

1273094

**Crown Direct Limited**  
**(formerly Crown Leisure**  
**Limited)**

Report and Accounts

30 September 1996

 ERNST & YOUNG



Crown Direct Limited  
(formerly Crown Leisure Limited)

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Registered No. 1273094

**DIRECTORS**

Mr M Gemson (Chairman)  
Mr J K D Roden  
Mr P A Roden  
Mr K B Turner  
Mr K P Dixon (resigned 15 September 1996)

**SECRETARY**

Mr P A Roden

**AUDITORS**

Ernst & Young  
Commercial Union House  
Albert Square  
Manchester M2 6LP

**BANKERS**

National Westminster Bank plc  
35 Fishergate  
Preston PR1 2BY

**REGISTERED OFFICE**

139 Brookfield Place  
Walton Summit Centre  
Bamber Bridge  
Preston PR5 8BF

Crown Direct Limited  
(formerly Crown Leisure Limited)

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 September 1996.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £623,569 (1995: £359,504).

The directors have paid a dividend amounting to £700,000 (1995: £250,000), leaving a loss of £76,431 (1995: profit of £109,504) to be taken to reserves.

**PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the company is that of amusement machine distributors.

The company has achieved an operating profit for the year of £889,442 (1995: £537,414).

**CHANGE OF NAME**

On 30 November 1996 the name of the company was changed from Crown Leisure Limited to Crown Direct Limited.

**FIXED ASSETS**

The changes in fixed assets during the year are summarised in the notes to the accounts.

**DIRECTORS AND THEIR INTERESTS**

The directors at 30 September 1996 and their interests in the share capital of the company were:

	<i>At 30 September 1996</i>	<i>At 1 October 1995</i>
	<i>£1 ordinary shares</i>	<i>£1 ordinary shares</i>
Mr M Gemson	-	-
Mr K B Turner	-	-
Mr P A Roden	-	-
Mr J K D Roden	-	-

The financial interests of Messrs M Gemson, K B Turner and P A Roden in the share capital of the parent company, Crown Leisure plc, are shown in the accounts of that company.

**CONTRACTS**

There were no contracts of significance existing during or at the end of the financial year in which any director was materially interested.

**AUDITORS**

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board



P A Roden

Secretary

29 Jun 1997

Crown Direct Limited  
(formerly Crown Leisure Limited)

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, 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 accounts;
- prepare the accounts 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 accounts 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.

**REPORT OF THE AUDITORS**  
**to the members of Crown Direct Limited (formerly Crown Leisure Limited)**

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

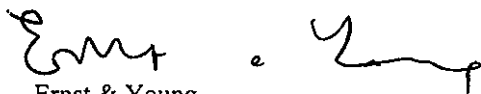
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 September 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Manchester

Date 29 July 1997

Crown Direct Limited  
(formerly Crown Leisure Limited)

PROFIT AND LOSS ACCOUNT  
for the year ended 30 September 1996

	Notes	1996 £	1995 £
TURNOVER	2	21,015,792	17,991,059
Cost of sales		19,236,362	16,524,965
GROSS PROFIT		1,779,430	1,466,094
Operating costs		889,988	928,680
OPERATING PROFIT	3	889,442	537,414
Interest payable	5	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		889,442	537,414
Taxation on profit on ordinary activities	6	265,873	177,910
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	623,569	359,504
Dividends	7	700,000	250,000
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR		(76,431)	109,504

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit for the year.

Crown Direct Limited  
(formerly Crown Leisure Limited)

BALANCE SHEET  
at 30 September 1996

	Notes	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible assets	8	399,624	377,511
Investments	9	500	500
		<u>400,124</u>	<u>378,011</u>
<b>CURRENT ASSETS</b>			
Stocks	10	822,141	646,323
Debtors	11	4,215,719	3,492,894
		<u>5,037,860</u>	<u>4,139,217</u>
<b>CREDITORS: amounts falling due within one year</b>	12	5,178,636	4,181,449
		<u>(140,776)</u>	<u>(42,232)</u>
<b>NET CURRENT LIABILITIES</b>		<u>259,348</u>	<u>335,779</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	100	100
Profit and loss account	15	359,248	435,679
Goodwill reserve	15	(100,000)	(100,000)
		<u>259,348</u>	<u>335,779</u>

Approved by the board on 29 July 1997

M Gemson

Director

P A Roden

Director

Crown Direct Limited  
(formerly Crown Leisure Limited)

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NOTES TO THE ACCOUNTS

at 30 September 1996

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

The financial statements present information about the company as an individual undertaking and not about its group. The company is not required to prepare group accounts as it is a subsidiary undertaking of an EC parent.

*Goodwill*

Goodwill representing the excess of the purchase price over the fair value of the net assets of businesses acquired, is set off directly against reserves.

*Depreciation*

Depreciation of all tangible fixed assets is provided at rates calculated to write off the cost, less residual value based on prices prevailing at the date of acquisition, of each asset over the useful lives of the assets at the following rates:

Motor vehicles	-	3% per month, reducing balance
Fixtures, fittings and equipment	-	1.66% per month, reducing balance

*Stocks*

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value. Cost is based on purchase cost on a first-in, first-out basis and net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

*Deferred taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

*Leasing and hire purchase commitments*

Assets obtained under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to profit and loss account as incurred.

*Cashflow statement*

The company is a wholly owned subsidiary undertaking of Crown Leisure plc, which prepares accounts in accordance with the EC Seventh directive including a group cash flow statement prepared in accordance with FRS1, and as such the company is exempt from the preparation of a cash flow statement.



