

GROSVENOR CLUBS LIMITED

REG NO: 877080

REPORT AND ACCOUNTS

31 OCTOBER 1994



GROSVENOR CLUBS LIMITED

DIRECTORS

M J Allison
J V H Espey
J F Garrett
P H Hayward
R A Mole
M F J Stear
T D Wood

DIRECTORS' REPORT

The Directors present their Report and Statement of Accounts for the year ended 31 October 1994.

Principal Activity 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 year under review. The Directors do not anticipate any immediate or substantial variations in the Company's current activities.

On 17 August 1994 the Company acquired the whole of the issued share capital of Playspend Limited.

Dividend

An Interim dividend of £7,000,000 was declared and paid on 30 September 1994 (1993 - £nil).

Increase in Share Capital

On 10 October 1994 the authorised share capital of the Company was increased to £40,000,000. A further 30,000,000 ordinary shares of £1 each were issued as fully paid, in order to strengthen its capital base so that it is more commensurate with the size of the Company.

Transfer to reserves

The retained loss for the year was £221,876 (1993 £6,963,826 profit); this has been transferred to reserves.

Fixed Assets

Details of fixed assets are shown in notes 6 and 7 to the accounts on pages 12 and 13.

Post Balance Sheet events

On 1 November 1994 the trade, assets and liabilities of The Continental Casino Club (Leeds) Limited and Goybella Limited were transferred to the Company.

GROSVENOR CLUBS LIMITED

DIRECTORS' REPORT

31 OCTOBER 1994

Directors

The following were Directors of the Company during the year:

M J Allison
J V H Espey
J F Garrett
P H Hayward
R A Mole
M F J Stear
T D Wood

Directors' Interests

The beneficial interests of the Directors in the Ordinary and Preference shares of The Rank Organisation Plc are set out below:-

| | 31st October 1994 | | | | 1st November 1993 | | |
|-------------|--------------------|-----------------------------------|------------------|---|--------------------|-----------------------------------|------------------|
| | Ordinary shares | Conv Prefe- rence shares | Share Options | Weighted average exercise price(p) | Ordinary shares | Conv Prefe- rence shares | Share Options |
| M J Allison | 2,547 | 540 | 8,489 | 213.61 | 2,547 | 540 | 148,006 |
| J V H Espey | 3,655 | 334 | 8,489 | 213.61 | 80 | 334 | 75,916 |
| J F Garrett | 83,500 | - | - | - | - | - | 224,212 |
| P H Hayward | - | - | 9,292 | 201.68 | - | - | 58,717 |
| R A Mole | - | - | 8,489 | 213.61 | - | - | 114,291 |
| M F J Stear | - | - | - | - | - | - | 52,327 |
| T Wood | - | - | 8,489 | 213.61 | - | - | 75,916 |

Options to subscribe for Ordinary Shares of The Rank Organisation Plc granted to and exercised by Directors in the year to October 31st 1994 were as follows.

| | Options Granted | Options Exercised |
|-------------|--------------------|----------------------|
| M J Allison | - | 139,517 |
| J V H Espey | - | 67,427 |
| J F Garrett | - | 224,212 |
| P H Hayward | - | 49,425 |
| R A Mole | - | 105,802 |
| M F J Stear | - | 52,327 |
| T D Wood | - | 67,427 |

The options to purchase Ordinary shares were granted under the terms of The Rank Organisation Share Savings and Executive Share Option Schemes.

GROSVENOR CLUBS LIMITED

DIRECTORS' REPORT

31 OCTOBER 1994

Directors' Interests (continued)

In November 1993 the number of shares under option and the option prices were adjusted, with the approval of the Inland Revenue, as a result of the Enhanced Share alternative. In March 1994, in a capital reorganisation, every 25p share was subdivided into a 10p share. The tables above have been adjusted for these changes, with 1993 figures restated, to provide a clearer understanding of the movements in holdings over the year.

