

# **Wembley Leisure Limited**

## **Directors' report and financial statements**

**31 December 1994**

Registered number 1173914



# Wembley Leisure Limited

## Directors' report and financial statements

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# Wembley Leisure Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

### Principal activities and business review

The principal activity of the company is that of an investment holding company. It is the directors' intention that the company will continue this activity. The loss on ordinary activities for the year was £2,164,000 (1993: loss of £343,000).

### Post balance sheet events

During May 1995, the parent company, Wembley plc, successfully implemented a restructuring which, inter alia, resulted in the group's existing banking facilities being replaced with new financing arrangements, details of which are set out in notes 16 and 17.

### Dividends

The directors do not recommend the payment of a dividend (1993: £Nil).

### Directors and directors' interests

The directors who held office during the year were as follows:

AC McCrindle  
AC Coppin  
BA Morrison  
Sir Brian Wolfson  
BN Potter

None of the directors who held office at the end of the financial year had any interest in the shares of the company.

Sir Brian Wolfson, Mr AC Coppin, Mr BN Potter and Mr AC McCrindle's interests in the ultimate parent company, Wembley plc, are disclosed in the financial statements of that company.

At 1 January and 31 December 1994 Mr BA Morrison held an option to purchase 40,000 ordinary shares of the ultimate parent company. Following the year end, these options were cancelled.

# Wembley Leisure Limited

## Directors' report

### Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**M McGrath**  
*Secretary*

Wembley Stadium  
Wembley  
HA9 0DW

26 May 1995

# Wembley Leisure Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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;
- 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 have general responsibility 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.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## Auditors' report to the members of Wembley Leisure Limited

We have audited the financial statements on pages 5 to 14.

### *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 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature of the KPMG firm, written in a cursive, stylized font.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

26 May 1995

# Wembley Leisure Limited

## Profit and loss account for the year ended 31 December 1994

	<i>Note</i>	<b>1994</b> £000	1993 £000
Administrative expenses	5	(444)	(212)
<b>Operating loss from continuing operations</b>		<b>(444)</b>	<b>(212)</b>
Loss on sale or termination of businesses	6	(1,906)	-
Other interest receivable and similar income		214	-
Interest payable and similar charges	7	(45)	(131)
<b>Loss on ordinary activities before taxation</b>	2-4	<b>(2,181)</b>	<b>(343)</b>
Tax on loss on ordinary activities	8	17	-
<b>Loss for the financial year</b>		<b>(2,164)</b>	<b>(343)</b>
Retained loss brought forward		(6,959)	(6,616)
<b>Retained loss carried forward</b>		<b>(9,123)</b>	<b>(6,959)</b>

There were no recognised gains or losses other than the retained loss for the year.

Historical cost profits and losses are as shown in the profit and loss account for the year.

# Wembley Leisure Limited

Balance sheet  
at 31 December 1994

	Note	1994	1993
		£000	£000
<b>Fixed assets</b>			
Investments	9	2,293	2,293
<b>Current assets</b>			
Debtors	10	3,050	3,604
Creditors: amounts falling due within one year	11	(13,083)	(1,255)
<b>Net current (liabilities)/assets</b>		<b>(10,033)</b>	<b>2,349</b>
<b>Total assets less current liabilities</b>		<b>(7,740)</b>	<b>4,642</b>
Creditors: amounts falling due after more than one year	12	-	(10,634)
Provisions for liabilities and charges	13	(555)	(139)
<b>Net liabilities</b>		<b>(8,295)</b>	<b>(6,131)</b>
<b>Capital and reserves</b>			
Called up share capital	14	425	425
Share premium account		403	403
Profit and loss account		(9,123)	(6,959)
		<b>(8,295)</b>	<b>(6,131)</b>

These financial statements were approved by the board of directors on 26 May 1995 and were signed on its behalf by:



**BA Morrison**  
Director



# Wembley Leisure Limited

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on a going concern basis on the basis of the continuing support of the ultimate parent company, Wembley plc.

