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ASSOCIATED LEISURE LIMITED

Report and Financial Statements
for the 14 month period ended
31 December 1995

The Company's Registration number is 657720
The Company is Registered in England and Wales
The Company's auditors are KPMG



ASSOCIATED LEISURE LIMITED

Directors

Mr J F Garrett
Mr J B Pickersgill
Mr J Whittaker

DIRECTORS' REPORT

The Directors present their Report and Financial Statements for the 14 month period ended 31 December 1995.

Principal Activities and Business Review

The principal activities of the Company are the operation and rental of coin operated amusement machines and sales of new amusement machines. The profit for the period after taxation amounted to £2,000 which has been transferred to reserves. Due to the economic position in the UK, the Directors view the future with caution.

Change of Accounting Reference Date

The Company changed its accounting reference date during the period from 31 October to 31 December.

Dividend

The Directors do not recommend the payment of a dividend on the ordinary share capital.

Fixed Assets

Details of fixed assets are shown in note 7 to the accounts on page 12.

Directors

The following were Directors of the Company during the period:-

Mr J F Garrett
Mr J B Pickersgill
Mr J Whittaker

Directors' Interests

The Directors' interests in shares or stocks of The Rank Organisation Plc, including options to purchase Ordinary shares under the terms of The Rank Organisation Plc Executive Share Option Scheme and Share Savings Scheme were as follows:-

	31 December 1995			1 November 1994	
	Ordinary Shares	Share Options	Weighted average exercise price (p)	Ordinary shares	Share Options
J F Garrett	83,500	208,840	373.50	83,500	-
J B Pickersgill	3,000	100,660	285.35	3,000	95,617
J Whittaker	-	60,705	271.75	-	60,705

ASSOCIATED LEISURE LIMITED

DIRECTORS' REPORT FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

Directors' Interests (cont'd)

Options to subscribe for Ordinary shares of The Rank Organisation Plc granted to and exercised by Directors in the 14 month period to 31 December 1995 were as follows:-

	<u>Options Granted</u>	<u>Options Exercised</u>
J F Garrett	208,840	-
J B Pickersgill	5,043	-
J Whittaker	-	-

No option lapsed during the period. The market price of an ordinary share at 31 December 1995 was 466p and the range during the preceding 14 months was 358p to 466p. The options outstanding at 31 December 1995 are exercisable at varying dates between 15 February 1996 and 10 February 2005. There were no changes in Directors' interests between 1 January 1996 and the date of this report. The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and options to subscribe.

Except as stated above, none of the Directors held interests in shares, share options, stocks or debentures of the Company, its ultimate parent undertaking or any subsidiary undertaking of that Company at 1 November 1994 or at 31 December 1995.

Personnel

The Company values the contribution that its employees make to the success of the business. Substantial investment is made in the training, development and motivation of staff with particular focus on ensuring customer satisfaction through the consistent achievement of high standards of personal care and service. The involvement of employees in the success of the business is encouraged through Company wide communications and consultation programmes.

The Company endorses the active application of equal opportunities policies and programmes to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age or disability.

By Order of the Board

F G N Thomas
F G N Thomas
Secretary

Registered Office
6 Connaught Place
London W2 2EZ

ASSOCIATED LEISURE LIMITED 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 appropriate accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state that all applicable accounting standards have been followed, save as disclosed in the notes to the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible 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.

AUDITORS' REPORT TO THE MEMBERS OF ASSOCIATED LEISURE LIMITED

We have audited the financial statements on pages 5 to 20.

Respective responsibilities of Directors and Auditors.

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 1995 and of its profit for the 14 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPT/L

Chartered Accountants
Registered Auditors
Norfolk House
499 Silbury Boulevard
Milton Keynes
MK9 2HA

6/6 March 1996.

ASSOCIATED LEISURE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 14 MONTHS ENDED 31 DECEMBER 1995

	Note	1995 14 months £'000	1994 12 months £'000
Turnover	2	56,941	54,391
Operating profit	3a	596	839
Profit on the disposal of fixed assets		419	150
Profit on ordinary activities before interest		1,015	989
Dividends and interest receivable	4	39	4
Amounts in respect of investments	3b	-	1,888
Interest payable and similar charges	5	(559)	(742)
Profit on ordinary activities before taxation		495	2,139
Tax on profit on ordinary activities	6	(493)	(373)
Profit on ordinary activities after taxation		2	1,766
Retained profit and loss reserves brought forward		(49,421)	(51,187)
Retained profit and loss reserves carried forward		(49,419)	(49,421)

There have been no recognised gains or losses other than the profit for the financial period.

