

**STANLEY CASINOS LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**2 MAY 1999**



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**COMPANY REGISTRATION NUMBER: 1519689**

# STANLEY CASINOS LIMITED

## REPORT OF THE DIRECTORS

The Directors present their report and audited accounts for the 52 weeks ended 2 May 1999.

### 1 PRINCIPAL ACTIVITY

The principal activity of the Company is the management of casinos.

### 2 BUSINESS REVIEW AND RESULTS

The trading for the period has resulted in a profit after taxation of £7,703,481 (1998 - £14,392,563). No interim dividend was paid in the year (1998 - £Nil). The Directors recommend the payment of a final dividend of £5,000,000 (1998 - £3,000,000).

During the period, the Company acquired the whole of the issued share capital of Churchstirling Limited; the assets, undertakings and trade of which were immediately transferred to the Company. The assets, undertakings and trade of Firegate Limited, the issued share capital of which had been acquired in the previous period, were also transferred to the Company in the period under review.

The Directors expect the past level of activity will be sustained for the foreseeable future.

### 3 DIRECTORS

Directors who have served during the period are:

L Steinberg (Chairman)  
T A Lowry  
G C Revill  
G W Gibson  
P A Olive (Resigned 30 October 1998)  
A M Riddy (Appointed 7 April 1999)  
P Perrin-Jacquet  
K Peat

Subsequent to the year end G C Revill resigned (31 December 1999)

None of the Directors held any interests in the share capital of the Company during the period.

The interests of the Directors, who are also Directors of Stanley Leisure plc, in the share capital of the ultimate parent undertaking Stanley Leisure plc, are shown in the Report and Accounts of that company. The interests of other Directors are shown below:

Ordinary shares of 25p each in Stanley Leisure plc.

	<u>2 May 1999</u> Number	<u>3 May 1998</u> Number
P Perrin-Jacquet	-	9,328
K Peat	2,400	-

# STANLEY CASINOS LIMITED

## REPORT OF THE DIRECTORS (CONTINUED)

### 3 DIRECTORS (Continued)

The following options have been granted and are outstanding to the above Directors in respect of Stanley Leisure plc;

	Number at 3 May 1998	Options exercised	Options Granted	Number at 2 May 1999	Exercise price p	Earliest date exercisable	Expiry Date
P Perrin-Jacquet	15,000	-	-	15,000	190.5	25.2.98	27.2.05
	1,036	-	-	1,036	133.2	1.10.99	1.4.00
K Peat	15,000	(15,000)	-	-	190.5	25.2.98	27.2.05
	7,770	-	-	7,770	133.2	1.10.99	1.4.00
	2,887	-	-	2,887	239.0	1.4.02	1.10.02

The market price of the shares at 2 May 1999 was 252.5p (3 May 1998 - 271.5p) and the range during the financial period was 248.5p to 342p.

### 4 DISABLED PERSONS

The Company is committed to a policy of equal opportunity in matters relating to employment, training and career development of employees and is opposed to any form of less favourable treatment afforded on the grounds of disability.

### 5 INFORMATION AND CONSULTATION

Consultation arrangements are in force at all locations in respect of involvement on new equipment and employee amenities. The Company recognises the importance of ensuring all employees are kept informed of Company performance, activities and future plans.

### 6 DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the accounts on pages 5 to 17, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors 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.

The Directors are required to prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

## **STANLEY CASINOS LIMITED**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **7 PAYMENT OF SUPPLIERS**

It is the policy of the Company to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard written terms to individually negotiated contracts. Payments should then be made in accordance with those terms and conditions, provided that the supplier has also complied with them. The average days payment at the year end was 45 days

#### **8 YEAR 2000 COMPLIANCE**

The Stanley Leisure plc Group established a programme to mitigate against risks to the Group's business from computers or equipment malfunctioning at the millennium date change.

The Group's Board fully expected that all internally and externally developed software would be Year 2000 compliant. In addition, the majority of the Company's hardware has been upgraded or replaced incorporating Year 2000 compliance.

Key suppliers and business partners were also identified and the Company actively worked with them to minimise as far as possible the risk of any disruption to the supply of critical goods and services to the business.

As expected there have been no significant problems resulting from Year 2000 nor are any further problems anticipated.

The Year 2000 compliance programme was completed without significant additional expenditure.