No options lapsed during the year. The market price of an ordinary share at 31st October 1994 was 404p and the range during 1993/94 was 327p to 445p. The options outstanding at 31st October 1994 are exercisable at varying dates between 8th March 1994 and 8th March 2001. There were no changes in Directors' Interests between 1st November 1994 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 or debentures of the Company, its ultimate parent undertaking or any subsidiary undertaking of that company at 1st November 1993 or at 31st October 1994.

Personnel

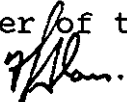
The Company values the contribution that its employees make to the success of the business. Substantial investment is made in the training, development and motivation of staff with particular focus on ensuring customer satisfaction through the consistent achievement of high standards of personal care 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 and programmes to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age or disability.

Auditors

The Company's auditors KPMG Peat Marwick will continue in office pursuant to an Elective Resolution passed on 23 October 1990.

By Order of the Board


F G N Thomas
Secretary

Registered Office
6 Connaught Place
London
W2 2EZ

09 JAN 1995

GROSVENOR CLUBS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 OCTOBER 1994

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 and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and to apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * 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. They 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.

GROSVENOR CLUBS LIMITED

REPORT OF THE AUDITORS, KPMG PEAT MARWICK,
TO THE MEMBERS OF GROSVENOR CLUBS LIMITED

We have audited the financial statements on pages 6 to 19.

Respective responsibilities of Directors and Auditors.

As described on page 4, the Company's Directors are responsible for the preparation of the 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 October 1994 and of its profit 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
London

10 January 1995

GROSVENOR CLUBS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 1994

| | Note | 1994 £ | 1993 £ |
|---|------|---------------------------|---------------------------|
| Turnover | | | |
| Continuing Operations | 3 | 86,262,605 | 79,994,303 |
| Operating Costs | | (55,003,020) | (52,893,100) |
| Administrative Expenses | | <u>(17,106,558)</u> | <u>(15,927,956)</u> |
| | | (72,109,578) | (68,821,056) |
| Profit on ordinary activities before interest - continuing operations | | 14,153,027 | 11,173,247 |
| Interest payable | | <u>(3,840,946)</u> | <u>(2,053,000)</u> |
| Profit on ordinary activities before taxation | 2 | 10,312,081 | 9,120,247 |
| Tax on profit on ordinary activities | 4 | <u>(3,533,957)</u> | <u>(2,156,421)</u> |
| Profit for the financial year | 19 | 6,778,124 | 6,963,826 |
| Dividends paid on ordinary shares | 5 | <u>(7,000,000)</u> | <u>-</u> |
| Retained (loss)/profit for the financial year | | <u>(221,876)</u> ===== | <u>6,963,826</u> ===== |

STATEMENT OF TOTAL RECOGNISED GAINS/(LOSSES)
FOR THE YEAR ENDED 31 OCTOBER 1994

| | 1994 £ | 1993 £ |
|--|---------------------------|---------------------------|
| Profit for the year | 6,778,124 | 6,963,826 |
| Unrealised surplus on revaluation of properties | - | 145,425 |
| Total recognised gains relating to the year | <u>6,778,124</u> ===== | <u>7,109,251</u> ===== |

The notes on pages 9 to 19 form part of these accounts.

GROSVENOR CLUBS LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 OCTOBER 1994

| | 1994 £ | 1993 £ |
|--|----------------------------|---------------------------|
| Reported profit on ordinary activities before taxation | 10,312,081 | 9,120,247 |
| Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount | 89,000 | 88,897 |
| Historical cost profit on ordinary activities before taxation | <u>10,401,081</u> ===== | <u>9,209,144</u> ===== |
| Historical cost profit for the year retained after taxation | <u>6,867,124</u> ===== | <u>7,052,723</u> ===== |



