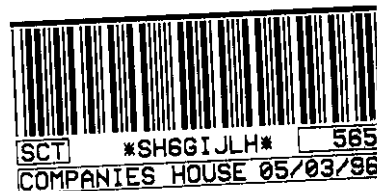


F I N A N C I A L S T A T E M E N T S

NEWTON LEISURE (SCOTLAND) LIMITED

YEAR ENDED 31ST DECEMBER 1995

W D HALL & COMPANY
CHARTERED ACCOUNTANTS
& REGISTERED AUDITOR
117 Crow Road
Partick
Glasgow
G11 7SQ



NEWTON LEISURE (SCOTLAND) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1995

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7th February 1996

NEWTON LEISURE (SCOTLAND) LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 31ST DECEMBER 1995

The Directors present their Report and the Financial Statements for the Year ended 31st December 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company in the year under review was Amusement Arcade Operators.

There were no significant developments in the Company's business during the year and no major changes are planned for the coming year.

The profit for the year after taxation and extraordinary items and the manner in which that profit has been dealt with is set out on page 4 of the Financial Statements. In the opinion of the Directors, the company was in a satisfactory position at the year end.

DIVIDENDS

The Directors recommend the payment of a dividend of £8,000.

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARES

The Directors and their interests in the Company's shares at the beginning and end of the year were as follows:

| | <u>At End Of Year</u> | <u>At Beginning Of Year</u> |
|-----------------------|---------------------------|---------------------------------|
| J. Newton | 950 | 1,000 |
| A. Newton (Secretary) | 50 | - |
| | ----- | ----- |
| | 1,000 | 1,000 |
| | ===== | ===== |

FIXED ASSETS

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

CLOSE COMPANY PROVISIONS

In the opinion of the Directors, the Company is a close company within the meaning of S414 Income and Corporation Taxes Act 1988 (as amended).

AUDITORS

A resolution to appoint Messrs. W D Hall & Company as auditors for the ensuing year will be proposed at the Annual General Meeting.

By order of the Board

..A. Newton....

Date 24/2/96....

Secretary

ACCOUNTANT'S REPORT TO THE SHAREHOLDERS OF
NEWTON LEISURE (SCOTLAND) LIMITED

I have examined, without carrying out an audit, the accounts for the year ended 31st December, 1995 set out on pages 4 to 10.

Respective Responsibilities of Directors and Reporting Accountant

As described on pages 2 and 6 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. It is my responsibility to examine the accounts and, based on my examination, to report my opinion, as set out below, to the shareholders.

Basis of Opinion

I conducted my examination in accordance with the appropriate standards for reporting accountants issued by the Auditing Practices Board. This examination consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as I considered necessary for the purposes of this report.

The examination was not an audit conducted in accordance with Auditing Standards. Accordingly, I do not express an audit opinion on the accounts. Therefore, my examination does not provide any assurance that the accounting records and the accounts are free from material misstatement.

Opinion

In my opinion:

1. the accounts are in agreement with those accounting records kept by the company under section 221 of the Companies Act 1985;
2. having regard only to, and on the basis of, the information contained in those accounting records, the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
3. having regard only to, and on the basis of, the information contained in those accounting records, the company satisfied the conditions for exemption from an audit of the accounts for the period specified in section 249A(4) of the Act and did not, at any time within that period, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

W.D. HALL & COMPANY
Registered Auditors

W.D. Hall
.....

7th February 1996

117 CROW ROAD
PARTICK GLASGOW G11 7SQ

NEWTON LEISURE (SCOTLAND) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1995

| | | <u>1995</u> | <u>1994</u> |
|--|-------------|-------------|-------------|
| | <u>Note</u> | <u>£</u> | <u>£</u> |
| <u>TURNOVER</u> | 2 | 186,483 | 163,670 |
| Staff Costs | 3 | 33,743 | 38,326 |
| Depreciation | | 24,765 | 21,131 |
| Other Operating Charges | | 105,109 | 91,396 |
| | | ----- | ----- |
| | | 163,617 | 150,853 |
| | | ----- | ----- |
| Operating PROFIT | 4 | 22,866 | 12,817 |
| | | ----- | ----- |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 22,866 | 12,817 |
| Taxation | 5 | 2,030 | 4,623 |
| | | ----- | ----- |
| PROFIT AFTER TAXATION | | 20,836 | 8,194 |
| DIVIDENDS | 6 | 8,000 | - |
| | | ----- | ----- |
| PROFIT FOR THE FINANCIAL YEAR | | 12,836 | 8,194 |
| BALANCE BROUGHT FORWARD | | 71,257 | 63,063 |
| | | ----- | ----- |
| BALANCE CARRIED FORWARD | | 84,093 | 71,257 |
| | | ===== | ===== |

There are no other recognised gains or losses than those stated above.