#### **9 AUDITORS**

A resolution to re-appoint PricewaterhouseCoopers as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

S J GOULBOURNE  
Secretary



23 February 2000

## **REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF STANLEY CASINOS LIMITED**

We have audited the accounts on pages 5 to 17 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The Directors are responsible for preparing the Annual Report, including as described on page 2 the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

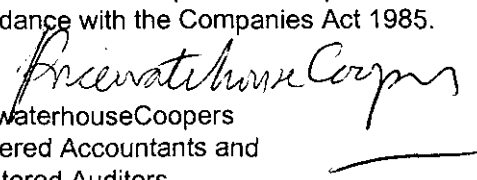
### **BASIS OF OPINION**

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 accounts.

### **OPINION**

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 2 May 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditors

23 February 2000

# STANLEY CASINOS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS ENDED 2 MAY 1999

	52 weeks ended 2 May 1999 £	53 weeks ended 3 May 1998 £
<b>TURNOVER</b> (Note 1)		
Continuing operations	47,965,735	46,134,265
Acquisitions	<u>1,729,754</u>	<u>-</u>
	49,695,489	46,134,265
Cost of sales	<u>(37,627,891)</u>	<u>(34,788,824)</u>
<b>GROSS PROFIT</b>	12,067,598	11,345,441
Administrative expenses	(526,834)	(474,879)
Provision against carrying value of fixed assets	(500,000)	(500,000)
Other operating income	<u>205,031</u>	<u>198,179</u>
<b>OPERATING PROFIT</b>		
Continuing operations	11,003,536	10,568,741
Acquisitions	<u>242,259</u>	<u>-</u>
	11,245,795	10,568,741
Income from shares in group undertakings		
- dividends received	-	7,104,589
- waiver of intercompany loans	-	167,048
Net interest receivable (Note 5)	<u>93,837</u>	<u>50,953</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> (Note 2)	11,339,632	17,891,331
Taxation on profit on ordinary activities (Note 6)	<u>(3,636,151)</u>	<u>(3,498,768)</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	7,703,481	14,392,563
Dividends payable	<u>(5,000,000)</u>	<u>(3,000,000)</u>
<b>RETAINED PROFIT TRANSFERRED TO RESERVES</b> (Note 15)	<u>2,703,481</u>	<u>11,392,563</u>

The results for the period relate to a single class of continuing business - the operation of casinos established in the United Kingdom.

There is no material difference between the reported profit before taxation and the historical cost profit before taxation.

The notes on pages 8 to 17 form part of these accounts.

# STANLEY CASINOS LIMITED

## BALANCE SHEET - 2 MAY 1999

	2 May 1999 £	3 May 1998 £
<b>FIXED ASSETS</b>		
Tangible assets (Note 7)	98,689,731	90,471,307
Investments (Note 8)	<u>3,649,728</u>	<u>3,519,728</u>
	102,339,459	93,991,035
<b>CURRENT ASSETS</b>		
Stocks (Note 9)	302,713	278,228
Debtors (Note 10)	20,141,212	14,757,487
Cash at bank and in hand	<u>2,339,795</u>	<u>1,628,462</u>
	22,783,720	16,664,177
<b>CREDITORS - Amounts falling due within one year (Note 11)</b>	<u>(61,125,626)</u>	<u>(49,502,120)</u>
<b>NET CURRENT LIABILITIES</b>	<u>(38,341,906)</u>	<u>(32,837,943)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	63,997,553	61,153,092
<b>CREDITORS - Amounts falling due after more than one year (Note 12)</b>	(108,017)	(121,961)
<b>PROVISIONS FOR LIABILITIES AND CHARGES (Note 13)</b>	<u>(366,326)</u>	<u>(211,402)</u>
	63,523,210	60,819,729
<b>CAPITAL AND RESERVES</b>		
Called up share capital (Note 14)	50,000	50,000
Revaluation reserve (Note 15)	20,109,304	20,109,304
Profit and loss account (Note 15)	<u>43,363,906</u>	<u>40,660,425</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	<u>63,523,210</u>	<u>60,819,729</u>

APPROVED BY THE BOARD ON 23 February 2000

  
A M Riddy  
DIRECTOR

The notes on pages 8 to 17 form part of these accounts.

