

2991896

**QUEENSGATE LEISURE  
SERVICES LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2002**



# **QUEENSGATE LEISURE SERVICES LIMITED**

## **Company Information**

<b>Directors</b>	P Cilenti F Cilenti
<b>Secretary</b>	P Cilenti
<b>Company Number</b>	2991596 (England and Wales)
<b>Registered Office</b>	97-99 Godwin Street Bradford BD1 3PP
<b>Auditors</b>	Appleton Dale Limited Chartered Accountants and Registered Auditors Orchard House 347c Wakefield Road Denby Dale Huddersfield HD8 8RT
<b>Bankers</b>	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 2002

The directors present their report and the financial statements of the company for the year ended 31 December 2002.

#### 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

Further refurbishment at a major site completed since the Balance Sheet date is expected to maintain the company's profile and help maintain satisfactory profit levels achieved in recent years.

#### Directors

The directors at 31 December 2002 and their beneficial interests in the share capital of the company were as follows:

	At 31 December 2002 Ordinary Shares	At 1 January 2002 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 2002 the company made charitable donations totalling £880 (2001 - £559).

This report was approved by the board on 16 September 2003 and signed on its behalf.



**P Cilenti**  
Director

## QUEENSGATE LEISURE SERVICES LIMITED

### Independent auditors' report to the shareholders of Queensgate Leisure Services Limited

We have audited the financial statements of Queensgate Leisure Services Limited for the year ended 31 December 2002 on pages 3 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

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**

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report 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 United Kingdom 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 2002 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*

**Appleton Dale Limited**

**Chartered Accountants & Registered Auditors**

347c Wakefield Road, Denby Dale, Huddersfield HD8 8RT

16 September 2003

**QUEENSGATE LEISURE SERVICES LIMITED**

**Profit and Loss Account  
for the year ended 31 December 2002**

	Notes	2002 £	2001 £
<b>Turnover</b>	1.2	2,331,603	2,232,871
Direct costs		(910,857)	(824,453)
Administration expenses		(1,261,097)	(1,181,455)
<b>Operating Profit</b>		<u>159,649</u>	<u>226,963</u>
<b>Other Income</b>			
Rent income		57,077	9,296
Interest received		9,640	11,238
<b>Profit on ordinary activities before interest</b>		<u>226,366</u>	<u>247,497</u>
Interest payable	5	(26,849)	(58,818)
<b>Profit on ordinary activities before taxation</b>		<u>199,517</u>	<u>188,679</u>
Taxation on profit on ordinary activities	6	(55,219)	(55,765)
<b>Profit on ordinary activities after taxation</b>		<u>144,298</u>	<u>132,914</u>
<b>Retained profit brought forward</b>		<u>705,408</u>	<u>572,494</u>
<b>Retained profit carried forward</b>		<u>849,706</u> =====	<u>705,408</u> =====

None of the company's activities were acquired or discontinued in the year and there were no recognised gains or losses for 2001 or 2002 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 2002

	Notes	2002		2001	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		1,617,968		1,640,161
Intangible assets	8		766,925		830,623
			<u>2,384,893</u>		<u>2,470,784</u>
<b>Current assets</b>					
Stocks	9	3,000		3,000	
Debtors	10	276,364		270,655	
Cash at bank and in hand		101,313		128,138	
		<u>380,677</u>		<u>401,793</u>	
<b>Creditors: amounts falling due within one year</b>	11	(595,054)		(519,068)	
<b>Net current (liabilities)/assets</b>			<u>(214,377)</u>		<u>(117,275)</u>
<b>Total assets less current liabilities</b>			<u>2,170,516</u>		<u>2,353,509</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(1,071,810)		(1,396,451)
<b>Provisions for liabilities and charges</b>					
Deferred taxation	13		(9,000)		(11,650)
<b>Net assets</b>			<u>1,089,706</u>		<u>945,408</u>
<b>Capital and reserves</b>					
Share capital	14		240,000		240,000
Profit and loss account			849,706		705,408
<b>Shareholders' funds</b>	15		<u>1,089,706</u>		<u>945,408</u>

The financial statements were approved by the board on 16 September 2003 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 2002

### Reconciliation of operating profit to net cash inflow from operations

	2002 £	2001 £
Operating profit	159,649	226,963
Amortisation of intangible fixed assets	63,698	63,697
Depreciation and loss on sale of tangible fixed assets	188,603	184,086
(Increase) in stocks	-	(400)
(Increase) in debtors	(5,709)	(15,025)
Increase in creditors	53,150	44,555
<b>Net cash inflow from operations</b>	<b>459,391</b> =====	<b>503,876</b> =====