The company is a wholly owned subsidiary undertaking of another body corporate registered in England and Wales and is therefore exempt under S228 of the Companies Act 1985 from the requirement to prepare group accounts.

#### *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.

#### *Goodwill*

Goodwill, being the excess of the purchase consideration over the fair value of the separable net assets of the business acquired at the time of acquisition, is written off against reserves in the year in which it arises.

#### *Foreign currencies*

Assets and liabilities denominated in foreign currencies are restated in sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Gains or losses on translation are included in the profit and loss account.

### 2 Loss on ordinary activities before taxation

	1994	1993
	£000	£000
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration - audit work	2	3
- non audit work	6	-
	<hr/>	<hr/>

# Wembley Leisure Limited

## Notes (continued)

### 3 Remuneration of directors

None of the directors received any remuneration or benefits in kind from the company (1993: £nil).

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1994	1993
Management	<u>5</u>	<u>5</u>

The aggregate payroll costs of these persons was £nil (1993: £nil).

### 5 Administrative expenses

Included within administrative expenses are the following items which are exceptional by virtue of their size:

	1994 £000	1993 £000
Provision against amounts receivable from associated undertakings	-	152
Provision for loss on lease (see note 13)	<u>436</u>	<u>-</u>
	<u>436</u>	<u>152</u>

# Wembley Leisure Limited

## Notes (continued)

### 6 Loss on sale or termination of businesses

Following the decision to terminate the group's entertainment operations in Japan, provision has been made to write off the company's investment in these operations and to provide in full for the associated costs and liabilities of termination, as follows:

	1994 £	1993 £
Provision against amounts receivable from associated undertakings	853	-
Losses and provisions arising on the discontinuance and closure of the Japanese operations	1,053	-
	<u>1,906</u>	<u>-</u>

### 7 Interest payable and similar charges

	1994 £000	1993 £000
On bank loans, overdrafts and other loans wholly repayable within five years	45	36
Foreign exchange loss	-	95
	<u>45</u>	<u>131</u>

### 8 Tax on loss on ordinary activities

	1994 £000	1993 £000
Credit relating to earlier years	(17)	-
	<u>(17)</u>	<u>-</u>

# Wembley Leisure Limited

## Notes (continued)

### 9 Fixed asset investments

Shares in  
subsidiary  
undertakings  
£000

At 1 January and 31 December 1994

2,293

At 31 December 1994 the company had the following principal subsidiary and associated undertakings:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
<i>Shares in subsidiary undertakings</i>			
Jongor Limited	Great Britain	A&B	100% ordinary
<i>Shares in associated undertakings</i>			
Wembley Japan Limited	Japan	C	50% ordinary

A- Party organising

B- Furniture, marquee and catering equipment hire

C- Provision of management contracting services

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

In the opinion of the directors the investments are worth at least the amount at which they are stated in the balance sheet.

### 10 Debtors

	1994 £000	1993 £000
Amounts owed by ultimate parent company and fellow subsidiary undertakings	1,972	1,325
Amounts owed by subsidiary undertakings	925	1,957
Other debtors	153	149
Deferred expenditure	-	173
	<u>3,050</u>	<u>3,604</u>

# Wembley Leisure Limited

## Notes (continued)

### 10 Debtors (continued)

The following amounts, included in debtors above, were receivable after more than one year.

	1994 £000	1993 £000
Amounts owed by the ultimate parent company and fellow subsidiary undertakings	-	863
Amounts owed by subsidiary undertakings	-	1,957
Deferred expenditure	-	115
	<hr/>	<hr/>
	-	2,935

Under the terms of the Master Facilities Agreement (see note 16), certain intercompany balances were frozen; leaving them receivable after more than one year as at 31 December 1993. With the due date for expiry of the Master Facilities Agreement and subsequent refinancing (see note 17) in 1995, these balances became receivable within one year as at 31 December 1994.