# STANLEY CASINOS LIMITED

## RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE 52 WEEKS ENDED 2 MAY 1999

	52 weeks ended 2 May 1999 £	53 weeks ended 3 May 1998 £
Profit for the financial year	7,703,481	14,392,563
Dividends	(5,000,000)	(3,000,000)
Revaluation of fixed assets	-	10,119,851
Net addition to shareholders' funds	2,703,481	21,512,414
Opening shareholders' funds	60,819,729	39,307,315
Closing shareholders' funds	63,523,210	60,819,729

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 52 WEEKS ENDED 2 MAY 1999

	52 weeks ended 2 May 1999 £	53 weeks ended 3 May 1998 £
Profit for the financial period	7,703,481	14,392,563
Unrealised surplus on revaluation of properties	-	10,119,851
Total gains recognised since last annual report	7,703,481	24,512,414



# STANLEY CASINOS LIMITED

## NOTES TO THE ACCOUNTS - 2 MAY 1999

### 1 ACCOUNTING POLICIES

#### (a) Accounting convention

The accounts have been prepared under the historical cost convention, modified by the revaluation of certain properties and licences, and in accordance with applicable accounting standards.

#### (b) Accounting year end

Accounts are prepared for the period ending on the Sunday nearest to 30 April. For the current year this Sunday was 2 May 1999.

#### (c) Turnover

Turnover represents gross gaming yield from casino gaming activities and amounts receivable for goods and services provided exclusive of Value Added Tax.

All of the Company's turnover arises within the United Kingdom and the Directors are of the opinion that it is derived from one class of activity.

#### (d) Fixed assets and depreciation

The Company's properties were professionally revalued as at 3 May 1998 on an open market value and fully operational basis for their existing use, including the benefit of casino licences. All other assets are stated at cost less applicable depreciation.

Properties are subject to an annual impairment review but are not depreciated since, in view of their nature and the continuing value of the related casino licences, in the opinion of the Directors depreciation would not be material.

Rates on depreciable assets are as follows:

Leasehold improvements	Over the term of the lease
Fixtures and fittings	15% per annum on a reducing balance basis
Motor vehicles	25% per annum on a straight line basis
Plant and machinery	10% per annum on a straight line basis

#### (e) Goodwill

Purchased goodwill is capitalised and amortised over its estimated useful life. Prior to 3 May 1998 goodwill was written off to reserves in the year in which it arose.

#### (f) Stocks

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

#### (g) Operating leases and hire purchase commitments

The cost of operating leases is charged to the profit and loss account as incurred.

Assets obtained under hire purchase contracts are capitalised and 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 agreement.

# STANLEY CASINOS LIMITED

## NOTES TO THE ACCOUNTS - 2 MAY 1999 (CONTINUED)

### 1 ACCOUNTING POLICIES (CONTINUED)

#### (h) Taxation

Corporation tax is provided on the assessable profits of the Company at the appropriate rates in force.

Provision is made for taxation deferred at the anticipated future rates in respect of taxation liabilities deferred to the extent that they are expected to reverse in the foreseeable future.

#### (i) Cashflow statement

In accordance with FRS1 (Revised) the Company has not prepared a cashflow statement as a consolidated cashflow statement is included within the accounts of its ultimate parent undertaking.

#### (j) Pensions

The Company participates in two pension schemes operated by the ultimate parent undertaking. Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Group. All other contributions are charged to the profit and loss account as incurred.

#### (k) FRS 8 Related party transactions

The Company has taken advantage of the exemption allowed by FRS 8 not to disclose related party transactions with undertakings controlled within the Group.

### 2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	<u>1999</u>	<u>1998</u>
	£	£
Depreciation - owned assets	785,579	672,292
- assets under finance leases	109,283	100,498
- provision against carrying value	500,000	500,000
Auditors' remuneration	41,600	37,341
Gaming duty	3,095,967	2,760,281
Operating leases - land and buildings	596,611	576,306
Rents receivable	(199,005)	(198,179)
	<u>          </u>	<u>          </u>

# STANLEY CASINOS LIMITED

## NOTES TO THE ACCOUNTS - 2 MAY 1999 (CONTINUED)

### 3 EMPLOYEES AND STAFF COSTS

	<u>1999</u> Number	<u>1998</u> Number
The average number of persons employed by the Company was:	1,943	1,920
	<u>          </u>	<u>          </u>
	<u>1999</u> £	<u>1998</u> £
Employee costs (excluding Directors) were as follows:		
Wages and salaries	20,531,851	18,567,823
Social security costs	1,652,488	1,482,263
Other pension costs	<u>266,819</u>	<u>225,118</u>
	<u>22,451,158</u>	<u>20,275,204</u>