There is no material difference between the reported profit on ordinary activities before tax and the historical cost profit on ordinary activities before tax. All of the activities for the current and prior periods relate to continuing operations.

The notes on pages 8 to 20 form part of these financial statements.

ASSOCIATED LEISURE LIMITED

BALANCE SHEET AT 31 DECEMBER 1995

	Note	1995 31 December £'000	1994 31 October £'000
Fixed Assets			
Tangible assets	7	19,233	20,196
Investments	8	-	100
		<hr/> 19,233	<hr/> 20,296
Current Assets			
Assets held for disposal		596	596
Stocks	9	2,009	2,267
Debtors due within one year	10	8,416	8,865
Debtors due after more than one year	10	261	997
Total debtors		8,677	9,862
Cash at bank and in hand		2,501	790
		<hr/> 13,783	<hr/> 13,515
Creditors (amounts falling due within one year)	11	(12,541)	(13,876)
		<hr/> 1,242	<hr/> (361)
Net Current Assets/(Liabilities)			
Total Assets less Current Liabilities		<hr/> 20,475	<hr/> 19,935
Creditors (amounts falling due after more than one year)	11	(3,894)	(3,356)
Net Assets		<hr/> 16,581	<hr/> 16,579

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ASSOCIATED LEISURE LIMITED

BALANCE SHEET AT 31 DECEMBER 1995 (cont'd)

	Note	1995 31 December £'000	1994 31 October £'000
Capital and Reserves			
Called up share capital	13	66,000	66,000
Profit and loss account		(49,419)	(49,421)
Total Shareholders' Funds	14	16,581	16,579

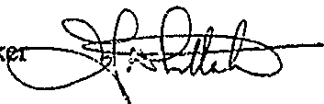
These financial statements were approved by the Board of Directors on 20 February 1996.

J B Pickersgill



Directors

J Whittaker



The notes on pages 8 to 20 form part of these financial statements.

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ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings in accordance with applicable accounting standards and on bases consistent with previous years.

Investments

Investments in subsidiary and associated undertakings are included in the balance sheet of the Company at cost less provisions for permanent diminution in value.

Fixed assets

i) Properties

- a) Freehold land and buildings and leasehold properties with unexpired lease terms exceeding 20 years are revalued on a rolling cycle determined by the ultimate parent company and the resultant variation is included in the balance sheet.

Any revaluation deficit, calculated by reference to the previous carrying value, is recorded in the revaluation reserve to the extent that it is considered to be a temporary diminution in value. Any permanent diminution in value is charged to the profit and loss account after making any associated adjustment to the revaluation reserve.

- b) No depreciation is provided on freehold land.
- c) Freehold buildings are depreciated on a straight line basis over 100 years or their useful life, if less.
- d) Leasehold properties are depreciated on a straight line basis over the lesser of 100 years, their useful life or the terms of the lease.

ii) Other assets

Amusement machines and major conversions thereof are included in fixtures, fittings, tools and equipment and are depreciated between one and seven years at rates which reflect the income generating capacity of the machines. Other fixed assets are depreciated on a straight line basis as follows:-

Motor vehicles	25% per annum
Fixtures, fittings, tools and other equipment	20% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation computed under the liability method is provided in respect of timing differences to the extent that it is probable that a liability will arise in the foreseeable future.

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1992 (cont'd)

1 ACCOUNTING POLICIES - (cont'd)

Pensions

The pension costs relating to the schemes, outlined in note 18, which are of the defined benefit type are assessed in accordance with the advice of a qualified actuary using the projected unit method. Actuarial surpluses and deficiencies are amortised on a straight line basis over the expected average remaining service lives of the employees. The pension costs which are of the defined contribution type represent the contributions payable by the Company.

Assets Held for Disposal

These are former fixed assets which are intended to be sold and will not be replaced.

Leased Assets

Assets acquired under finance leases are included in tangible fixed assets.

Depreciation is provided at rates designed to write off the cost in equal annual amounts over the shorter of the estimated useful lives of the assets (which are the same as those for similar assets purchased outright) or the period of the leases.

The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the leases in proportion to the balances outstanding.