### CASH FLOW STATEMENT

	£	£
Net cash inflow from operations	459,391	503,876
Returns on investment - interest and rent income	66,717	20,534
Servicing of finance - interest payable	(26,849)	(58,818)
Taxation	(60,266)	(59,967)
Capital expenditure	(187,247)	(828,529)
Asset disposals	20,837	8,800
Financing - increase in directors' loans	137,077	50,980
<b>Increase/(decrease) in cash</b>	<b>409,660</b> =====	<b>(363,124)</b> =====

### Reconciliation of net cash flow to movement in net debt (note 20)

	£	£
Increase/(decrease) in cash in the period	409,660	(363,124)
Net debt at 1 January 2002	(659,571)	(296,447)
<b>Net debt at 31 December 2002</b>	<b>(249,911)</b> =====	<b>(659,571)</b> =====

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 2002

### 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 on a straight line basis
Leasehold property	On a straight line basis up to 24 years
Machines, equipment and fittings	Over 4 to 10 years on a straight line basis
Motor vehicles	At 25% per annum on reducing balance basis
Office equipment and furnishings	Over 5 years on a straight line basis

Freehold land is not depreciated.

#### 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

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and the law enacted or substantively enacted at the balance sheet date.

#### 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

	2002	2001
This is stated after charging:	£	£
Auditors' remuneration	2,500	1,700
Depreciation of tangible fixed assets (note 8)	187,940	190,482
Profit/(loss) on asset disposals	663	(6,396)
Amortisation of intangible fixed assets (note 9)	63,698	63,697
	=====	=====

# QUEENSGATE LEISURE SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2002

<b>3 Staff costs</b>	2002	2001
Staff costs, including directors' remuneration, were as follows -	£	£
Wages and salaries	988,896	881,515
Social security costs	73,699	58,905
Other pension costs	22,880	32,706
	<u>1,085,475</u>	<u>973,126</u>
	=====	=====

The average monthly number of employees, including directors, during the year was 73.

Office and management	6	6
Sales and others	67	75
	<u>73</u>	<u>81</u>
	=====	=====

<b>4 Directors' remuneration</b>		
Highest paid director -	£	£
Emoluments	250,466	218,794
Contributions under money purchase scheme	4,547	5,844
Other directors -		
Emoluments	167,978	119,101
Contributions under money purchase scheme	4,547	5,844
	<u>427,538</u>	<u>349,583</u>
	=====	=====

During the year retirement benefits were accruing to 2 directors (2001 - 2) in respect of money purchase schemes.

<b>5 Interest payable</b>		
On bank loans and overdrafts	26,849	58,818
	<u>=====</u>	<u>=====</u>
<b>6 Taxation</b>		
UK corporation tax - current year	57,869	60,267
- prior year	-	-
	<u>=====</u>	<u>=====</u>
Total current tax charge	57,869	60,267
Deferred tax charge/(credit)	(2,650)	(4,502)
	<u>=====</u>	<u>=====</u>
	55,219	55,765
	=====	=====

The tax assessed for the period is higher than the rate of UK taxation applicable to the company this year of 19.27% (2001 - 20.03%). The differences are explained below :-

Profit on ordinary activities before tax	199,517	188,679
Expenses and amortisations not deductible for tax purposes	89,960	89,624
	<u>=====</u>	<u>=====</u>
Taxation at 19.27% on above sums (2001 - 20.03%)	55,801	55,744
Movement in deferred tax provision at marginal rates	(582)	21
	<u>=====</u>	<u>=====</u>
Current tax charge for the year	55,219	55,765
	=====	=====

## QUEENSGATE LEISURE SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2002

## 7 Tangible fixed assets

	Freehold Property	Leasehold Property	Machines & Arcade Equipment	Motor Vehicles	Fixtures & Office Equipment	Total
Cost	£	£	£	£	£	£
At 1 Jan 2002	1,104,535	162,389	930,667	22,800	341,606	2,561,997
Additions in year	-	-	146,814	26,000	14,433	187,247
Disposals	-	(4,500)	(70,000)	-	-	(74,500)
At 31 Dec 2002	1,104,535	157,889	1,007,481	48,800	356,039	2,674,744
Depreciation						
At 1 Jan 2002	14,073	40,340	684,355	11,065	172,003	921,836
Charge for year	10,638	10,071	123,539	9,433	34,259	187,940
Relating to disposals	-	(4,500)	(48,500)	-	-	(53,000)
At 31 Dec 2002	24,711	45,911	759,394	20,498	206,262	1,056,776
Net Book Values						
At 31 Dec 2002	1,079,824	111,978	248,087	28,302	149,777	1,617,968
At 31 Dec 2001	1,090,462	122,049	246,312	11,735	169,603	1,640,161