### 4 DIRECTORS' EMOLUMENTS

	<u>1999</u> £	<u>1998</u> £
Aggregate emoluments	227,902	213,217
	<u>          </u>	<u>          </u>
<b>Highest paid director</b>	<u>1999</u> £	<u>1998</u> £
Total emoluments	106,730	110,000
	<u>          </u>	<u>          </u>
Defined benefit scheme:		
Accrued pension at end of year	35,000	31,000
	<u>          </u>	<u>          </u>

Retirement benefits are accruing to three (1998 -three) Directors under the defined benefit scheme.

The Chairman and three other Directors were remunerated by other Group companies.

# STANLEY CASINOS LIMITED

## NOTES TO THE ACCOUNTS - 2 MAY 1999 (CONTINUED)

### 5 NET INTEREST RECEIVABLE

	<u>1999</u> £	<u>1998</u> £
Interest payable:		
Bank overdrafts	(6,075)	(1,776)
Hire purchase agreements	(29,671)	(28,834)
Other	<u>(2,500)</u>	<u>(300)</u>
	(38,246)	(30,910)
Interest receivable:		
Short term deposits	47,966	80,390
Other	<u>84,117</u>	<u>1,473</u>
	<u>132,083</u>	<u>81,863</u>
Net interest receivable	<u>93,837</u>	<u>50,953</u>

### 6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1999</u> £	<u>1998</u> £
Corporation tax at 30.9% (1998 – 33%) on profits for the period		
- current period	3,531,717	3,473,162
- prior period	(53,566)	79,756
Deferred tax		
- current period	149,143	25,042
- prior period	<u>8,857</u>	<u>(79,192)</u>
	<u>3,636,151</u>	<u>3,498,768</u>

STANLEY CASINOS LIMITED

NOTES TO ACCOUNTS - 2 MAY 1999 (CONTINUED)

7 TANGIBLE FIXED ASSETS

	Freehold and associated licences £	Long leasehold & associated licences £	Short leasehold & associated licences £	Leasehold improve- ments £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
<b>COST OR VALUATION</b>								
At 3 May 1998	44,106,248	15,748,866	26,227,886	2,320,051	8,604,091	415,785	811,840	98,234,767
Additions	2,613,767	543	277,420	543,477	2,351,671	175,836	415,213	6,377,927
Reclassification	4,113,420	(4,113,420)	-	-	-	-	-	-
Disposals	-	-	-	-	-	(153,066)	-	(153,066)
Group transfers	-	-	3,147,732	-	314,635	16,740	-	3,479,107
At 2 May 1999	50,833,435	11,635,989	29,653,038	2,863,528	11,270,397	455,295	1,227,053	107,938,735
At cost	2,613,767	543	727,152	2,863,528	11,270,397	455,295	1,227,053	19,157,735
Valuation 1998	48,219,668	11,635,446	28,925,886	-	-	-	-	88,781,000
	50,833,435	11,635,989	29,653,038	2,863,528	11,270,397	455,295	1,227,053	107,938,735
<b>DEPRECIATION</b>								
At 3 May 1998	500,000	-	-	1,579,773	5,173,113	159,551	351,023	7,763,460
Charge for the period	-	-	-	85,780	606,148	109,283	93,651	894,862
Provision against carrying value	500,000	-	-	-	-	-	-	500,000
Disposals	-	-	-	-	-	(107,220)	-	(107,220)
Group transfers	-	-	-	-	186,618	11,284	-	197,902
At 2 May 1999	1,000,000	-	-	1,665,553	5,965,879	172,898	444,674	9,249,004
<b>NET BOOK AMOUNT</b>								
At 2 May 1999	49,833,435	11,635,989	29,653,038	1,197,975	5,304,518	282,397	782,379	98,689,731
At 3 May 1998	43,606,248	15,748,866	26,227,886	740,278	3,430,978	256,234	460,817	90,471,307

## STANLEY CASINOS LIMITED

### NOTES TO THE ACCOUNTS - 2 MAY 1999 (CONTINUED)

#### 7 TANGIBLE FIXED ASSETS (CONTINUED)

External interest charges of £73,696 and £10,421 have been capitalised within freehold and associated licences and leasehold improvements respectively.