GROSVENOR CLUBS LIMITED

BALANCE SHEET

31 OCTOBER 1994

| | <u>Note</u> | <u>31 October</u> <u>1994</u> £ | <u>31 October</u> <u>1993</u> £ |
|--|-------------|---------------------------------------|---------------------------------------|
| FIXED ASSETS | | | |
| Investments | 6 | 725,956 | - |
| Tangible assets | 7 | <u>98,022,969</u> | <u>98,173,870</u> |
| | | 98,748,925 | 98,173,870 |
| CURRENT ASSETS | | | |
| Stocks | 8 | 456,044 | 428,654 |
| Debtors | 9 | 13,200,602 | 13,226,262 |
| Cash at bank and in hand | | <u>4,929,646</u> | <u>5,087,275</u> |
| | | 18,586,292 | 18,742,191 |
| CREDITORS: | | | |
| Amounts falling due within one year | 10 | <u>(12,359,697)</u> | <u>(11,444,084)</u> |
| NET CURRENT ASSETS | | <u>6,226,595</u> | <u>7,298,107</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 104,975,520 | 105,471,977 |
| CREDITORS: | | | |
| Amounts falling due after more than one year | 11 | (32,565,195) | (62,565,195) |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 12 | <u>(4,465,745)</u> | <u>(4,740,326)</u> |
| | | <u>67,944,580</u> | <u>38,166,456</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 40,000,000 | 10,000,000 |
| Revaluation reserve | 14 | 17,757,412 | 17,846,412 |
| Profit and loss account | 14 | <u>10,187,168</u> | <u>10,320,044</u> |
| | | <u>67,944,580</u> | <u>38,166,456</u> |

The accounts were approved by the Board on 9th January 1995.

 MJ ALLISON
 MFJ STEAR
 Directors

The notes on pages 9 to 19 form part of these accounts.

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of certain assets on bases consistent with the previous year.

Turnover

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

Revenue recognition

Revenue from gaming is accounted for on the basis of cash received, including collections arising from cheques dishonoured in prior years, less cheques which have become dishonoured during the year. Revenue from membership subscriptions is accounted for on the basis of cash received.

Stocks

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

Depreciation

Properties

No depreciation is provided on freehold land or buildings, leasehold buildings with a lease expiring after more than 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.

Cost or valuations attributable to leasehold buildings with a lease of 20 years or less are depreciated over the remaining length of the lease.

Expenditure on major refurbishments of properties is depreciated on a straight line basis over five 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

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

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.

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.

Pension costs

The pension costs relating to the Schemes which are of the defined benefit type, are assessed in accordance with the advice of a qualified actuary using the attained age method. Actuarial surpluses and deficiencies are recognised over the expected average remaining service lives of the employees. The pension costs relating to the Schemes represents the contributions payable by the Company.

Cashflow statement

The Company is exempt from the requirement to include a cashflow statement within its accounts since it is a wholly owned subsidiary undertaking of The Rank Organisation Plc whose consolidated accounts include a consolidated cashflow statement dealing with the cashflows of the group.

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is arrived at after charging/(crediting):

| | Year ended 31 October 1994 £ | Year ended 31 October 1993 £ |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Auditors' remuneration in respect of: | | |
| Audit work | 65,000 | 80,000 |
| Non audit services | 26,385 | 2,750 |
| Depreciation of tangible fixed assets | 2,501,853 | 2,385,009 |
| Operating leases charged | | |
| - plant and machinery | 459,310 | 448,040 |
| - property | 2,485,282 | 2,840,423 |
| Profit on sale of fixed assets | (32,674) | (61,525) |
| | ===== | ===== |

3. TURNOVER AND PROFITS

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

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | Year ended 31 October 1994 £ | Year ended 31 October 1993 £ |
|--|---------------------------------------|---------------------------------------|
| United Kingdom taxation (charge)/credit: | | |
| Corporation tax on result for the year | (3,870,000) | (3,440,000) |
| Deferred taxation | 274,581 | 460,517 |
| Over/(under) provision in prior periods | <u>61,462</u> | <u>823,062</u> |
| | (3,533,957) | (2,156,421) |
| | ===== | ===== |

United Kingdom corporation tax on the profit for the year has been provided at 33.0% (1993 - 33.0%).