### 11 Creditors: amounts falling due within one year

	1994 £000	1993 £000
Bank loans and overdrafts	712	580
Amounts owed to ultimate parent company and fellow subsidiary undertakings	7,046	233
Amounts owed to subsidiary undertakings	4,270	-
Other creditors including taxation and social security	-	437
Accruals and deferred income	1,055	5
	<hr/>	<hr/>
	13,083	1,255

Details of the company's banking arrangements are set out in the note on contingent liabilities.

Under the terms of the Master Facilities Agreement (see note 16), certain intercompany balances were frozen; leaving them payable after more than one year as at 31 December 1993. With the due date for expiry of the Master Facilities Agreement and subsequent refinancing (see note 17) in 1995, these balances became payable within one year as at 31 December 1994.

# Wembley Leisure Limited

## Notes (continued)

### 12 Creditors: amounts falling due after more than one year

	1994 £000	1993 £000
Amounts owed to ultimate parent company and fellow subsidiary undertakings	-	6,364
Amounts owed to subsidiary undertakings	-	4,270
	<u>-</u>	<u>10,634</u>

### 13 Provisions for liabilities and charges

	Closure costs £000	Lease provision £000	Total £000
At 1 January 1994	139	-	139
Costs charged in year	(20)	-	(20)
Provision for loss on leases (see note 5)	-	436	436
	<u>119</u>	<u>436</u>	<u>555</u>
At 31 December 1994			

### 14 Called up share capital

	1994 £000	1993 £000
<i>Authorised</i>		
32,000,000 ordinary shares of 2p each	<u>640</u>	<u>640</u>
<i>Allotted, called up and fully paid</i>		
21,251,893 ordinary shares of 2p each	<u>425</u>	<u>425</u>

# Wembley Leisure Limited

## Notes (continued)

### 15 Reconciliation of movements in shareholders' funds

	1994 £000	1993 £000
Shareholders' funds brought forward	(6,131)	(5,788)
Retained loss for the year	(2,164)	(343)
	<hr/>	<hr/>
Shareholders' funds carried forward	(8,295)	(6,131)

### 16 Contingent liabilities

In April 1993, the Company, in conjunction with Wembley plc and other group companies, entered into arrangements with its lenders ("the Master Facilities Agreement") for the continuance of its banking facilities. Lines of finance were agreed and the scheduled repayment of existing facilities was deferred until May 1995. The classification of bank loans and overdrafts reflects this agreement.

Security was given to the lenders over the Company's assets and the Company has given cross guarantees for borrowings of other group companies. Total group borrowings covered by these arrangements at 31 December 1994 were £114.6 million (1993: £119.6 million).

Under the Master Facilities Agreement, commitments were entered into stipulating repayments which were to be made up to 31 May 1995. Following certain disposals, the group achieved its 30 June 1994 commitment. However, the debt reduction target at 31 December 1994 was not achieved and the group's lenders agreed not to enforce this net debt reduction target prior to implementation of the group's restructuring proposals. Details of the new financing arrangements, which came into effect with implementation of the restructuring proposals during May 1995, together with their impact on contingent liabilities, are set out in note 17.

# Wembley Leisure Limited

## Notes *(continued)*

### 17 Post balance sheet events

In April 1995, the group announced its restructuring proposals and these were implemented during May 1995. The impact of the implementation of the restructuring on the group's banking arrangements are set out below.

As part of the refinancing proposals, certain debts and other liabilities of Wembley plc have been converted into New Ordinary Shares of Wembley plc and the proceeds, after expenses, from a placing and open offer have been used to further reduce the group's borrowings.

In addition, the group's lenders have agreed new, committed, secured lending facilities for the group of, in aggregate, £82.5 million. The amortisation of these facilities requires repayments, on a group basis, during the years ending 31 December 1997, 1998 and 1999 with the balance maturing in May 2000. Security has been given to the lenders over the Company's assets and the Company has given cross guarantees for borrowings of other group companies up to the amount of the facilities.

### 18 Ultimate parent company

The company is a subsidiary undertaking of Wembley plc, a company incorporated in Great Britain and registered in England and Wales.

The group accounts of Wembley plc may be obtained on application to The Company Secretary, Wembley plc, Wembley Stadium, Wembley, Middlesex HA9 ODW.