Crown Direct Limited  
(formerly Crown Leisure Limited)

NOTES TO THE ACCOUNTS  
at 30 September 1996

2. **TURNOVER**

Turnover represents amounts invoiced by the company in respect of goods sold and services provided during the year, excluding valued added tax. Turnover and profit before taxation is all attributable to the distribution of amusement machines in the United Kingdom.

3. **OPERATING PROFIT**

(a) This is stated after charging:

	1996 £	1995 £
Directors' emoluments (including pension contributions)	283,068	244,005
Auditors' remuneration	6,875	9,996
Depreciation of tangible fixed assets	106,042	85,702
Profit on disposal of tangible fixed assets	-	3,810

(b) Directors' emoluments

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 No.	1995 No.
£Nil - £5,000	2	3
£55,001 - £60,000	-	1
£65,001 - £70,000	1	1
£70,001 - £75,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-

Messrs K P Dixon and K B Turner are remunerated in their capacity as directors of Crown Leisure (Rentals) Limited.

The emoluments of the chairman, who is also the highest paid director were £89,655 (1995: £84,000).

4. **STAFF COSTS**

	1996 £	1995 £
Wages and salaries	767,477	709,971
Social security costs	78,281	72,416
Other pension costs	64,714	59,865
	<u>910,472</u>	<u>842,252</u>

Crown Direct Limited  
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NOTES TO THE ACCOUNTS  
at 30 September 1996

4. STAFF COSTS (continued)

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

	1996 No.	1995 No.
Management	1	1
Service	15	12
Sales	7	5
Administration	8	6
	<u>31</u>	<u>24</u>

5. INTEREST PAYABLE

	1996 £	1995 £
Bank interest	-	-

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	1996 £	1995 £
Based on the profit for the year:		
UK Corporation tax at 33% (1995: 33%)	266,429	177,221
Prior period adjustments	(556)	689
	<u>265,873</u>	<u>177,910</u>

7. DIVIDENDS

	1996 £	1995 £
Ordinary dividends - proposed	-	-
- paid	700,000	250,000
	<u>700,000</u>	<u>250,000</u>

Crown Direct Limited  
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NOTES TO THE ACCOUNTS  
at 30 September 1996

8. TANGIBLE FIXED ASSETS

	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:			
At 1 October 1995	769,700	231,644	1,001,344
Additions	41,071	100,099	141,170
Disposals	-	(112,859)	(112,859)
At 30 September 1996	810,771	218,884	1,029,655
Depreciation:			
At 1 October 1995	489,741	134,092	623,833
Charge for the year	53,839	52,203	106,042
Disposals	-	(99,844)	(99,844)
At 30 September 1996	543,580	86,451	630,031
Net book value:			
At 30 September 1996	267,191	132,433	399,624
At 1 October 1995	279,959	97,552	377,511

9. INVESTMENTS

Subsidiary undertakings

	<i>1996</i> £	<i>1995</i> £
Cost	500	500

The company owns 50% of the issued ordinary share capital of Crown Suzo Limited, a company which distributes amusement machine spare parts and is registered in England and Wales.

10. STOCKS

	<i>1996</i> £	<i>1995</i> £
Goods for resale	822,141	646,323

In the opinion of the directors there is no material difference between the balance sheet value and their cost of replacement.

Crown Direct Limited  
(formerly Crown Leisure Limited)

NOTES TO THE ACCOUNTS  
at 30 September 1996

11. DEBTORS

	1996 £	1995 £
Trade debtors	3,174,222	2,091,979
Amounts owed by fellow subsidiary undertakings	870,288	1,137,473
Amounts owed by associated undertakings	85,000	218,667
Prepayments	86,209	40,642
Other debtors	-	4,133
	<u>4,215,719</u>	<u>3,492,894</u>

12. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank overdraft (see below)	249,983	256,580
Trade creditors	3,768,070	3,246,609
Amounts owed to parent and fellow subsidiary undertaking	363,585	-
Corporation tax	16,625	171,632
Other taxes and social security costs	714,448	465,324
Accrued expenses	65,925	41,304
Proposed dividend	-	-
	<u>5,178,636</u>	<u>4,181,449</u>

The bank overdraft is secured by a debenture with a fixed and floating charge on the undertaking and assets of the group.

13. DEFERRED TAXATION

Deferred taxation provided in the accounts and amounts not provided are as follows:

	<i>Provided</i>		<i>Not provided</i>	
	1996 £	1995 £	1996 £	1995 £
Capital allowances in advance of depreciation	-	-	16,000	16,000
	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>16,000</u>

14. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised Ordinary shares of £1 each	100	100
Allotted, called up and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Crown Direct Limited  
(formerly Crown Leisure Limited)

NOTES TO THE ACCOUNTS  
at 30 September 1996

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Goodwill reserve</i> £	<i>Total</i> £
At 1 October 1994	100	326,175	(100,000)	226,275
Profit for the year	-	359,504	-	359,504
Dividends	-	(250,000)	-	(250,000)
At 1 October 1995	100	435,679	(100,000)	335,779
Profit for the year	-	623,569	-	623,569
Dividends	-	(700,000)	-	(700,000)
At 30 September 1996	100	359,248	(100,000)	259,348

16. CONTINGENT LIABILITIES

(a) The company has given a cross guarantee in respect of the bank borrowings of fellow group undertakings which at 30 September 1996 amounted to £3,164,607 (1995: £2,600,508).

(b) Along with Crown Leisure plc, Crown Leisure (Rentals) Limited and Crown Leisure Finance Limited, the company is registered for VAT purposes on a group basis. The effect of this is that each company is jointly liable for any tax due in respect of a group company.

17. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions are charged against profit as they are made.

18. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Crown Leisure plc, a company registered in England and Wales. Copies of the group accounts may be obtained from Crown Leisure plc, 139 Brookfield Place, Walton Summit Centre, Bamber Bridge, Preston PR5 8BF.