NEWTON LEISURE (SCOTLAND) LIMITEDBALANCE SHEET AS AT 31ST DECEMBER 1995

| | | <u>1995</u> | | <u>1994</u> | |
|---|-------------|-------------|----------|-------------|----------|
| | <u>Note</u> | £ | £ | £ | £ |
| <u>FIXED ASSETS</u> | | | | | |
| Intangible Assets | 7 | | 15,895 | | 16,777 |
| Tangible Assets | 8 | | 95,187 | | 81,113 |
| <u>CURRENT ASSETS</u> | | | | | |
| Debtors & Prepayments | 9 | | 7,125 | | 12,714 |
| Cash at Bank and in Hand | | | 2,400 | | 1,971 |
| | | | ----- | | ----- |
| | | | 9,525 | | 14,685 |
| | | | ----- | | ----- |
| <u>Less: CURRENT LIABILITIES</u> | | | | | |
| <u>Creditors: amounts falling due within one year</u> | | | | | |
| Bank Overdrafts | 10 | | 27,207 | | 40,318 |
| | 11 | | 8,307 | | - |
| | | | ----- | | ----- |
| | | | 35,514 | | 40,318 |
| | | | ----- | | ----- |
| NET CURRENT LIABILITIES | | | (25,989) | | (25,633) |
| | | | ----- | | ----- |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 85,093 | | 72,257 |
| | | | ----- | | ----- |
| NET ASSETS | | | 85,093 | | 72,257 |
| | | | ===== | | ===== |
| <u>Financed by:</u> | | | | | |
| SHARE CAPITAL | 12 | | 1,000 | | 1,000 |
| <u>REVENUE RESERVES</u> | | | | | |
| Profit and Loss Account | 13 | | 84,093 | | 71,257 |
| | | | ----- | | ----- |
| | | | 85,093 | | 72,257 |
| | | | ===== | | ===== |

DIRECTORS' STATEMENT
NEWTON LEISURE (SCOTLAND) LIMITED

The Directors:

- (1) confirm that for the year ended 31st December 1995 the company was entitled to the exemption under subsection (1) of Section 249A;
- (2) confirm that no notice requiring an audit had been deposited under subsection (2) of S249B in relation to the accounts for the financial period; and
- (3) acknowledge their responsibility for:
 - (a) ensuring that the company keeps accounting records which comply with Section 221; and
 - (b) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

The directors have taken advantage of the exemptions conferred by Part 1 of Schedule 8 to the Companies Act 1985, applicable to small companies in the preparation of their accounts, and have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions as a small company.

A. Newton..... Director *[Signature]*..... Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1995

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 accounts.

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

(b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:-

| | |
|---------------------|-----|
| Amusement Plant | 20% |
| Fixtures & Fittings | 15% |
| Motor Vehicles | 25% |

(c) Goodwill and Lease Premium

Goodwill and lease premium, being the amount paid in connection with the acquisition of the business, is being written off evenly over a period of 25 years, the period of the lease.

2 TURNOVER

The turnover and profit of £22,866 (1994 profit of £12,817) before taxation is attributable to the principal activity of the company.

3 DIRECTORS AND EMPLOYEES

| | | |
|-----------------------|--------|--------|
| Staff Costs | | |
| Wages and Salaries | 30,946 | 35,869 |
| Social Security Costs | 1,236 | 1,303 |
| Other pension costs | 1,561 | 1,154 |
| | ----- | ----- |
| | 33,743 | 38,326 |
| | ===== | ===== |

The Average number of persons employed by the company including Directors was:- 7

The directors' remuneration, including pension contributions and benefits in kind:

| | <u>1995</u> | <u>1994</u> |
|-------------------------|---------------|---------------|
| | £ | £ |
| Direcotrs' Remuneration | 14,500 | 11,020 |
| Directors' Pension | <u>1,561</u> | <u>1,154</u> |
| | <u>16,061</u> | <u>12,174</u> |
| | ===== | ===== |

