<u>150</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(5,884)</u>	<u>(5,999)</u>
<b>Net current liabilities</b>		<u>(5,776)</u>	<u>(5,849)</u>
<b>Net liabilities</b>		<u>(5,776)</u>	<u>(5,849)</u>
<b>Capital and reserves</b>			
Called up share capital	8	-	-
Profit and loss account		<u>(5,776)</u>	<u>(5,849)</u>
<b>Shareholders' deficit - equity</b>	9	<u>(5,776)</u>	<u>(5,849)</u>

These financial statements were approved by the board of directors on 5-10-99 and were signed on its behalf by:

MW Luiz  
Director



## 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.

#### *Cash flow statement*

The company is exempt from the requirement of Financial Reporting Standard 1 (revised 1996) to prepare a cash flow statement on the grounds that its parent undertaking, Flextech plc, includes the company in its own published consolidated financial statements.

#### *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.

### 2 Profit/(loss) on ordinary activities before taxation

	Year ended 31 December 1998 £000	Year ended 31 December 1997 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	4	5
Depreciation and other amounts written off tangible fixed assets	-	23
	<hr/>	<hr/>

## Notes (continued)

### 3 Remuneration of directors

The emoluments and fees of the highest paid director were £nil (1997:£15,147) and £nil (1997:£nil) respectively. Neither the chairman nor any other director received any remuneration during the year or the prior period.

### 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 1998	Number of employees 1997
Administration	3	2
Play area	-	3
	<hr/>	<hr/>
	3	5
	<hr/>	<hr/>

The aggregate payroll cost of these persons were as follows:

	1998 £000	1997 £000
Wages and salaries	-	168
Social security costs	-	8
Other pension costs	-	1
	<hr/>	<hr/>
	-	177
	<hr/>	<hr/>

### 5 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 1998 the company had losses of £nil (1997: £1,418,000) available for relief in future periods. Losses surrendered to other group companies have been made for no charge.

**Notes (continued)**

**6 Debtors**

	1998 £000	1997 £000
<b>Amounts due within one year:</b>		
Amounts owed by parent undertaking	50	50
Amounts owed by fellow group subsidiary undertakings	56	-
Other debtors	2	84
	<hr/> 108	<hr/> 134
	<hr/> <hr/>	<hr/> <hr/>

**7 Creditors: amounts falling due within one year**

	1998 £000	1997 £000
Amounts owed to fellow subsidiary undertakings	5,880	5,985
Accruals and deferred income	4	14
	<hr/> 5,884	<hr/> 5,999
	<hr/> <hr/>	<hr/> <hr/>

**8 Called up share capital**

	1998 £	1997 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2
	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

**9 Reconciliation of movements in equity shareholders' deficit**

	1998 £000	1997 £000
Opening equity shareholders' deficit	(5,849)	(5,381)
Profit/(loss) for the financial period	73	(468)
	<hr/>	<hr/>
Closing equity shareholders' deficit	(5,776)	(5,849)
	<hr/> <hr/>	<hr/> <hr/>

**10 Related party transactions**

As the company is a wholly owned subsidiary of Flextech plc, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated statements of Flextech plc, within which the company is included, can be obtained from the address given in note 11. There were no other related party transactions.

**11 Ultimate parent company**

The ultimate parent company is Flextech plc, in which the results of the company are consolidated. Flextech plc is registered in England and Wales. The consolidated accounts of Flextech plc are available to the public and may be obtained from 160 Great Portland Street, London, W1N 5TB.