

2991596

**QUEENSGATE LEISURE
SERVICES LIMITED**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2000**



QUEENSGATE LEISURE SERVICES LIMITED

Company Information

Directors	P Cilenti F Cilenti
Secretary	P Cilenti
Company Number	2991596 (England and Wales)
Registered Office	97-99 Godwin Street Bradford BD1 3PP
Auditors	Appleton Dale Limited Chartered Accountants and Registered Auditors Orchard House 347c Wakefield Road Denby Dale Huddersfield HD8 8RT
Bankers	HSBC Bank plc 47 Market Street Bradford BD1 1LW

QUEENSGATE LEISURE SERVICES LIMITED

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QUEENSGATE LEISURE SERVICES LIMITED

Directors' Report for the year ended 31 December 2000

The directors present their report and the financial statements for the year ended 31 December 2000.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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 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 accounts 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.

Principal activities and review of business

The company's principal activities continue to be the operation of gaming, amusement and bingo arcades. The results for the year are set out on page 3. The directors consider under present trading conditions the profit achieved on ordinary activities before taxation and the state of affairs of the company to be satisfactory.

Future developments

Additional sites are expected to contribute to the company's profits during the ensuing financial year.

Directors

The directors at 31 December 2000 and their beneficial interests in the share capital of the company were as follows:

	At 31 December 2000	At 1 January 2000
	Ordinary Shares	Ordinary Shares
P Cilenti	120,000	120,000
F Cilenti	120,000	120,000

Auditors

The auditors, Appleton Dale Limited, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Charitable donations

During the year ended 31 December 2000 the company made charitable donations totalling £ 715 (1999 - £690).

This report was approved by the board on 13 September 2001 and signed on its behalf.



P Cilenti
Director

QUEENSGATE LEISURE SERVICES LIMITED**Auditors' Report to the Shareholders of Queensgate Leisure Services Limited**

We have audited the financial statements set out on pages 3 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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 financial 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Appleton Dale Limited
Chartered Accountants & Registered Auditors
Orchard House
347c Wakefield Road
Denby Dale
Huddersfield
HD8 8RT

13 September 2001

QUEENSGATE LEISURE SERVICES LIMITED

**Profit and Loss Account
for the year ended 31 December 2000**

	Notes	2000 £	1999 £
Turnover	1.2	2,056,861	1,734,222
Direct costs		(789,309)	(660,817)
Administration expenses		(1,000,756)	(791,826)
Operating Profit		266,796	281,579
Rent income		2,848	4,678
Profit on ordinary activities before interest		269,644	286,257
Interest payable	5	(34,247)	(79,538)
Profit on ordinary activities before taxation		235,397	206,719
Taxation on profit on ordinary activities	6	(63,961)	(58,466)
Profit on ordinary activities after taxation		171,436	148,253
Dividends	7	-	(54,000)
Retained profit for the year		171,436	94,253
Retained profit brought forward		401,058	306,805
Retained profit carried forward		572,494	401,058

None of the company's activities were acquired or discontinued in the year and there were no recognised gains or losses for 1999 or 2000 other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

QUEENSGATE LEISURE SERVICES LIMITED

Balance Sheet as at 31 December 2000

	Notes	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	8	1,044,518		934,312	
Intangible assets	9	854,320		918,018	
		<u>1,898,838</u>		<u>1,852,330</u>	
Current assets					
Stocks	10	2,600		1,500	
Debtors	11	255,630		82,885	
Cash at bank and in hand		127,119		76,713	
		<u>385,349</u>		<u>161,098</u>	
Creditors: amounts falling due within one year	12	<u>(337,102)</u>		<u>(234,873)</u>	
Net current assets/(liabilities)		<u>48,247</u>		<u>(73,775)</u>	
Total assets less current liabilities		<u>1,947,085</u>		<u>1,778,555</u>	
Creditors: amounts falling due after more than one year	13	<u>(1,118,439)</u>		<u>(1,125,341)</u>	
Provisions for liabilities and charges					
Deferred taxation	14	<u>(16,152)</u>		<u>(12,156)</u>	
Net assets		<u>812,494</u>		<u>641,058</u>	
Capital and reserves					
Share capital	15	240,000		240,000	
Profit and loss account		572,494		401,058	
Shareholders' funds	16	<u>812,494</u>		<u>641,058</u>	

The financial statements were approved by the board on 13 September 2001 and signed on its behalf.



P Cilenti
Director

The notes on pages 6 to 10 form part of these financial statements.