NEWTON LEISURE (SCOTLAND) LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19954 OPERATING PROFIT

Operating Profit is stated after charging :-

| | <u>1995</u> £ | <u>1994</u> £ |
|---------------------------------------|------------------|------------------|
| Staff Costs | 17,682 | 26,152 |
| Directors' Remuneration | 14,500 | 11,020 |
| Auditors Remuneration | 1,700 | 1,500 |
| Depreciation & Amortisation | 24,765 | 21,131 |
| Loss/(Profit) on Sale of Fixed Assets | - | 495 |

5 TAXATION

The charge shown in the accounts included the following amounts due in respect of the corporation tax at 25% arising on profits from ordinary activities:-

| | | |
|---------------------------------|--------------|--------------|
| Current Year | 4,610 | 4,623 |
| Over Provision in previous year | (2,580) | |
| | <u>2,030</u> | <u>4,623</u> |

6 DIVIDENDS

The directors recommend the payment of a dividend of £8,000 (1994 - NIL)

7 GOODWILL

| | | <u>Goodwill and Lease Premium</u> |
|-------------------------------|------------|---------------------------------------|
| Cost at 1.1.93 | | £21,023 |
| Written off in previous years | 4,246 | |
| Written off in current year | <u>882</u> | |
| | | <u>5,128</u> |
| | | <u>15,895</u> |

NEWTON LEISURE (SCOTLAND) LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19958 FIXED TANGIBLE ASSETS

| | Opening Balance | Additions | Disposals | Closing Balance |
|--|--------------------|-----------|-----------|--------------------|
| | £ | £ | £ | £ |
| <u>COST OR VALUATION</u> | | | | |
| Amusement Plant | 185,103 | 51,192 | 9,235 | 227,060 |
| Fixtures & Fittings | 17,849 | - | 4,000 | 13,849 |
| Motor Vehicles | 10,532 | - | - | 10,532 |
| | 213,484 | 51,192 | 13,235 | 251,441 |
| <u>DEPRECIATION & AMORTISATION</u> | | | | |
| Amusement Plant | 114,717 | 22,469 | - | 137,186 |
| Fixtures & Fittings | 11,179 | 400 | - | 11,579 |
| Motor Vehicles | 6,475 | 1,014 | - | 7,489 |
| | 132,371 | 23,883 | - | 156,254 |
| <u>NET BOOK VALUE</u> | | | | |
| Amusement Plant | 70,386 | | | 89,874 |
| Fixtures & Fittings | 6,670 | | | 2,270 |
| Motor Vehicles | 4,057 | | | 3,043 |
| | 81,113 | | | 95,187 |

NEWTON LEISURE (SCOTLAND) LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19959 DEBTORS

| | | |
|---------------|-------|--------|
| Other debtors | 2,000 | 3,825 |
| Prepayments | 5,125 | 8,889 |
| | ----- | ----- |
| | 7,125 | 12,714 |
| | ----- | ----- |

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|-----------------|--------|--------|
| Trade creditors | 1,440 | 12,792 |
| Corporation tax | 6,610 | 6,655 |
| Other taxes | 3,875 | 9,353 |
| Other creditors | 8,744 | 4,198 |
| Accruals | 1,700 | 7,320 |
| H.P. Creditor | 4,838 | - |
| | ----- | ----- |
| | 27,207 | 40,318 |
| | ----- | ----- |

11 BANK LOANS AND OVERDRAFTS

| | | |
|---|-------------|-------------|
| | <u>1995</u> | <u>1994</u> |
| | £ | £ |
| The aggregate amount of bank loans and overdrafts was as follows: | | |
| (a) Falling due within one year | | |
| Bank overdraft | 8,307 | £Nil |
| | ===== | ===== |

12 CALLED UP SHARE CAPITAL

Authorised
100,000 Ordinary shares of £1.00 each

Allotted, called up and fully paid
1,000 ordinary shares of £1.00 each

| | | |
|--|-------------|-------------|
| <u>13 Reconciliation of Movement in Shareholders Funds</u> | <u>1995</u> | <u>1994</u> |
| Profit for the year after taxation | 20,836 | 8,194 |
| Dividends | 8,000 | - |
| Retained Profit for the Year | 12,836 | 8,194 |
| Opening Shareholders Fund | 72,257 | 64,063 |
| Closing Shareholders Fund | 85,093 | 72,257 |
| | ===== | ===== |