

DISTINCTIVE CLUBS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1992

(REGISTERED NUMBER 730625)



DISTINCTIVE CLUBS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and financial statements for the year ended 31 December 1992.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the business of gaming casinos.

BUSINESS REVIEW

The state of the Company's affairs and trading results for the year are as shown in the attached financial statements. The Directors do not recommend any distribution by way of a dividend (1991:£NIL).

DIRECTORS

The following served as Directors during (and, unless otherwise indicated, throughout) the year:-

T E Quinlan*	(resigned 6 May 1993)
F E J G Brackenbury*	(resigned 6 May 1993)
J Price	(resigned 14 April 1992)
M Raha	(resigned 17 October 1992)

T J Hemmings, N W Kent-Lemon and A M L were appointed to the Board on 6 May 1993. T Lloyd was appointed to the Board on 7 May 1993.

DIRECTORS' INTERESTS

None of the Directors had any beneficial interest in the shares of the Company. The Directors marked * are also Directors of the ultimate parent company, The Brent Walker Group PLC. Details of their interests in the Ordinary shares of 10p each, Third Non-Cumulative Redeemable Preference shares of £1 each, Cumulative Convertible Redeemable Preference shares of £1 each, warrants to subscribe for Ordinary shares and options to purchase Ordinary shares under the share option schemes of that company, are given in the financial statements of The Brent Walker Group PLC.

FIXED ASSETS

Movements in fixed assets during the year are as shown in the notes to the financial statements.

CLOSE COMPANY PROVISIONS

So far as the Directors are aware, the Company was not, at the end of the accounting period, a close company within the meaning of the Income and Corporation Taxes Act 1988.

BY ORDER OF THE BOARD



G Simmonds
Secretary

20 July 1993

DISTINCTIVE CLUBS LIMITED

**REPORT OF THE AUDITORS KPMG PEAT MARWICK
TO THE MEMBERS OF DISTINCTIVE CLUBS LIMITED**

We have audited the financial statements on pages 3 to 11 in accordance with Auditing Standards.

The financial statements have been prepared on the basis that the Company will continue as a going concern as explained in Note (a) on page 5 which also describes the adjustments to the financial statements that will be necessary if this basis is inappropriate. The validity of this basis is dependent upon the matters referred to in that note.

Subject to the effect of the matters referred to in the preceding paragraph, in our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31st December 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG PEAT MARWICK
Chartered Accountants
Registered Auditors
1 Puddle Dock
Blackfriars
London
EC4V 3PD

20 July 1993

DISTINCTIVE CLUBS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1992

NOTE	1992		1991	
	£	£	£	£
1. Turnover		3,226,897		2,377,481
Raw materials and consumables		(9,781)		(17,983)
		<u>3,217,116</u>		<u>2,359,498</u>
2. Staff costs	2,213,988		2,189,458	
Depreciation	14,855		12,776	
4. Other operating charges	978,906		926,744	
		<u>(3,207,749)</u>		<u>(3,128,978)</u>
5. Other interest receivable and similar income		2,579		-
6. Interest payable and similar charges		(2,655)		-
7. Exceptional item		<u>(160,421)</u>		<u>(251,743)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(151,130)		(1,021,223)
8. Tax on loss on ordinary activities		<u>54,188</u>		<u>250,599</u>
RETAINED LOSS FOR THE YEAR		<u>(96,942)</u>		<u>(770,624)</u>

A statement of movements on reserves is given in note 15.
The notes on page 5 to 11 form part of these financial statements.

DISTINCTIVE CLUBS LIMITED

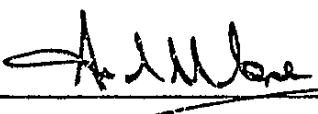
BALANCE SHEET AS AT 31 DECEMBER 1992

NOTE	1992		1991	
	£	£	£	£
FIXED ASSETS				
9. Tangible assets		64,806		2,094,622
10. Investments		101		3,335
		<u>64,907</u>		<u>2,097,957</u>
CURRENT ASSETS				
11. Stocks	28,340		42,792	
12. Debtors	493,811		315,719	
Cash at bank and in hand	68,619		182,922	
	<u>590,770</u>		<u>541,433</u>	
13. CREDITORS: Amounts falling due within one year	<u>(331,415)</u>		<u>(349,418)</u>	
NET CURRENT ASSETS		<u>259,355</u>		<u>192,015</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>324,262</u>		<u>2,289,972</u>
CAPITAL AND RESERVES				
14. Called up share capital		10,100		10,100
15. Revaluation reserve		-		1,868,768
15. Profit and loss account		314,162		411,104
		<u>324,262</u>		<u>2,289,972</u>

These financial statements were approved by the Board on its behalf by

20 July

1993 and signed on



Director

The notes on pages 5 to 11 form part of these financial statements.