QUEENSGATE LEISURE SERVICES LIMITED

Cash flow statement for the year ended 31 December 2000

Reconciliation of operating profit to net cash inflow from operations

	2000 £	1999 £
Operating profit	266,796	281,579
Amortisation of intangible fixed assets	63,698	65,752
Depreciation and loss on sale of tangible fixed assets	184,914	183,651
(Increase) in stocks	(1,100)	-
(Increase) in debtors	(17,495)	(14,423)
Increase/(decrease) in creditors	105,353	(32,595)
Net cash inflow from operations	602,166	483,964
	=====	=====

CASH FLOW STATEMENT

	£	£
Net cash inflow from operations	602,166	483,964
Returns on investment - rent income	2,848	4,678
Servicing of finance - interest payable	(34,247)	(79,538)
Taxation	(63,089)	(62,648)
Capital expenditure	(300,170)	(152,405)
Disposals	5,050	555
Financing - (Decrease)/increase in long term loans	(6,902)	5,283
- loan to retirement benefit scheme	(155,250)	-
- dividends paid	-	(54,000)
Increase in cash	50,406	145,889
	=====	=====

Reconciliation of net cash flow to movement in net debt (note 21)

	£	£
Increase in cash in the period	50,406	145,889
Net funds at 1 January 2000	76,713	(69,176)
Net funds at 31 December 2000	127,119	76,713
	=====	=====

The notes on pages 6 to 10 form part of these financial statements.

QUEENSGATE LEISURE SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2000

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical convention.

1.2 Turnover

Turnover comprises the value of services supplied by the company, net of Value Added Tax where applicable.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	Over 20 to 50 years
Leasehold property	Over 24 years
Machines, equipment and fittings	Between 4 and 10 years
Motor vehicles	Over 4 years
Office equipment and furnishings	Over 5 years

Freehold land is not depreciated. From 1 January 2000 a policy of depreciating the freehold buildings was adopted. Previously they were not depreciated. The effect of this change is an additional depreciation charge of £3,435.

1.4 Intangible fixed assets and amortisation

Goodwill acquired on acquisition of leaseholds and lease premiums paid are amortised over the period of the lease.

1.5 Stocks

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

1.6 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.7 Pensions

The company operates a defined contribution pension scheme and the charge in the accounts represents the amounts payable by the company to the fund in respect of the year.

2 Operating profit	2000	1999
This is stated after charging:	£	£
Auditors' remuneration	1,650	1,600
Depreciation of tangible fixed assets (note 8)	184,902	183,651
Loss/(profit) on asset disposals	12	(7,435)
Amortisation of intangible fixed assets (note 9)	63,698	65,752
	=====	=====

QUEENSGATE LEISURE SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2000

	2000 £	1999 £
3 Staff costs		
Staff costs, including directors' remuneration, were as follows :-		
Wages and salaries	680,215	504,339
Social security costs	44,486	31,585
Other pension costs	89,707	95,520
	<u>814,408</u>	<u>631,444</u>
	=====	=====
The average monthly number of employees, including directors, during the year was as follows :-		
Office and administration	5	5
Sales and others	68	55
	<u>73</u>	<u>60</u>
	-----	-----
4 Directors' remuneration	£	£
Emoluments	181,237	78,268
Contributions under money purchase scheme	75,750	90,540
	<u>256,987</u>	<u>168,808</u>
	=====	=====
During the year retirement benefits were accruing to 2 directors (1999 - 2) in respect of money purchase schemes.		
5 Interest payable		
On bank loans and overdrafts	34,247	28,765
On directors' loan accounts	-	50,773
	<u>34,247</u>	<u>79,538</u>
	=====	=====
6 Taxation		
UK Corporation Tax at 20% (1999 - 20.54%)	59,966	63,090
Transfer to/(from) deferred taxation	3,996	(4,622)
Corporation tax overprovided in previous year	(1)	(2)
	<u>63,961</u>	<u>58,466</u>
	=====	=====
7 Dividends		
Interim dividends per ordinary share - paid	-	54,000
	=====	=====

QUEENSGATE LEISURE SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2000

8 Tangible fixed assets

	<u>Freehold Property</u>	<u>Leasehold Property</u>	<u>Machines & Arcade Equipment</u>	<u>Motor Vehicles</u>	<u>Fixtures & Office Equipment</u>	<u>Total</u>
Cost	£	£	£	£	£	£
At 1 January 2000	394,325	123,105	764,982	23,732	266,586	1,572,730
Additions	-	39,284	186,217	20,500	54,169	300,170
Disposals	-	-	(40,000)	(9,000)	-	(49,000)
At 31 December 2000	394,325	162,389	911,199	35,232	320,755	1,823,900
Depreciation						
At 1 January 2000	-	19,706	496,672	15,101	106,939	638,418
Provided in the year	3,435	10,818	133,079	6,017	31,553	184,902
Relating to disposals	-	-	(40,000)	(3,938)	-	(43,938)
At 31 December 2000	3,435	30,524	589,751	17,180	138,492	779,382
Net Book Values						
At 31 December 2000	390,890	131,865	321,448	18,052	182,263	1,044,518
At 31 December 1999	394,325	103,399	268,310	8,631	159,647	934,312