The amount of assets held under finance leases included in the total above corresponds to the amount relating to motor vehicles.

The Company's properties were revalued by Dunlop Heywood, Consultant Surveyors, at 3 May 1998 on an open market value and fully operational basis for their existing use, including the benefit of casino licences.

Properties which are included at a valuation would have been included on an historical cost basis as follows:

	<u>1999</u> £	<u>1998</u> £
Cost of properties and associated licences	72,013,158	65,973,696
Accumulated depreciation	<u>(1,000,000)</u>	<u>(500,000)</u>
	<u>71,013,158</u>	<u>65,473,696</u>

#### 8 FIXED ASSET INVESTMENTS

##### Investments in subsidiaries at cost

	£
At 3 May 1998	3,519,728
Additions	<u>130,000</u>
At 2 May 1999	<u>3,649,728</u>

The following subsidiaries and their voting rights were wholly owned either directly or indirectly by the Company at 2 May 1999. The Company acquired the whole of the issued share capital and voting rights of Churchstirling during the period.

	<u>Activity</u>	<u>Country of Registration</u>
Casino Martell Limited	Dormant	Scotland
Rex Leisure Limited	Dormant	England
Hazelman Limited	Dormant	England
Firegate Limited	Dormant	England
Churchstirling Limited	Dormant	England

Group accounts have not been prepared as Stanley Casinos Limited is a wholly owned subsidiary of an undertaking incorporated in the United Kingdom, therefore financial information is presented for the Company as an individual undertaking. In the Directors' opinion the value of the aggregate investment in each subsidiary is not less than the amount at which it is stated in these accounts.

# STANLEY CASINOS LIMITED

## NOTES TO THE ACCOUNTS – 2 MAY 1999 (CONTINUED)

### 9 STOCKS

	<u>1999</u>	<u>1998</u>
	£	£
Goods for resale	159,469	152,670
Stationery and consumables	<u>143,244</u>	<u>125,558</u>
	302,713	278,228
	<u><u>          </u></u>	<u><u>          </u></u>

### 10 DEBTORS

	<u>1999</u>	<u>1998</u>
	£	£
Trade debtors	8,787	11,383
Amounts owed by group undertakings	19,680,790	14,085,359
Prepayments and accrued income	<u>451,635</u>	<u>660,745</u>
	20,141,212	14,757,487
	<u><u>          </u></u>	<u><u>          </u></u>

### 11 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1999</u>	<u>1998</u>
	£	£
Trade creditors	803,563	666,622
Amounts owed to group undertakings	47,398,212	39,319,865
Taxation and social security	6,104,579	4,503,936
Accruals and deferred income	1,649,390	1,889,326
Dividends payable	5,000,000	3,000,000
Obligations under hire purchase agreements	<u>169,882</u>	<u>122,371</u>
	61,125,626	49,502,120
	<u><u>          </u></u>	<u><u>          </u></u>

### 12 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1999</u>	<u>1998</u>
	£	£
Obligations under hire purchase agreements	<u>108,017</u>	<u>121,961</u>
	<u><u>          </u></u>	<u><u>          </u></u>
The obligations payable under hire purchase agreements are as follows:		
Within one year	169,882	122,371
Between one and two years	47,365	116,394
Between two and five years	<u>60,652</u>	<u>5,567</u>
	277,899	244,332
	<u><u>          </u></u>	<u><u>          </u></u>

# STANLEY CASINOS LIMITED

## NOTES TO THE ACCOUNTS - 2 MAY 1999 (CONTINUED)

### 13 PROVISIONS FOR LIABILITIES AND CHARGES

Amounts provided for deferred taxation and potential deferred taxation liabilities are:

	<u>Provided</u>		<u>Potential</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Accelerated capital allowances	366,326	211,402	571,665	415,049
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The movements during the year on the deferred taxation account are as follows:

	£
At 3 May 1998	211,402
Transfer from fellow group undertaking	(3,076)
Profit and loss account	<u>158,000</u>
At 2 May 1999	<u>366,326</u>

No provision has been made for potential capital gains tax payable of £6,350,000 (1998 - £5,600,000) which would be payable in the event of the properties being disposed of at their revalued amounts as there is no intention to dispose of the properties in the foreseeable future.