DISTINCTIVE CLUBS LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 1992

The following are the significant accounting policies adopted by the Company:

a) **BASIS OF ACCOUNTING**

The financial statements have been prepared on a going concern basis which assumes that the parent undertaking, The Brent Walker Group PLC ("Brent Walker"), will be able to continue trading. The validity of this basis is dependent upon:

- (i) Brent Walker being able to enter into arrangements whereby a £50 million judgement debt and accrued interest thereon due to Grand Metropolitan PLC will not be payable in full on demand but in a manner satisfactory to Brent Walker's lenders; and
- (ii) the ongoing support of Brent Walker's lenders, including those lenders party to the William Hill syndicated loan facility and the principal lender to the Spanish subsidiary undertakings, with the continuing provision of adequate facilities.

Brent Walker's lenders have continued to date to make available the facilities under the restructured financing arrangements.

If Brent Walker is unable to continue trading, the Company would be unable to meet its liabilities and adjustments might have to be made to the value of assets to reflect their recoverable amount in these different circumstances, to provide for any further liabilities that would arise and to reclassify fixed assets as current assets.

b) **ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of short leasehold property and in accordance with the provisions of the Companies Act 1985 and Applicable Accounting Standards.

c) **DEPRECIATION**

Tangible fixed assets are depreciated to write off the cost or valuation of the assets over their estimated useful lives using the following methods and rates:

	<u>% per annum</u>	<u>Method</u>
Fixtures, fittings and equipment	10-20	Straight line

While it is the Company's policy to depreciate relevant fixed assets, the nature of the trade requires that in order to protect that trade, licensed premises are maintained so that their value is not diminished by the passage of time and the relevant expenditure is charged against profits when incurred. Therefore, any element of depreciation is considered to be not material. Having regard to this, licensed premises which are freeholds or held on a lease for a term exceeding 50 years are not depreciated.

No value is attributed to the casino gaming licence.

DISTINCTIVE CLUBS LIMITED

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 DECEMBER 1992

d) STOCKS

Stocks are valued at the lower of cost and net realisable value of each item or group of items.

e) GAMING DEBTORS

Gaming debtors are provided against in full except where cash relating to a specific debt has been collected before the completion of the accounts.

f) DEFERRED TAXATION

Deferred taxation is provided on the liability method on all short term timing differences and all other material timing differences at the anticipated corporation tax rate, unless there is reasonable probability that such a liability will not arise in the foreseeable future.

g) LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayment outstanding. Rentals paid under operating leases are dealt with in the profit and loss account as incurred.

h) CONSOLIDATION

At 31 December 1992, the Company was a wholly owned subsidiary undertaking of The Brent Walker Group PLC, a company incorporated in Great Britain and registered in England. Group financial statements have been prepared for that company. The Company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts.

i) PENSION COSTS

The Company makes contributions on behalf of employees to a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

DISTINCTIVE CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992

1. TURNOVER

Turnover represents the membership subscriptions, gaming and catering receipts net of value added tax.

1992	1991
£	£

2. STAFF COSTS

Wages and salaries	1,996,492	1,978,405
Social security costs	204,766	200,302
Pension costs	12,730	10,751
	2,213,988	2,189,458

The average number of employees during the year was as follows:

	Number	Number
Monthly Paid	121	143

3. DIRECTORS' EMOLUMENTS

None of the directors received any remuneration from the company during the year (1991 - £NIL).

1992	1991
£	£

4. OTHER OPERATING CHARGES

The following charges are included in other operating charges :

Hire of equipment	44,537	41,564
Auditors' remuneration	8,100	3,000

DISTINCTIVE CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992

	1992 £	1991 £
5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
Deposit and other interest receivable	2,579	-
6. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans wholly repayable within five years	2,655	-
7. EXCEPTIONAL ITEM		
Permanent diminution in value of investments	3,234	251,473
Provision for diminution in value of leasehold property	157,187	-
	160,421	251,473
8. TAXATION		
The taxation (credit)/charge which is based on the results for the year is made up as follows:		
(i) U.K. corporation tax payable at 25% (1991:25%)	645	-
(ii) Notional corporation tax (receivable)/payable calculated at 33% (1991:33.25%) in respect of group relief	-	(250,599)
(iii) Overprovision in prior years no longer required	(54,833)	-
	(54,188)	(250,599)

The unprovided deferred taxation liability arising from accelerated capital allowances amounted to £9,744 as at 31 December 1992 (1991:£10,733).

