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COUNTY CLUBS LIMITED

10 months ended

31st October 1990



COUNTY CLUBS LIMITED

Report and financial statements for the 10 months ended 31st October 1990

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Directors

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Directors

M.J. Allison
P.H. Hayward
J.V.H. Espey
T.D. Wood
G.A. Adlam
P.N. Donegan
L. Galea
D.M. Gray
W.J. Taylor
C. Welsh
M. Stear

Secretary and registered office

P.H. Hayward, 76 Southwark Street, London SE1 0PP.

Company number

877080

Joint Auditors

Stoy Hayward, 8 Baker Street, London W1M 1DA.
KPMG Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London EC4V 3PD.

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COUNTY CLUBS LIMITED

Directors' report for the 10 months ended 31st October 1990

The directors present their report and financial statements for the 10 months ended 31st October 1990.

Principal activities and business review.

The principal activity of the company is the operation of clubs which provide gaming and restaurant facilities for members.

The company's underlying business continued to trade successfully in the period under review. The directors do not anticipate any immediate or substantial variations in the company's current activities.

On 15th August 1990 the offer by The Rank Organisation Plc to acquire the whole of the issued share capital of Mecca Leisure Group plc, the company's then ultimate holding company, became unconditional. As a result, the Company's ultimate holding company became The Rank Organisation Plc with effect from that date.

On 23rd August 1990 the company changed its accounting reference date to 31st October 1990.

Dividends

The directors do not recommend the payment of a dividend (1989 - £4,409,000).

Fixed assets

Details of fixed assets are shown in note 8 to the financial statements on page 9.

Directors

The following were directors of the company during the period:

A.L. Goodenough	(resigned 26th June 1990)
M.J. Allison	
P.H. Hayward	
J.V.H. Espey	
T.D. Wood	
P.N. Donegan	
L. Galea	
K.W. Southern	
W.J. Taylor	
C. Welsh	
D.M. Gray	

None of the directors had any interest in the share capital of the company.

COUNTY CLUES LIMITED

Directors' report for the 10 months ended 31st October 1990 (continued)

Directors' interests

The interests of the directors of the company in other group companies are as follows:

	At 31st October 1990		
	Ordinary shares		Preference shares
	of 25p each		of 20p each
	Number of shares		
	Held	Under option	Held
The Rank Organisation Plc			
M.J. Allison	962	-	540
D. Yates	5,367	47,857	-
J.V.H. Espey	32	-	-

No director held any shares in The Rank Organisation Plc at 31st December 1989 or date of appointment, except D. Yates who held 5,367 ordinary shares of 25p each at the date of his appointment.

	At 31st December 1989 or date of appointment		
	Ordinary shares		Convertible preference shares
	of 10p each		of 20p each
	Number of shares		
	Held	Under option	Held
Mecca Leisure Group plc			
M.J. Allison	169,204	178,389	231,720
P.H. Hayward	-	46,320	14,142
J.V.H. Espey	51,636	37,863	21,446
T.D. Wood	-	60,130	-
P.N. Donegan	11,528	49,617	16,872
L. Galea	-	25,395	-
C. Welsh	-	40,460	-

All options held in Mecca Leisure Group plc that were not exercised before 12th October 1990 have lapsed.

Donations

Donations of £5,888 were made during the period (1989 - £610).

COUNTY CLUBS LIMITED

Directors' report for the 10 months ended 31st October 1990 (continued)

Personnel

The company is a member of The Rank Organisation Plc group of companies. Employee communication, consultation and motivation are prime management policies in the group. These are supported through a range of consultative arrangements and employee reports with video being increasingly used to disseminate information.

The company continues to provide employment training opportunities particularly for young people.

The company encourages the employment of the disabled and ensures that disabled employees benefit from employment training and development programmes.

Auditors

During the period KPMG Peat Marwick McLintock were appointed as joint auditors of the company with Stoy Hayward. It is anticipated that Stoy Hayward will notify the company of their intention not to seek reappointment as auditors. A resolution for the appointment of KPMG Peat Marwick McLintock as the company's auditors is to be proposed at the annual general meeting.