5. DIVIDENDS

| | Year ended 31 October 1994 £ | Year ended 31 October 1993 £ |
|-----------------------------|---------------------------------------|---------------------------------------|
| Dividend of 17.5p per share | 7,000,000 | - |
| | ===== | ===== |

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

6. FIXED ASSET INVESTMENT

| | Shares in group undertaking £ |
|--------------------|--|
| Shares at Cost | |
| At 1 November 1993 | - |
| Addition | <u>725,956</u> |
| At 31 October 1994 | <u>725,956</u> ===== |

The subsidiary company at the end of the year was:

Class of Share

Playspend Limited £1 Ordinary

The subsidiary company is wholly owned and incorporated in Great Britain and registered in England and Wales.

As the Company is itself a wholly owned subsidiary of a company incorporated in Great Britain no group accounts are prepared.

7. TANGIBLE FIXED ASSETS

| | Licences, properties and <u>improvements</u> £ | Vehicles, fixtures and <u>equipment</u> £ | <u>Total</u> £ |
|--------------------------|--|---|-----------------------------|
| <u>Cost or valuation</u> | | | |
| At 1 November 1993 | 95,681,252 | 9,023,867 | 104,705,119 |
| Additions | 892,163 | 1,489,940 | 2,382,103 |
| Disposals | <u>-</u> | <u>(937,964)</u> | <u>(937,964)</u> |
| At 31 October 1994 | <u>96,573,415</u> ===== | <u>9,575,843</u> ===== | <u>106,149,258</u> ===== |
| <u>Depreciation</u> | | | |
| At 1 November 1993 | 1,936,830 | 4,594,419 | 6,531,249 |
| Provided for the year | 998,651 | 1,503,202 | 2,501,853 |
| Disposals | <u>-</u> | <u>(906,813)</u> | <u>(906,813)</u> |
| At 31 October 1994 | <u>2,935,481</u> ===== | <u>5,190,808</u> ===== | <u>8,126,289</u> ===== |

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

7. TANGIBLE FIXED ASSETS (continued)

| | <u>Licences, properties and improvements</u> £ | <u>Vehicles, fixtures and equipment</u> £ | <u>Total</u> £ |
|---|---|--|-------------------|
| <u>Net book value</u> | | | |
| At 31 October 1994 | 93,637,934 | 4,385,035 | 98,022,969 |
| | ===== | ===== | ===== |
| At 31 October 1993 | 93,744,422 | 4,429,448 | 98,173,870 |
| | ===== | ===== | ===== |
| <u>Analysis of cost or valuation</u> | | | |
| At cost | 80,164,449 | 9,773,736 | 89,938,185 |
| At valuation in 1988 | 38,356,120 | - | 38,356,120 |
| At valuation in 1990 | (5,954,313) | (197,892) | (6,152,205) |
| At valuation in 1992 | (15,992,842) | - | (15,992,842) |
| Cost or valuation at 31 October 1994 | 96,573,414 | 9,575,844 | 106,149,258 |
| | ===== | ===== | ===== |

The Company's fixed assets were revalued at 31 October 1992 by Knight Frank & Rutley, Chartered Surveyors, at open market value. Each business has 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 gaming licence elements.

Analysis of historic cost of
revalued assets

| | | | |
|--|-------------|-------------|--------------|
| Cost | 80,164,449 | 9,773,736 | 89,938,185 |
| Aggregate depreciation based on historic cost | (4,815,558) | (5,190,808) | (10,006,366) |
| Historic cost net book value | 75,348,891 | 4,582,928 | 79,931,819 |
| | ===== | ===== | ===== |

The gross amount of depreciable assets within licences, properties and improvements is £5,575,925.

| | <u>31 October 1994</u> £ | <u>31 October 1993</u> £ |
|---|---------------------------------|---------------------------------|
| Net book value of licences and properties is as follows: | | |
| Freehold | 53,158,716 | 53,537,665 |
| Long leasehold | 12,729,040 | 12,073,763 |
| Short leasehold | 27,750,178 | 28,132,994 |
| | 93,637,934 | 93,744,422 |
| | ===== | ===== |

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

8. STOCKS

| | <u>31 October</u> <u>1994</u> £ | <u>31 October</u> <u>1993</u> £ |
|-------------------------------|---------------------------------------|---------------------------------------|
| Raw materials and consumables | 456,044 ===== | 428,654 ===== |

