

NEWTON LEISURE (SCOTLAND) LTD

FINANCIAL STATEMENTS

31ST DECEMBER 1997

Company Registration Number 121748

W D HALL & COMPANY

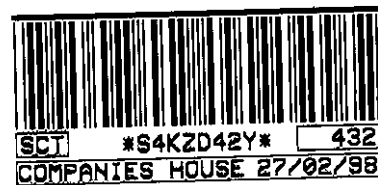
Chartered Accountants

117 Crow Road

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NEWTON LEISURE (SCOTLAND) LTD

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1997

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NEWTON LEISURE (SCOTLAND) LTD

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 1997

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31st December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was Amusement Arcade Operators.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1.00 each	
	At 31 Dec 97	At 1 Jan 97
Mr J Newton	950	950
Mrs A Newton	<u>50</u>	<u>50</u>

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:

Signed on behalf of the directors

A. Newton
Company secretary

Approved by the directors on 22.2.1998

NEWTON LEISURE (SCOTLAND) LTD

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1997

	Note	1997 £	1996 £
TURNOVER		166,412	194,436
OPERATING COSTS:			
Staff costs		(41,084)	(35,303)
Depreciation written off fixed assets		(32,087)	(27,928)
Other operating charges		(92,567)	(99,270)
		<u>674</u>	<u>31,935</u>
OPERATING PROFIT			
Interest payable and similar charges	3	(204)	(339)
		<u>470</u>	<u>31,596</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on profit on ordinary activities	4	-	(6,852)
		<u>470</u>	<u>24,744</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			
Dividends		-	(15,000)
		<u>470</u>	<u>9,744</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR			
Balance brought forward		93,837	84,093
BALANCE CARRIED FORWARD		<u>94,307</u>	<u>93,837</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 4 to 8 form part of these financial statements.

NEWTON LEISURE (SCOTLAND) LTD
BALANCE SHEET
31ST DECEMBER 1997

		1997	1996
	Note	£	£
FIXED ASSETS			
Intangible assets	5	14,345	15,100
Tangible assets	6	106,964	105,546
		<u>121,309</u>	<u>120,646</u>
CURRENT ASSETS			
Debtors	7	-	3,750
Cash at bank and in hand		373	6,323
		<u>373</u>	<u>10,073</u>
CREDITORS: Amounts falling due within one year	8	<u>(22,117)</u>	<u>(35,882)</u>
NET CURRENT LIABILITIES		(21,744)	(25,809)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>99,565</u>	<u>94,837</u>
CREDITORS: Amounts falling due after more than one year	9	<u>(4,258)</u>	-
NET ASSETS		<u>95,307</u>	<u>94,837</u>
		<u>1997</u>	<u>1996</u>
	Note	£	£
CAPITAL AND RESERVES			
Called-up equity share capital	11	1,000	1,000
Profit and loss account		94,307	93,837
SHAREHOLDERS' FUNDS	12	<u>95,307</u>	<u>94,837</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

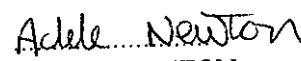
The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the19..., and are signed on their behalf by:


 MR J NEWTON


 MRS A NEWTON

The notes on pages 4 to 8 form part of these financial statements.

NEWTON LEISURE (SCOTLAND) LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Goodwill

Purchased goodwill is written off immediately against reserves. Goodwill which is generated by the activities of the company is not recognised as an asset in the balance sheet and the associated costs are written off to the profit and loss account when they are incurred.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	5% Reducing Balance
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Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	20% Reducing Balance
Fixtures & Fittings	15% Reducing Balance
Motor Vehicles	25% Reducing Balance

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

2. OPERATING PROFIT

Operating profit is stated after charging:

	1997 £	1996 £
Directors' emoluments	16,165	14,555
Amortisation	755	795
Depreciation	26,528	26,434
Loss on disposal of fixed assets	4,804	699

NEWTON LEISURE (SCOTLAND) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Finance charges	<u>204</u>	<u>339</u>

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax based on the results for the year at 21% (1996 - 24%)	<u>-</u>	<u>6,852</u>

5. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1st January 1997 and 31st December 1997	<u>21,023</u>
AMORTISATION	
At 1st January 1997	5,923
Charge for the year	<u>755</u>
At 31st December 1997	<u>6,678</u>
NET BOOK VALUE	
At 31st December 1997	<u>14,345</u>
At 31st December 1996	<u>15,100</u>