By order of the board

P.H. Hayward

Secretary



29th January 1991

COUNTY CLUBS LIMITED

Profit and loss account for the 10 months ended 31st October 1990

	<u>Note</u>	<u>10 months ended</u> <u>31st October 1990</u> £	<u>Year ended</u> <u>31st December 1989</u> £
Gaming drop		160,962,352	83,749,958
Turnover	3	32,551,654	17,156,957
Costs		33,078,414	19,391,586
Trading loss	2	(526,760)	(2,234,629)
Dividends and interest receivable	5	-	6,723,356
(Loss)/profit on ordinary activities before tax		(526,760)	4,488,727
Tax on profit on ordinary activities	6	1,738,202	815,457
(Loss)/profit on ordinary activities after tax		(2,264,962)	3,673,270
Dividends	7	-	(4,409,000)
Loss for the period		(2,264,962)	(735,730)
Retained profit brought forward		2,872,220	3,607,950
Retained profit carried forward		607,258	2,872,220

The notes on pages 6 to 15 form part of these financial statements

COUNTY CLUBS LIMITED

Balance sheet at 31st October 1990

	Note	31st October 1990 £	31st December 1989 £
Fixed assets			
Tangible assets	8	53,800,857	50,761,802
Investments	9	<u>1</u>	<u>1</u>
		53,800,858	50,761,803
Current assets			
Stocks	10	325,550	191,911
Debtors	11	1,999,026	2,813,515
Cash at bank and in hand		<u>4,682,801</u>	<u>2,911,816</u>
		7,007,377	5,917,242
Creditors: Amounts falling due within one year			
Loan capital and borrowings	12	-	(4,351,642)
Other	13	<u>(23,348,053)</u>	<u>(20,522,749)</u>
Net current liabilities		<u>(16,340,676)</u>	<u>(18,957,149)</u>
Total assets less current liabilities		<u>37,460,182</u>	<u>31,804,654</u>
Creditors: Amounts falling due after more than one year	14	(2,807,586)	-
Provision for liabilities and charges	15	<u>(135,725)</u>	<u>(117,447)</u>
		(2,943,311)	(117,447)
		<u>34,516,871</u>	<u>31,687,207</u>
Capital and reserves			
Called up share capital	16	200	200
Revaluation reserve	17	33,909,413	28,814,787
Profit and loss account		<u>607,258</u>	<u>2,872,220</u>
		<u>34,516,871</u>	<u>31,687,207</u>



The financial statements were approved by the Board on 29th January 1991

[Signature]
[Signature]
 Directors

The notes on pages 6 to 15 form part of these financial statements

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended

31st October 1990

1. Accounting policies

The financial statements have been prepared in accordance with appropriate accounting standards under the historical cost convention as modified by the revaluation of certain assets.

The following principal accounting policies have been used:

Turnover

Turnover comprises casino gaming win before deduction of gaming licence duty, membership subscriptions and catering revenue, excluding value added tax.

Stocks

Stocks are valued at the lower of cost or net realisable value on bases consistent with the previous year.

Depreciation

Properties

No depreciation is provided on freehold land or buildings, leasehold buildings with a lease expiring after 20 years, or casino gaming licences. It is the company's policy to maintain its casinos to a high standard in order to protect their trade. The directors are therefore of the opinion that the useful lives and residual values of these assets are such that any depreciation or amortisation would be immaterial.

Leasehold buildings with a lease of 20 years or less are depreciated over the remaining length of the lease.

Leasehold improvements are depreciated on a straightline basis over four years.

Other assets

Depreciation is provided on a straight line basis to write off the cost of assets over their estimated useful lives at the following rates:

Fixtures, fittings, plant and equipment	- 15% to 20% per annum
Motor vehicles	- 25% per annum

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.

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

1. Accounting policies (Continued)

Leased assets

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight line basis.

Pension costs

The pension costs which are of the defined benefit type are assessed in accordance with the advice of an actuary using the projected unit method. Actuarial surpluses and deficiencies are recognised over the expected average remaining service lives of the employees.

2. Trading loss

	10 months ended 31st October 1990 £	Year ended 31st December 1989 £
Turnover	32,551,654	17,156,957
Operating costs	(18,534,832)	(9,715,925)
Administrative expenses	(14,543,582)	(9,675,661)
Trading loss	(526,760)	(2,234,629)

This is arrived at after charging/(crediting):

	10 months ended 31st October 1990 £	Year ended 31st December 1989 £
Auditors remuneration	74,000	55,000
Depreciation of tangible fixed assets	851,137	532,463
Directors emoluments (see note 19)	185,283	428,679
Hire of assets under operating leases		
- plant and machinery	55,883	67,060
- property	444,221	215,000
Loss/(profit) on sale of fixed assets	2,476	(6,109)
Exceptional items (see note 4)	7,646,281	4,506,869

3. Turnover and profits

Turnover and profit before taxation is attributable to the one principal activity of the company, which is carried on wholly within the U.K.