Operating lease payments are charged to the profit and loss account as incurred.

Cash flow Statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

2 TURNOVER

Turnover represents the revenue from the operation and rental of coin operated amusement machines and sales of new amusement machines, exclusive of value added tax. The geographical analysis of turnover by destination is:-

	1995 14 months £'000	1994 12 months £'000
United Kingdom	56,766	53,928
Rest of Europe	169	463
Rest of World	6	-
	<hr/> 56,941	<hr/> 54,391

3a OPERATING PROFIT

	1995 14 months £'000	1994 12 months £'000
Turnover	56,941	54,391
Cost of sales	(41,578)	(40,039)
	<hr/> 15,363	<hr/> 14,352
Gross profit		
Distribution costs	(4,390)	(4,289)
Administrative expenses	(10,432)	(9,254)
Other operating income	55	30
	<hr/> 596	<hr/> 839
Operating profit		

The operating profit is stated after charging the following items:-

	1995 14 months £'000	1994 12 months £'000
Depreciation of tangible fixed assets	15,372	14,861
Operating lease payments - property,	502	422
plant & machinery	5	19
Auditors' remuneration - for audit work	70	75
Auditors' remuneration - for non audit work	21	-

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

3b AMOUNTS IN RESPECT OF INVESTMENTS

In 1994 amounts in respect of investments included a credit of £2,217,000. This was in respect of the settlement of a claim made under the agreement to acquire Rank Nemo (HGY) Limited and Rank Nemo (HGZ) Limited from the previous owners. Also included in this heading was a charge of £329,000 to write down the Company's investment in these two Companies to their realisable value.

4	DIVIDENDS AND INTEREST RECEIVABLE	1995	1994
		14 months £'000	12 months £'000
	Other interest receivable	39	4
		<hr/>	<hr/>
5	INTEREST PAYABLE AND SIMILAR CHARGES	1995	1994
		14 months £'000	12 months £'000
	On loans fully repayable within five years	-	(204)
	On loans from parent undertaking	382	663
	Finance charges on finance lease	177	283
		<hr/>	<hr/>
		559	742
		<hr/>	<hr/>

In 1994 interest on loans fully repayable within five years included an amount of £222,000 which represented interest charged in previous years, accrued in the balance sheet and as a result of the settlement referred to in note 3b was no longer payable.

6	TAXATION ON PROFIT ON ORDINARY ACTIVITIES	1995	1994
		14 months £'000	12 months £'000
	United Kingdom Taxation current period charge	500	390
	Prior year over provision	(7)	(17)
		<hr/>	<hr/>
	Total charge per profit and loss account	493	373
		<hr/>	<hr/>

Charges for United Kingdom Taxation are made at 33% (1994:33%) of taxable profits.

The tax charge has been increased by £180,000 in respect of timing differences. (In 1994 the tax charge was increased by £844,000 in respect of timing differences and decreased by £732,000 as a result of the credit described in note 3b which is capital in nature).

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Fixtures fittings tools and equipment £'000	Total £'000
Cost/valuation				
At 31 October 1994	2,980	483	40,280	43,748
Additions	-	-	16,598	16,598
Transfers from group undertakings	-	-	39	39
Disposals	-	-	(14,342)	(14,342)
Transfers to group undertakings	-	(335)	(32)	(367)
At 31 December 1995	2,980	153	42,543	45,676
At cost	-	153	42,543	42,696
At valuation in 1992	2,980	-	-	2,980
Cost/valuation at 31 December 1995	2,980	153	42,543	45,676
Depreciation				
At 31 October 1994	65	95	23,392	23,552
Charge for the period	38	10	15,324	15,372
Transfers from group undertakings	-	-	18	18
Disposals	-	-	(12,443)	(12,443)
Transfers to group undertakings	-	(53)	(3)	(56)
At 31 December 1995	103	52	26,288	26,443
Net book amount				
At 31 October 1994	2,915	393	16,888	20,196
At 31 December 1995	2,877	101	16,255	19,233

The property valuation at 31 October 1992 was made by Knight, Frank and Rutley on the basis of open market value for existing use and assumed where applicable the continued benefit of licences and permits.