NEWTON LEISURE (SCOTLAND) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

6. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1st January 1997	263,045	13,849	7,213	284,107
Additions	69,007	3,738	-	72,745
Disposals	(63,370)	-	-	(63,370)
At 31st December 1997	<u>268,682</u>	<u>17,587</u>	<u>7,213</u>	<u>293,482</u>
DEPRECIATION				
At 1st January 1997	161,711	11,919	4,931	178,561
Charge for the year	25,108	850	570	26,528
On disposals	(18,571)	-	-	(18,571)
At 31st December 1997	<u>168,248</u>	<u>12,769</u>	<u>5,501</u>	<u>186,518</u>
NET BOOK VALUE				
At 31st December 1997	<u>100,434</u>	<u>4,818</u>	<u>1,712</u>	<u>106,964</u>
At 31st December 1996	<u>101,334</u>	<u>1,930</u>	<u>2,282</u>	<u>105,546</u>

Hire purchase agreements

Included within the net book value of £106,964 is £17,998 (1996 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £4,500 (1996 - £Nil).

7. DEBTORS

	1997 £	1996 £
ACT recoverable against future taxation	<u>-</u>	<u>3,750</u>

NEWTON LEISURE (SCOTLAND) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

8. CREDITORS: Amounts falling due within one year

	1997		1996
	£	£	£
Trade creditors		6,622	6,619
Advance Corporation Tax	-		3,750
Corporation Tax	-		6,852
PAYE and social security	1,138		439
VAT	6,485		3,759
Hire purchase agreements	5,521		-
Directors current accounts	551		12,663
	<u>13,695</u>		<u>27,463</u>
Accruals and deferred income		1,800	1,800
	<u>22,117</u>		<u>35,882</u>

9. CREDITORS: Amounts falling due after more than one year

	1997	1996
	£	£
Hire purchase agreements	<u>4,258</u>	<u>-</u>

10. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	1997	1996
	£	£
Amounts payable within 1 year	6,336	-
Amounts payable between 2 to 5 years	4,869	-
	<u>11,205</u>	<u>-</u>
Less interest and finance charges relating to future periods	(1,426)	-
	<u>9,779</u>	<u>-</u>

NEWTON LEISURE (SCOTLAND) LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

11. SHARE CAPITAL

Authorised share capital:

	1997 £	1996 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	1997 £	1996 £
Ordinary share capital	<u>1,000</u>	<u>1,000</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	470	24,744
Dividends	-	(15,000)
	<u>470</u>	<u>9,744</u>
Opening shareholders' equity funds	94,837	85,093
Closing shareholders' equity funds	<u>95,307</u>	<u>94,837</u>

NEWTON LEISURE (SCOTLAND) LTD
MANAGEMENT INFORMATION
YEAR ENDED 31ST DECEMBER 1997

The following page does not form part of the statutory financial statements.

NEWTON LEISURE (SCOTLAND) LTD
ACCOUNTANTS' REPORT TO THE DIRECTORS
YEAR ENDED 31ST DECEMBER 1997

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31st December 1997, set out on pages 2 to 9 and you consider that the company is exempt from an audit and a report under section 249A(2) of the Companies Act 1985. In accordance with your instructions we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

117 Crow Road
Partick
Glasgow
G11 7SQ

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W D Hall

W D HALL & COMPANY
Chartered Accountants

NEWTON LEISURE (SCOTLAND) LTD

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 1997

	1997		1996	
	£	£	£	£
TURNOVER				
Sales		138,526		166,388
Rents Received		27,886		27,606
Other Income		-		442
		<u>166,412</u>		<u>194,436</u>
 OVERHEADS				
Directors salaries	16,165		14,555	
Directors pensions	1,753		1,670	
Wages and salaries	20,708		17,618	
Staff NIC	1,578		1,460	
Factors fees	880		-	
Rent Rates and Insurance	42,666		38,978	
Vending Machine Purchases	2,067		1,801	
Licences and Duties	12,001		13,330	
Prizes	8,592		17,860	
Light and heat	4,272		4,178	
Motor and Travel Expenses	3,914		6,292	
Repairs & Renewals - Machines	8,517		9,617	
Telephone	2,708		1,651	
Repairs & Renewals - Buildings	2,237		615	
Printing, stationery and postage	1,357		1,321	
Cleaning	160		440	
Sundry expenses	499		462	
Legal and professional fees	1,080		302	
Accountancy fees	1,759		1,800	
Amortisation	755		795	
Depreciation	26,528		26,434	
Loss on disposal of fixed assets	4,804		699	
Bank charges	738		623	
		<u>165,738</u>		<u>162,501</u>
 OPERATING PROFIT		674		31,935
 HP/Finance lease charges		204		339
 PROFIT ON ORDINARY ACTIVITIES		<u>470</u>		<u>31,596</u>