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

4. Exceptional items

	10 months ended 31st October 1990 £	Year ended 31st December 1989 £
Provision against the cost of investment in subsidiary companies and amounts due from subsidiary companies	18,161	4,506,869
Management charge from Mecca Leisure Group plc	3,530,468	-
Deficit arising on the revaluation of fixed assets during the period	4,097,652	-
	<u>7,646,281</u>	<u>4,506,869</u>

5. Dividends and interest receivable

Dividends from subsidiaries	-	6,678,729
Interest receivable	-	44,627
	<u>-</u>	<u>6,723,356</u>

6. Tax on profit on ordinary activities

United Kingdom taxation

Corporation tax	1,719,924	815,457
Deferred tax	18,278	-
	<u>1,738,202</u>	<u>815,457</u>

United Kingdom corporation tax on profit for the year and provision for
deferred taxation has been provided at 35% (1989 - 35%).

7. Dividends

	10 months ended 31st October 1990 £	Year ended 31st December 1989 £
Final proposed dividend	-	4,409,000

COUNTY CLUAS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

8. Tangible assets

	Licences, properties and improvements £	Vehicles, fixtures and equipment £	Total £
Cost or valuation			
At beginning of period	48,574,394	4,204,763	52,779,157
Additions	1,646,664	608,259	2,254,923
Intergroup transfers	613,743	262,196	875,939
Disposals	-	(146,225)	(146,225)
Revaluation	416,883	(2,008,592)	(1,591,709)
At end of period	51,251,684	2,920,401	54,172,085
Depreciation			
At beginning of period	364,819	1,652,536	2,017,355
Provided for the period	314,771	536,366	851,137
Intergroup transfers	32,757	173,212	205,969
Disposals	-	(114,550)	(114,550)
Revaluation	(580,091)	(2,008,592)	(2,588,683)
At end of period	132,256	238,972	371,228
Net book value			
At end of period	51,119,428	2,681,429	53,800,857
At beginning of period	48,209,575	2,552,227	50,761,802
Analysis of cost or valuation			
Professional valuation - 1990	51,133,381	2,598,444	53,731,825
Cost	118,303	321,957	440,260
	51,251,684	2,920,401	54,172,085
Analysis of historical cost of revalued assets			
Cost	19,994,724	3,372,141	25,366,865
Aggregate depreciation based on historical cost	(2,942,475)	(1,285,303)	(4,227,778)
Historical cost net book value	17,052,249	4,086,838	21,139,087

Net book value of properties is as follows:

	£
Freehold	24,489,692
Long leasehold	16,082,912
Short leasehold	10,546,824
	51,119,428

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

8. Tangible assets (Continued)

The company's licences, properties and related fixtures and fittings were revalued on 15th August 1990 by Knight, Frank and Rutley, Chartered Surveyors, at open market value. The individual businesses have been valued as a single entity on a going concern basis and as such it is not considered appropriate to determine a split between the property and the gaming licence elements. The results of the revaluation give rise to a deficit on certain properties totalling £4,097,652 which has been charged to the profit and loss account. The net surplus on the remaining properties totalling £5,094,626 has been credited to the revaluation reserve.

If the licences and properties were sold at the revalued amount, it would give rise to a tax charge of approximately £9.2 million. No provision has been made for additional UK tax that would arise if the fixed assets were disposed of at their revalued amounts as there is no intention to dispose of them in the foreseeable future.

If the fixed assets had not been revalued the charge for depreciation for the period would not have been materially different to the actual charge of £851,137.

	31st October 1990 £	31st December 1989 £
Future capital expenditure		
Commitments	-	1,450,000
Authorised by the directors but not contracted	-	2,872,000
	<hr/>	<hr/>

9. Investments

Investment in subsidiary companies at cost		
At beginning of period	3,830,304	3,830,304
Additions	<u>18,161</u>	<u>-</u>
At end of period	<hr/> 3,848,465	<hr/> 3,830,304
Provisions		
At beginning of period	3,830,303	-
Provided in the period	<u>18,161</u>	<u>3,830,303</u>
At end of period	<hr/> 3,848,464	<hr/> 3,830,303
Net book value		
At end of period	<hr/> 1	<hr/> 1

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

9. Investments (Continued)

The following were subsidiary companies at the end of the period.

Name

Sergeant Yorke Casino Limited
Blenheim Casino Limited (registered in Scotland)
Soames (Casinos) Limited
Parade Casinos Limited
Rum Runner Casino Limited
Cromford Club Limited
Hove Sporting Club
Macegold Limited
Cigaro Glasgow Limited
Carlton Casino Limited
Property Development (Hull) Limited
Sergeant Yorke (Manchester) Limited
Club Tiberius (Newcastle) Limited
Anglo Continental Casino Limited

All subsidiary companies are wholly owned by County Clubs Limited, and are all registered in England except where otherwise stated.