The net book amount of land and buildings includes £2,877,000 (1994: £2,915,000) in respect of assets carried at valuation. The total net book amount of land and buildings as determined under the historical cost accounting rules was:-

	1995 31 December £'000	1994 31 October £'000
Cost	3,722	3,722
Depreciation	(228)	(144)
Net book amount	3,494	3,578

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

7 TANGIBLE FIXED ASSETS - (cont'd)

Land and buildings with a net book amount of £1,350,000 (1994: £1,350,000) are not depreciated.

Included in fixtures, fittings, tools and equipment are amusement machines held for rental at a cost of £27,887,000 (1994: £26,186,000) and accumulated depreciation of £16,960,000 (1994: £13,850,000).

Included within fixtures, fittings, tools and equipment is the following amount in respect of capitalised finance leases:-

	1995 31 December £'000	1994 31 October £'000
Net book amount	253	1,082
Depreciation charge in period	649	2,799
	<hr/>	<hr/>

8 INVESTMENTS

	Shares in Subsidiary undertakings £'000	Shares in Associated undertakings £'000	Total £'000
Cost			
At 31 October 1994	14,350	1,282	15,632
Disposals	-	(1,282)	(1,282)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	14,350	-	14,350
	<hr/>	<hr/>	<hr/>
Provisions			
At 31 October 1994	14,350	1,182	15,532
Disposals	-	(1,182)	(1,182)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	14,350	-	14,350
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 October 1994	-	100	100
	<hr/>	<hr/>	<hr/>
At 31 December 1995	-	-	-
	<hr/>	<hr/>	<hr/>

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

8 INVESTMENTS - (cont'd)

The Company is exempt from the obligation to prepare and deliver group accounts. The Company is included in the consolidated accounts of The Rank Organisation Plc, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the Directors the value of the company's investments in its subsidiary undertakings is not less than the amount at which they are included in the balance sheet.

The company has the following interests in subsidiary and associated undertakings which are all incorporated in Great Britain and registered in England and Wales, unless otherwise stated:

	Class of shares held	% of shares held	
		Directly	Indirectly
Subsidiary undertakings:			
Rank Nemo (HGY) Limited	Ordinary	100	
Associated Leisure France SARL (France)	Ordinary	100	
Associated Leisure France Property SCI (France)	Ordinary		100
Rank Nemo (HGZ) Limited	Ordinary	90	10

Associated undertakings:

During the period Ace Coin Equipment Limited, previously an associated undertaking, was sold.

9 STOCKS

	1995 31 December £'000	1994 31 October £'000
Raw materials and consumables	271	288
Finished goods and goods for resale	1,738	1,979
	<hr/> 2,009	<hr/> 2,267

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ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

10 DEBTORS

	1995 31 December £'000	1994 31 October £'000
Amounts due within one year:		
Trade debtors	4,173	4,877
Amounts owed by subsidiary undertakings	13	-
Amounts owed by fellow subsidiary undertakings	302	211
Other debtors	420	184
Prepayments and accrued income	3,508	3,593
	<hr/>	<hr/>
	8,416	8,865
Amounts due after more than one year:		
Prepayments and accrued income	261	997
	<hr/>	<hr/>
	8,677	9,862
	<hr/>	<hr/>

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

11 CREDITORS

	1995 31 December £'000	1994 31 October £'000
Amounts falling due within one year:		
Obligations under finance leases owed to fellow subsidiary undertakings	648	1,082
Trade creditors	6,333	6,847
Amounts owed to parent undertaking	1,150	268
Amounts owed to fellow subsidiary undertakings	-	547
Amounts owed to subsidiary undertakings	21	59
United Kingdom corporation tax	525	1,085
Other tax and social security	597	680
Other creditors	152	201
Accruals	3,115	3,107
	<hr/> 12,541 <hr/>	<hr/> 13,876 <hr/>
Amounts falling due after more than one year:		
Obligations under finance leases owed to fellow subsidiary undertakings	11	1,165
Amounts owed to parent undertaking	3,883	2,191
	<hr/> 3,894 <hr/>	<hr/> 3,356 <hr/>

The parent undertaking has agreed not to request payment of £3,883,000 before 1 January 1997.

12 DEFERRED TAX ASSET

No deferred taxation is provided in these accounts (1994: £NIL).