9 Intangible fixed assets

	<u>Goodwill</u>	<u>Lease Premium</u>	<u>Total</u>
Cost	£	£	£
At 1 January 2000 and 31 December 2000	1,154,098	15,000	1,169,098
Amortisation			
At 1 January 2000	250,830	250	251,080
Provided in the year	62,698	1,000	63,698
At 31 December 2000	313,528	1,250	314,778
Net book values			
At 31 December 2000	840,570	13,750	854,320
At 31 December 1999	903,268	14,750	918,018

10 Stocks

	2000 £	1999 £
Replacement servicing parts	2,000	1,500
Cafe stocks	600	-
	2,600	1,500

QUEENSGATE LEISURE SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2000

11 Debtors	2000	1999
Due after more than one year	£	£
Loan to funded unapproved retirement benefit scheme	155,250	-
Due within one year		
Prepayments	100,380	82,885
	<u>255,630</u>	<u>82,885</u>
	=====	=====

12 Creditors: amounts falling due within one year

Bank loans and overdrafts	89,213	90,119
Trade creditors	34,250	10,678
Corporation tax	59,966	63,090
Other creditors	153,673	70,986
	<u>337,102</u>	<u>234,873</u>
	=====	=====

Included within other creditors is an amount of £122,334 relating to social security and other taxes (1999 - £59,265).

Of creditors falling due within and after one year, £423,566 are secured (1999 £439,442). The bank loan and overdraft are secured by a debenture on the company's freehold and leasehold properties. The bank loan outstanding at the year end amounted to £ 89,213 (1999 - £90,119) and this is repayable in monthly instalments.

	2000	1999
	£	£
13 Creditors: amounts falling due after more than one year		
Bank loan	334,353	349,324
Directors' loans	784,086	776,017
	<u>1,118,439</u>	<u>1,125,341</u>
	=====	=====

The bank loan is repayable by instalments as follows :

Between one and two years	96,616	93,187
Between two and five years	237,737	256,137
	<u>334,353</u>	<u>349,324</u>
	=====	=====

The bank loan is secured by a debenture on the company's freehold and leasehold properties.

14 Deferred taxation		
Balance at 1 January 2000	12,156	16,778
Charge/(credit) for the year	3,996	(4,622)
	<u>16,152</u>	<u>12,156</u>
	=====	=====

The provision for deferred taxation is made up of accelerated capital allowances and represents the full potential liability.

QUEENSGATE LEISURE SERVICES LIMITED

Notes to the financial statements for the year ended 31 December 2000

	2000 £	1999 £
15 Share capital		
Authorised - £1 ordinary shares	250,000 =====	250,000 =====
Allotted, called up and fully paid - £1 ordinary shares As at 1 January 2000 and 31 December 2000	240,000 =====	240,000 =====
16 Reconciliation of movement in shareholders' funds		
Profit for the year	171,436	148,253
Less: dividends	-	54,000
	-----	-----
	171,436	94,253
Opening shareholders' funds	641,058	546,805
	-----	-----
Closing shareholders' funds	812,494 =====	641,058 =====

17 Capital commitments

At 31 December 2000 the company had capital commitments totalling £706,770 in respect of the purchase of a freehold property, goodwill, fixtures and fittings (1999 - Nil).

18 Pension commitments

The company operates a defined contribution pension scheme for senior employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions paid in the year were £89,707 (1999 - £95,520).

19 Controlling parties

This company is controlled by Mr P Cilenti and Mrs F Cilenti by virtue of their shareholdings in the company.

20 Related party transactions

In respect of the Directors' Loan Account no interest charges were raised during the year. Interest charges in the year to 31 December 1999 amounted to £50,773.

The company leases a property owned by Queensgate Leisure Services Pension Scheme and rent charged in the accounts to 31 December 2000 amounts to £31,500.

The company also leases a property owned by Queensgate Property Services Funded Unapproved Retirement Benefit Scheme and rent charged in the accounts to 31 December 2000 amounts to £13,750. A loan to this scheme is included in debtors (note 11). Director P Cilenti is a trustee of the scheme.

21 Analysis of changes in net debt

	Balance at 1.1.2000 £	Cash flows £	Balance at 31.12.2000 £
Cash in hand and at bank	76,713 =====	50,406 =====	127,119 =====