Group accounts are not submitted as County Clubs Limited is itself a wholly owned subsidiary of a company incorporated in Great Britain.

10. Stocks

	<u>31st October 1990</u>	<u>31st December 1989</u>
	£	£
Consumables	197,217	46,157
Goods for resale	<u>128,333</u>	<u>145,754</u>
	325,550	191,911
	<u> </u>	<u> </u>

11. Debtors

Amounts falling due within one year

Other debtors	16,533	33,571
Amounts due from fellow subsidiaries	1,451,692	2,316,073
Prepayments and accrued income	<u>530,801</u>	<u>463,871</u>
	1,999,026	2,813,515
	<u> </u>	<u> </u>

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

12. Loan capital and borrowings

	<u>31st October 1990</u>	<u>31st December 1989</u>
	£	£
Bank overdraft	-	4,351,642

13. Creditors falling due within one year

Trade creditors	801,564	921,260
Amounts owed to immediate holding company	-	4,409,000
Amounts owed to fellow subsidiaries	15,933,930	7,578,260
Amounts owed to subsidiaries	46,920	46,920
United Kingdom corporation tax	1,231,502	3,699,176
Other taxation and social security	1,998,095	2,131,388
Other creditors	490,210	277,684
Accruals and deferred income	<u>2,845,832</u>	<u>1,459,061</u>
	23,348,053	20,522,749

14. Creditors falling due after more than one year

Amounts due to fellow subsidiary	<u>2,807,586</u>	-
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The group company to which the amount of £2,807,586 is due has agreed not to require payment before 1st November 1991. Payment may be demanded after that date only in the event that the company has distributable reserves.

15. Provision for liabilities and charges

	<u>31st October 1990</u>	<u>31st December 1989</u>
	£	£
Deferred taxation		
Balance at beginning of period	117,447	117,447
Movement in period	<u>18,278</u>	-
Balance at end of period	135,725	117,447

	<u>31st October 1990</u>	<u>31st December 1989</u>
	Provided	Provided
	in	in
Deferred taxation	Unprovided	Unprovided
	£	£
Accelerated capital allowances	- 135,725	- 117,447

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

16. Share capital

	<u>31st October 1990</u>	<u>31st December 1989</u>
	£	£
Authorised, issued and fully paid Ordinary shares of £1 each	200	200

17. Reserves

	Revaluation reserve £
At beginning of period	28,814,787
Movement in period	<u>5,094,626</u>
At end of period	<u>33,909,413</u>

18. Contingent liabilities

The company has entered into an agreement with certain other subsidiaries of The Rank Organisation Plc to allow the balance on its bank account to be used as a guarantee against overdrafts of any other member of the group which is party to these arrangements.

The company has contingent liabilities in respect of guarantees given to secure the borrowings under the multiple option facility of Mecca Leisure Group plc and its subsidiaries which at 31st October 1990 amounted to £166.5 million (1989 - £200 million).

The company also has a joint and several contingent liability in respect of VAT payable under the group registration.

19. Directors and employees

	<u>10 months ended 31st October 1990</u>	<u>Year ended 31st December 1989</u>
	£	£
Directors costs consist of:		
Directors' emoluments	185,283	428,679
Pension costs	<u>21,420</u>	<u>-</u>
	206,703	428,679
Emoluments of chairman	7,955	-
Emoluments of highest paid director	<u>32,325</u>	<u>111,381</u>

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

19. Directors and employees (Continued)

The table which follows shows the number of other directors whose emoluments during the period were within the bands stated

	10 months ended 31st October 1990 Number	Year ended 31st December 1989 Number
£ 0 - £ 5,000	8	-
£25,001 - £30,000	5	4
£30,001 - £35,000	-	3
£50,001 - £55,000	-	2
	<u>13</u>	<u>9</u>
Employee costs (including directors) consist of:		
	£	£
Wages and salaries	12,076,864	6,594,908
Social security costs	1,061,659	547,440
Pension costs	<u>164,573</u>	<u>-</u>
	<u>13,303,096</u>	<u>7,142,348</u>

The average weekly number of employees during the period was as follows:

	10 months ended 31st October 1990 Number	Year ended 31st December 1989 Number
Full time	1,504	818
Part time	<u>182</u>	<u>100</u>
	<u>1,686</u>	<u>918</u>

20. Holding company

The company's ultimate holding company is The Rank Organisation plc a company incorporated in Great Britain.