### 14 CALLED UP SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted and fully paid</u>
	£	£
The share capital at 2 May 1999 and 3 May 1998 was:		
Ordinary shares of £1 each	50,000	50,000
	<u>          </u>	<u>          </u>

### 15 RESERVES

	<u>Profit and loss account</u>	<u>Revaluation Reserve</u>
	£	£
At 3 May 1998	40,660,425	20,109,304
Retained profit for the period	<u>2,703,481</u>	<u>          </u>
At 2 May 1999	<u>43,363,906</u>	<u>20,109,304</u>

Goodwill in aggregate of £317,154 (1998 - £317,154) has been charged against reserves in prior years.



## STANLEY CASINOS LIMITED

### NOTES TO THE ACCOUNTS – 2 MAY 1999 (CONTINUED)

#### 16 ACQUISITIONS

Churchstirling Limited was acquired on 8 June 1998 for £130,000 being the fair value of the assets acquired at that date. On 28 October 1998 the trade and assets of Churchstirling Limited, excluding intergroup balances, were transferred to the Company at their book amounts, the consideration being an interest free loan, as follows:

	Book value £
Tangible fixed assets	490,803
Debtors	20,610
Cash at bank and in hand	46,317
Stocks	4,856
Bank overdrafts	<u>(57,959)</u>
	<u>504,627</u>

Churchstirling Limited continued to trade as a separate entity until 28 October 1998. The results of Churchstirling Limited for the period from 8 June 1998 to 28 October 1998 were:

	£
Turnover	354,718
Operating profit	23,250
Profit on ordinary activities before taxation	23,250
Profit on ordinary activities after taxation	<u>15,996</u>

The results of Churchstirling Limited for the period from 29 October 1998 to 2 May 1999 were:

Turnover	554,114
Operating loss	(47,263)
Profit on ordinary activities before taxation	(47,263)
Profit on ordinary activities after taxation	<u>(32,517)</u>

The result of Churchstirling Limited for the year ended 31 March 1998 was a loss of £39,000, and for the 2 months ended 7 June 1998 was a loss of £30,000.

Firegate Limited was acquired by the Company on 19 December 1997 and on 28 October 1998 its trade and assets were transferred to the Company, the consideration being an interest free loan, as follows:

	Book value £
Tangible fixed assets	2,798,262
Debtors	21,862
Cash at bank and in hand	151,139
Stocks	5,034
Creditors	(232,071)
Deferred tax	<u>3,076</u>
	<u>2,747,302</u>

## STANLEY CASINOS LIMITED

### NOTES TO THE ACCOUNTS – 2 MAY 1999 (CONTINUED)

#### 16 ACQUISITIONS (CONTINUED)

The results of Firegate Limited for the period 29 October 1998 to 2 May 1999 were:

	£
Turnover	1,175,640
Operating loss	289,522
Profit on ordinary activities before taxation	289,522
Profit on ordinary activities after taxation	196,684

#### 17 OPERATING LEASE COMMITMENTS

The Company has operating lease commitments in respect of certain land and buildings on short term leases. The rentals payable under the leases in the next year are as follows:

Date of lease termination:	1999 £	1998 £
Between one and five years	44,850	44,850
Expiring after five years	620,488	499,488
	665,338	544,338

#### 18 CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the accounts at 2 May 1999 amounted to £44,000 (1998 - £2,081,000).

#### 19 CONTINGENT LIABILITIES

The Company acts as a joint guarantor in respect of a revolving credit facility arranged with a consortium of banks for the benefit of Stanley Leisure plc. At 2 May 1999 the loan outstanding amounted to £74,500,000 (1998 - £34,000,000).

#### 20 PENSION COMMITMENTS

The Company is a member of two pension schemes operated by the ultimate parent undertaking, a defined contribution scheme and a defined benefit scheme.

The defined benefit scheme (the Stanley Leisure 1988 Retirement Benefit Scheme) provides benefits based on final pensionable earnings, and contributions to the scheme are determined by a qualified actuary on the basis of triannual valuations using the attained aged normal valuation method across the group as a whole.

The details of the most recent valuation are disclosed in the notes to the accounts of the ultimate parent undertaking, Stanley Leisure plc.

#### 21 ULTIMATE PARENT UNDERTAKING

Stanley Leisure plc, a company registered in England, is the ultimate controlling party and parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is a member.

Copies of the accounts of Stanley Leisure plc may be obtained from the Company Secretary, Stanley House, 151 Dale Street, Liverpool, L2 2JW.