9. DEBTORS

| | <u>31 October</u> <u>1994</u> £ | <u>31 October</u> <u>1993</u> £ |
|---|---------------------------------------|---------------------------------------|
| United Kingdom corporation tax | 4,590,924 | 4,623,329 |
| Amounts owed by subsidiary undertakings | 608,525 | - |
| Amounts owed by ultimate parent undertaking | 6,449,064 | 7,054,222 |
| Other debtors | 462,376 | 462,376 |
| Prepayments and accrued income | <u>1,089,713</u> | <u>1,086,335</u> |
| | 13,200,602 ===== | 13,226,262 ===== |

All amounts are due within one year

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>31 October</u> <u>1994</u> £ | <u>31 October</u> <u>1993</u> £ |
|--|---------------------------------------|---------------------------------------|
| Trade creditors | 1,374,829 | 1,689,217 |
| Amounts owed to fellow subsidiary undertakings | 31,308 | 31,942 |
| United Kingdom corporation tax | 3,918,254 | 3,502,653 |
| Other taxation and social security | 1,104,057 | 995,545 |
| Other creditors | 998,831 | 903,938 |
| Accruals and deferred income | <u>4,932,418</u> | <u>4,320,789</u> |
| | 12,359,697 ===== | 11,444,084 ===== |

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | <u>31 October</u> <u>1994</u> £ | <u>31 October</u> <u>1993</u> £ |
|---|---------------------------------------|---------------------------------------|
| Amounts owed to ultimate parent undertaking | 32,565,195 ===== | 62,565,195 ===== |

During the year £30,000,000 was utilised in paying for 30,000,000 ordinary shares issued.

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

12. DEFERRED TAXATION

| | |
|---|---------------------------|
| | £ |
| At 1 November 1993 | 4,740,326 |
| Credit for the year in profit and loss account | <u>(274,581)</u> |
| At 31 October 1994 | <u>4,465,745</u> ===== |

| | As provided | | Not provided | |
|--|---------------------------|---------------------------|--------------|--------------|
| | 31 October | 31 October | 31 October | 31 October |
| | 1994 | 1993 | 1994 | 1993 |
| | £ | £ | £ | £ |
| Accelerated capital allowances | (160,522) | 115,170 | - | - |
| Deferred liability related to revaluation of fixed asset | 5,140,000 | 5,140,000 | - | - |
| Other timing differences | <u>(513,733)</u> | <u>(514,844)</u> | <u>-</u> | <u>-</u> |
| | <u>4,465,745</u> ===== | <u>4,740,326</u> ===== | <u>=====</u> | <u>=====</u> |

No further provisions are made in respect of taxation payable on capital gains which might arise if land and buildings were to be sold at the amounts at which they are carried in the balance sheet as it is intended that such properties will be retained for use in the business.

13. SHARE CAPITAL

| | 31 October | 31 October |
|--|--------------|--------------|
| | 1994 | 1993 |
| | £ | £ |
| Authorised, issued and fully paid Ordinary shares of £1 each | 40,000,000 | 10,000,000 |
| | <u>=====</u> | <u>=====</u> |

A further 30,000,000 ordinary shares of £1 each were issued as fully paid, in order to strengthen its capital base so that it is more commensurate with the size of the Company.

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

14. RESERVES

| | <u>Profit and Loss account</u> £ | <u>Revaluation Reserve</u> £ |
|---|---|-------------------------------------|
| Balance at 1 November 1993 | 10,320,044 | 17,846,412 |
| Profit for the year | (221,876) | - |
| Transfer of depreciation relating to revaluation surplus | <u>89,000</u> | <u>(89,000)</u> |
| Balance at 31 October 1994 | <u>10,187,168</u> ===== | <u>17,757,412</u> ===== |

15. CONTINGENT LIABILITIES

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

16. DIRECTORS AND EMPLOYEES

| | <u>Year ended 31 October 1994</u> £ | <u>Year ended 31 October 1993</u> £ |
|---|--|--|
| Directors' costs consist of: | | |
| Directors' emoluments | 664,058 | 479,615 |
| Pension costs | 64,618 | 46,264 |
| Benefits in kind | <u>40,539</u> | <u>34,483</u> |
| | <u>769,215</u> ===== | <u>560,362</u> ===== |
| Emoluments (excluding pension contributions) of: | | |
| Highest paid director | <u>195,628</u> ===== | <u>139,905</u> ===== |

The table which follows shows the number of directors including the highest paid director whose emoluments during the year were within the bands stated.