COUNTY CLUBS LIMITED

Notes forming part of the financial statements for the 10 months ended
31st October 1990 (Continued)

21. Commitments under operating leases

As at 31st October 1990, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other assets	
	31.10.90	31.12.89	31.10.90	31.12.89
	£	£	£	£
Operating leases which expire:				
Within one year	36,000	24,000	-	-
Between two and five years	-	-	67,060	67,060
In five years or more	<u>566,250</u>	<u>437,500</u>	<u>-</u>	<u>-</u>
	602,250	461,500	67,060	67,060
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22. Pension costs

Until 31st March 1990, Mecca Leisure Group plc operated two principal pension schemes.

In the three months to 31st March 1990 the company participated in the Pleasurama pension scheme. In this period the company benefitted from a contribution holiday resulting from a surplus that was identified on the last valuation of the scheme at 6th April 1989. Details of this valuation are given in the Report and Accounts of Mecca Leisure Group plc for the year ended 31st December 1989.

The scheme merged with the Mecca scheme on 1st April 1990.

The merged scheme is a defined benefit pension scheme operated by Mecca Leisure Group plc. This scheme is contracted out of the state earnings related pensions arrangements and is externally funded under separate trusts.

A provisional valuation of the scheme was carried out as at 1st April 1990 by Towers, Perrin, Forster & Crosby Inc. The results of this valuation, at 1st April 1990, disclose no material surplus or deficiency. Accordingly, contributions to the merged scheme have been made with effect from 1st April 1990 in accordance with the recommendations of the actuaries. Particulars of the actuarial valuation of the scheme are included in the accounts of The Rank Organisation Plc.

The company's share of contributions to group pension schemes is charged against profit from ordinary activities in each year.

COUNTY CLUBS LIMITED

Statement of source and application of funds for the 10 months ended

31st December 1990

	10 months ended 31st October 1990 £	Year ended 31st December 1989 £
Generation/(utilisation) of funds from operations		
Trading loss	(526,760)	(2,234,629)
Interest and dividends	-	6,723,356
Items included above not requiring/ (providing) funds		
Deficit on revaluation of fixed assets	4,097,652	-
Depreciation	851,137	532,463
Loss/(profit) on disposal	2,476	(6,109)
Provision against subsidiaries	18,161	3,830,303
	4,442,666	8,845,384
Decrease/(increase) in working capital		
Stocks	(133,639)	(86,840)
Debtors	814,489	(1,413,420)
Creditors and provisions	8,100,564	5,151,835
Total operating funds generated	13,224,080	12,496,959
Net proceeds from the sale of other fixed assets	29,199	19,197
Total funds generated	13,253,279	12,516,156
Application of funds		
New businesses acquired	-	1,321,605
Additions to fixed assets	2,943,054	13,567,842
Dividends paid	-	4,409,000
Taxation paid	941,453	422,267
Payment of group relief	3,246,145	-
Total funds applied	7,130,652	19,720,714
Decrease/(increase) in net borrowings and share capital	6,122,627	(7,204,558)
Represented by changes in:		
Cash and short term deposits	6,122,627	(7,204,558)

The notes on pages 6 to 15 form part of these financial statements

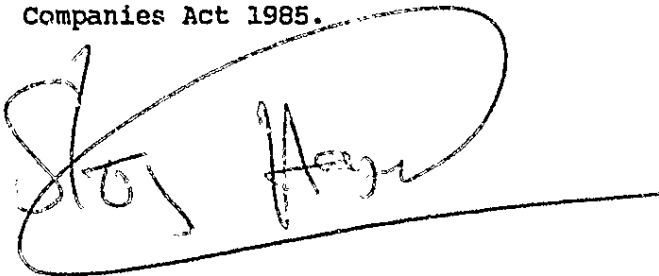
COUNTY CLUBS LIMITED

Report of the joint auditors, Stoy Hayward and KPMG Peat Marwick McLintock

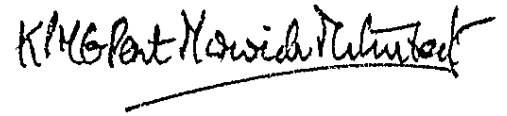
To the members of County Clubs Limited

We have audited the financial statements on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st October 1990 and of the result and source and application of funds for the period ended on that date and have been properly prepared in accordance with the Companies Act 1985.



Stoy Hayward,
Chartered Accountants,
8 Baker Street,
London, W1M 1DA.



KPMG Peat Marwick McLintock,
Chartered Accountants,
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Blackfriars,
London EC4V 3PD.

29th January 1991