The potential deferred tax asset not recognised is as follows:-

	1995 31 December £'000	1994 31 October £'000
Accelerated capital allowances	4,698	4,269
Other timing differences	63	312
	<hr/> 4,761 <hr/>	<hr/> 4,581 <hr/>

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ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

13 SHARE CAPITAL

	1995 31 December £'000	1994 31 October £'000
Authorised, issued and fully paid: Ordinary shares of £1 each	66,000	66,000

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 31 December £'000	1994 31 October £'000
Profit for the financial period	2	1,766
Opening shareholders' funds	16,579	14,813
Closing shareholders' funds	16,581	16,579

15 DIRECTORS' EMOLUMENTS

	1995 14 months £'000	1994 12 months £'000
(a) Total emoluments of directors		
Other emoluments	250	215
Contributions to pension schemes	16	14
	266	229

- (b) Emoluments of chairman
(c) Emoluments of highest paid director

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- (d) The table which follows shows the number of directors including the chairman and highest paid director whose emoluments during the period, excluding pension contributions, were within bands stated:-

Emoluments	Directors 1995 14 months	1994 12 months
£		
0 - 5,000	1	2
5,001 - 8,000	-	1
8,001 - 10,000	1	-
10,001 - 15,000	-	1
15,001 - 20,000	1	-

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

16 EMPLOYEES

The average number of employees, including directors, during the period was:-

	1995 14 Months Number	1994 14 Months Number
Management	47	44
Administration	137	138
Operational	889	1,019
	<hr/> 1,073	<hr/> 1,201

Aggregate costs:

	14 months £'000	12 months £'000
Wages and salaries	15,547	13,945
Social Security costs	1,201	1,121
Other pension costs	368	580
	<hr/> 17,116	<hr/> 15,646

The actual contributions paid to The Rank Organisation Pension Plan in the period to 31 December 1995 totalled £608,000 (1994: £481,000). At 31 December 1995 there was a prepayment in debtors of £365,000 (1994: £Nil) resulting from the difference between pension costs charged in the accounts and the amounts funded to date.

ASSOCIATED LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)

17 COMMITMENTS

	1995 31 December £'000	1994 31 October £'000
Capital expenditure that has been authorised by the Directors but not yet contracted	34	634
Capital expenditure that has been authorised and contracted	3	992

Rental commitments over periods of leases:

The commitment at 31 December 1995 to make payments on operating leases in the year to 31 December 1996 was as follows:-

	Property 1995 31 December £'000	1994 31 October £'000	Plant and machinery 1995 31 December £'000	1994 31 October £'000
Leases expiring in:				
one year	9	-	5	10
two to five years	162	131	-	-
more than five years	213	290	-	-
	384	421	5	10

Obligations under finance leases of plant and machinery:-

	1995 31 December £'000	1994 31 October £'000
Amounts payable		
within one year	648	1,082
between two and five years	11	1,165
	659	2,247

The total obligation is included in:-

	1995 31 December £'000	1994 31 October £'000
Creditors: amounts falling due within one year	648	1,082
Creditors: amounts falling due after more than one year	11	1,165
	659	2,247

ASSOCIATED LEISURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 14 MONTHS ENDED 31 DECEMBER 1995 (cont'd)****18 PENSIONS**

Until 5 April 1991 the Company participated in defined benefit pension schemes operated by Mecca Leisure Group Plc. The benefits under these schemes are based upon contributions paid in respect of the members (linked to salary) and are revalued each year by reference to National Average Earnings. These schemes were contracted out of the State earnings related pension arrangements and were externally funded under separate trusts.

A valuation of these schemes at 31 March 1991 disclosed no material surplus or deficiency.

The schemes were merged on 6 April 1991 with the group schemes operated by The Rank Organisation Plc. Such schemes are contracted out of the State earnings related pension arrangements and are externally funded under separate trusts. Benefits under defined benefit schemes are fixed by reference to final pay.

Valuations of the funds of the schemes operated by The Rank Organisation Plc are carried out by the scheme's Actuary triennially, the last actuarial report being to 5 April 1994. That report disclosed that the funds were adequate to meet all the accrued obligations of the schemes. Particulars of the actuarial valuation of the Group schemes are contained in the accounts of The Rank Organisation Plc.

Benefits under defined contribution schemes depend on the level of contributions paid and on the emerging investment performance.

The Company's share of contributions to the Group pension scheme less its share of the actuarial valuation is charged against profits from ordinary activities each year. The difference between the amounts paid and the amounts charged to the profit and loss account is shown as a prepayment.

19 ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is The Rank Organisation Plc, a company incorporated in Great Britain and registered in England and Wales a copy of whose consolidated accounts may be obtained from Companies House.