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

16. DIRECTORS AND EMPLOYEES (continued)

| | Year ended 31 <u>October 1994</u> Number | Year ended 31 <u>October 1993</u> Number |
|-----------------------|---|---|
| £ 0 - £ 5,000 | 1 | 1 |
| £ 55,001 - £ 60,000 | - | 2 |
| £ 70,001 - £ 75,000 | 2 | 1 |
| £ 75,001 - £ 80,000 | - | 1 |
| £ 100,001 - £ 105,000 | 1 | - |
| £ 105,001 - £ 110,000 | 1 | - |
| £ 110,001 - £ 115,000 | - | 1 |
| £ 135,001 - £ 140,000 | - | 1 |
| £ 150,001 - £ 155,000 | 1 | - |
| £ 195,001 - £ 200,000 | <u>1</u> | <u>-</u> |
| | 7 | 7 |
| | === | === |

| | Year ended 31 <u>October 1994</u> £ | Year ended 31 <u>October 1993</u> £ |
|--|--|--|
| Employee costs (including Directors) consist of: | | |
| Wages and salaries | 33,408,291 | 32,069,868 |
| Social security costs | 2,730,984 | 2,704,029 |
| Pension costs | <u>1,065,583</u> | <u>1,033,004</u> |
| | 37,204,858 | 35,806,901 |
| | ===== | ===== |

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

| | Year ended 31 <u>October 1994</u> Number | Year ended 31 <u>October 1993</u> Number |
|-----------|---|---|
| Full time | 2,582 | 2,458 |
| Part time | <u>255</u> | <u>231</u> |
| | 2,837 | 2,689 |
| | ===== | ===== |

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

31 OCTOBER 1994

17. PENSION COSTS

Until 5 April 1991 the Company participated in defined benefit pension schemes operated by Mecca Leisure Group Plc. The benefits under these schemes were based upon contributions paid in respect of the members(linked to salary) and were 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 schemes' Actuary triennially, the last actuarial report being to 5 April 1994. That report disclosed that the funds were adequate to meet all the 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 schemes is charged against profits from ordinary activities each year.

18. CAPITAL COMMITMENTS

At 31 October 1994 commitments for capital expenditure amounted to £1,159,498 (1993 £1,292,595).

GROSVENOR CLUBS LIMITED

NOTES TO THE ACCOUNTS

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19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1994 £ | 1993 £ |
|--|-------------------|-------------------|
| Profit for the year | 6,778,124 | 6,963,826 |
| Dividends | (7,000,000) | - |
| Other recognised gains relating to the year | - | 145,425 |
| New share capital subscribed | <u>30,000,000</u> | <u>-</u> |
| Net addition to shareholders' funds | 29,778,124 | 7,109,251 |
| Opening shareholders' funds | <u>38,166,456</u> | <u>31,057,205</u> |
| Closing shareholders' funds | <u>67,944,580</u> | <u>38,166,456</u> |

20. COMMITMENTS UNDER OPERATING LEASES

As at 31 October 1994, the Company had annual commitments under non-cancellable operating leases as set out below:

| | 31 October 1994 | | 31 October 1993 | |
|-----------------------------------|----------------------------|----------------|----------------------------|----------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Operating leases which expire: | | | | |
| Between two and five years | - | 459,310 | - | 448,040 |
| In five years or more | <u>2,485,282</u> | <u>-</u> | <u>2,840,423</u> | <u>-</u> |
| | <u>2,485,282</u> | <u>459,310</u> | <u>2,840,423</u> | <u>448,040</u> |

21. 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.