## 8 Intangible fixed assets

	Goodwill	Lease Premium	Total
Cost	£	£	£
At 1 January 2002	1,194,098	15,000	1,209,098
Disposals in the year	(34,923)	-	(34,923)
At 31 December 2002	1,159,175	15,000	1,174,175
Amortisation			
At 1 January 2002	376,225	2,250	378,475
Provided in the year	62,698	1,000	63,698
Relating to disposals	(34,923)	-	(34,923)
At 31 December 2002	404,000	3,250	407,250
Net book values			
At 31 December 2002	755,175	11,750	766,925
At 31 December 2001	817,873	12,750	830,623

## 9 Stocks

	2002 £	2001 £
Replacement service parts	2,500	2,500
Cafe stocks	500	500
	3,000	3,000

# QUEENSGATE LEISURE SERVICES LIMITED

## Notes to the financial statements for the year ended 31 December 2002

<b>10 Debtors:</b>	2002	2001
Due after more than one year	£	£
Loan to funded unapproved retirement benefit scheme	155,250	155,250
Due within one year		
Prepayments	121,114	115,405
	<u>276,364</u>	<u>270,655</u>
	=====	=====

### 11 Creditors: amounts falling due within one year

Bank loan	251,557	226,324
Trade creditors	15,549	8,102
Corporation tax	57,869	60,266
Other creditors	270,079	224,376
	<u>595,054</u>	<u>519,068</u>
	=====	=====

Included within other creditors is an amount of £218,486 relating to social security and other taxes (2001 - £198,823).

Of creditors falling due within and after one year, £351,223 are secured (2001 £787,710).

The bank loan and overdraft facility are secured by a debenture on the company's freehold and leasehold properties. The bank loan is repayable in monthly instalments.

<b>12 Creditors: amounts falling due after more than one year</b>	2002	2001
	£	£
Bank loan	99,667	561,385
Directors' loans	972,143	835,066
	<u>1,071,810</u>	<u>1,396,451</u>
	=====	=====

The bank loan is repayable by instalments as follows :

Between one and two years	99,667	243,177
Between two and five years	-	318,208
	<u>99,667</u>	<u>561,385</u>
	=====	=====

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

### 13 Deferred taxation

Balance at 1 January 2002	11,650	16,152
Release for the year	(2,650)	(4,502)
	<u>9,000</u>	<u>11,650</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 2002

	2002 £	2001 £
<b>14 Share capital</b>		
<b>Authorised</b>		
Ordinary shares of £1 each	250,000 =====	250,000 =====
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	240,000 =====	240,000 =====
<b>15 Reconciliation of movement in shareholders' funds</b>		
Profit for the year	144,298	132,914
Opening shareholders' funds	945,408	812,494
	-----	-----
Closing shareholders' funds	1,089,706 =====	945,408 =====

### 16 Capital commitments

At 31 December 2002 the company had no capital commitments (2001 - Nil).

### 17 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 £22,880 (2001 - £32,706).

### 18 Controlling parties

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

### 19 Related party transactions

The company leases a property owned by the Queensgate Leisure Services Pension Scheme. Rent charged in the accounts to 31 December 2002, on an arms length basis, amounts to £32,000. The company also leases a property owned by Queensgate Property Services Funded Unapproved Retirement Benefits Scheme. Rent charged in the accounts for the year to 31 December 2002, on an arms length basis, amounts to £48,000. A loan to this scheme is included in debtors (note 10). Director P Cilenti is a trustee of the scheme.

### 20 Analysis of changes in net debt

	Balance 1.1.2002 £	Cash flows £	Balance 31.12.2002 £
Cash in hand and at bank	128,138	(26,825)	101,313
Bank loans (under 1 year)	(226,324)	(25,233)	(251,557)
	-----	-----	-----
	(98,186)	(52,058)	(150,244)
Bank loans (over 1 year)	(561,385)	461,718	(99,667)
	-----	-----	-----
Total	(659,571) =====	409,660 =====	(249,911) =====