DISTINCTIVE CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992

9. TANGIBLE FIXED ASSETS

	Short Leasehold Property £	Equipment Fixtures & Fittings £	TOTAL £
COST/VALUATION			
At 1 January 1992	2,025,955	330,529	2,356,484
Additions	-	10,994	10,994
Provision for diminution in value	(2,025,955)	-	(2,025,955)
At 31 December 1992	-	341,523	341,523
DEPRECIATION			
At 1 January 1992	-	261,862	261,862
Provided for the year	-	14,855	14,855
At 31 December 1992	-	276,717	276,717
NET BOOK VALUES			
At 31 December 1992	-	64,806	64,806
At 31 December 1991	2,025,955	68,667	2,094,622

As the leasehold interest has expired it has been written down to £NIL.

10. INVESTMENTS

	Shares at cost £
Shares in group undertakings	
At 1.1.1992	3,335
Less: Permanent diminution in value	(3,234)
At 31.12.1992	101

The Company owns 100% of the issued share capital of the following companies both of which are incorporated in Great Britain and registered in England:

Metropole London and Provincial Properties Limited (letting and management of properties)
Premier Clubs Limited (non-trading)

Shares in group undertakings are carried at cost less any permanent diminution in value.

DISTINCTIVE CLUBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1992

	1992 £	1991 £
11. STOCKS		
Consumables	28,340	42,792
12. DEBTORS		
Amounts falling due within one year :		
Trade debtors	-	320
Other debtors	916	940
Amounts owed by parent undertaking	450,941	279,027
Prepaid expenses and accrued income	41,954	35,432
	493,811	315,719
13. CREDITORS		
Amounts falling due within one year :		
Bank overdraft	72,551	2,352
Trade creditors	132,495	113,246
Other taxes and social security	3,407	3,398
Other creditors	8,641	64,543
Corporation tax	645	-
Accrued expenses and deferred income	113,676	165,879
	331,415	349,418
14. SHARE CAPITAL		
Authorised, allotted, issued and fully paid:		
10,000 Deferred shares of £1 each	10,000	10,000
10,000 Ordinary Shares of 1p each	100	100
	10,100	10,100
15. RESERVES	Revaluation Reserve £	Profit and Loss Account £
At 1.1.1992	1,868,768	411,104
Retained loss for the year	-	(96,942)
Deficit arising on reappraisal of property values	(1,868,768)	-
At 31.12.1992	-	314,162

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1992

	1992 £	1991 £
16. COMMITMENTS UNDER OPERATING LEASES		
The company has the following annual commitments under operating leases for land and buildings:		
Expiring between 1 and 5 years	-	-
Expiring after 5 years	-	10,750
	-	10,750

17. ULTIMATE PARENT COMPANY

The Company's ultimate parent company at 31 December 1992 was The Brent Walker Group PLC which is incorporated in Great Britain and registered in England. The address from which copies of the ultimate parent company's accounts can be obtained is as follows:

The Registrar of Companies
 Companies House
 Crown Way
 Cardiff
 CF4 3HZ

The largest and smallest group which consolidates the Company's accounts is The Brent Walker Group PLC.

18. CONTINGENT LIABILITY

- (i) Under Brent Walker's lending arrangements, the Company is a party to a group bank guarantee. The contingent liability under this group bank guarantee at 31 December 1992 was £985,122,000 (1991: £1,144,000,000).
- (ii) On 28th August 1991 the parent undertaking, The Brent Walker Group PLC, announced that it had requested the Serious Fraud Office to investigate certain aspects of the affairs of The Brent Walker Group PLC and its subsidiary and associated undertakings and the Serious Fraud Office had decided to do so. This investigation continues.

The Directors are not aware of any matters under investigation which would adversely affect the financial position of the Company.

19. POST BALANCE SHEET EVENTS

On 6 May 1993 the Company's entire issued share capital was acquired by City Clubs Limited. At that date the Company was released from all its obligations to Brent Walker's lenders.