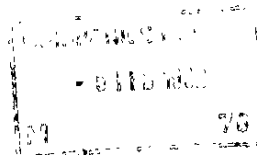


STANLEY CASINOS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

28 APRIL 1991

COMPANY REGISTRATION NUMBER: 1519689



STANLEY CASINOS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 APRIL 1991

The Directors present their report and audited accounts for the year ended 28 April 1991.

1 PRINCIPAL ACTIVITIES

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

2 BUSINESS REVIEW AND RESULTS

The trading for the year has resulted in a profit after taxation of £3,207,939 (1990 - £1,550,219). The Directors recommend the payment of a final dividend of £4,250,000 (1990 - £1,000,000).

On 11 May 1990 the business and net assets of Stanley Casinos (Leicester) Limited were transferred to the company.

On 21 May 1990 the business and net assets of Stanley Casinos (Northern) Limited, Stanley Casinos (Manchester) Limited and Stanley Casinos (Luton) Limited were transferred to the company.

On 29 July 1990 the business and net assets of Stanley Casinos (Liverpool) Limited, Stanley Casinos (Bolton) Limited, Stanley Casinos (Southampton) Limited, Stanley Casinos (Southport) Limited, Stanley Casinos (Margate) Limited and Stanley Dominion Leisure Limited were transferred to the company.

3 DIRECTORS

Directors who have served during the year are:

I. Steinberg
TA Lowry
GC Revill
GW Gibson
PA Olive
P Perrin-Jacquet
G Harper

STANLEY CASINOS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 APRIL 1991 (CONTINUED)

3 DIRECTORS (CONTINUED)

The interests of the Directors in office at 28 April 1991 in the share capital of the ultimate parent undertaking, Stanley Leisure Organisation plc with the exception of those who are also Directors of that undertaking, are shown below:

	28 April 1991		30 April 1990	
	<u>Holdings</u>	<u>Options</u>	<u>Holdings</u>	<u>Options</u>
P Perrin-Jacquet	3,345	26,413	14,580	26,413
G Harper	-	9,000	-	9,000

The options to subscribe for ordinary shares may be exercisable between July 1991 and January 2001 at prices varying from £1.09 to £1.18 per share.

4 FIXED ASSETS

The movements on fixed assets are shown in note 5 to the accounts. All the company's properties were professionally revalued at 29 April 1990 on their existing use on an open market value and fully operational basis, including the benefit of casino licences.

5 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.

6 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.

STANLEY CASINOS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 APRIL 1991 (CONTINUED)

7 AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



TA LOWRY
Secretary

17 July 1991

Price Waterhouse



REPORT OF THE AUDITORS TO THE MEMBERS OF STANLEY CASINOS LIMITED

We have audited the accounts on pages 5 to 17 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 28 April 1991 and of its profit and source and application of funds for the year ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants

17 July 1991

STANLEY CASINOS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 APRIL 1991

	<u>Notes</u>	<u>1991</u> £	<u>1990</u> £
TURNOVER	1	24,544,996	7,099,933
Cost of sales		<u>(19,423,239)</u>	<u>(4,819,559)</u>
GROSS PROFIT		5,121,757	2,280,374
Administrative expenses		(243,316)	(55,990)
Interest	3	<u>62,793</u>	<u>161,341</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	4,941,234	2,385,725
Taxation on profit on ordinary activities	4	<u>(1,733,295)</u>	<u>(835,506)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,207,939	1,550,219
Proposed dividend		<u>(4,250,000)</u>	<u>(1,000,000)</u>
RETAINED (LOSS)/PROFIT TRANSFERRED (FROM)/TO RESERVES	13	<u>£(1,042,061)</u>	<u>£550,219</u>

The notes on pages 9 to 17 form part of these accounts.

STANLEY CASINOS LIMITED

BALANCE SHEET - 28 APRIL 1991

	<u>Notes</u>	<u>1991</u> £	<u>1990</u> £
FIXED ASSETS			
Tangible assets	5	67,148,572	19,051,343
Investments	6	<u>3,167,563</u>	<u>3,110,262</u>
		70,316,135	22,161,605
CURRENT ASSETS			
Stocks	7	208,823	57,561
Debtors	8	4,647,017	13,210,915
Cash at bank and in hand		<u>889,893</u>	<u>262,458</u>
		5,745,733	13,530,934
CREDITORS: Amounts falling due within one year	9	(58,790,424)	(16,828,334)
NET CURRENT LIABILITIES		(53,044,691)	(3,297,400)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,271,444	18,864,205
CREDITORS: Amounts falling due after more than one year	10	-	(750,000)
DEFERRED TAXATION	11	<u>(300,000)</u>	<u>(100,700)</u>
		£16,971,444	£18,013,505
CAPITAL AND RESERVES			
Called up share capital	12	50,000	50,000
Revaluation reserve	13	15,649,900	15,649,900
Profit and loss account	13	<u>1,271,544</u>	<u>2,313,605</u>
		£16,971,444	£18,013,505

Approved by the Board of Directors on 17 July 1991.

GW GIBSON)

) DIRECTORS

PA OLIVE)

The notes on pages 9 to 17 form part of these accounts.

STANLEY CASINOS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 28 APRIL 1991

SOURCES	<u>1991</u> £	<u>1990</u> £
Profit on ordinary activities before taxation	4,941,234	2,385,725
Adjustment for items not involving the movement of funds:		
Loss on disposal of fixed assets	2,038	3,553
Depreciation	<u>479,288</u>	<u>123,820</u>
FUNDS GENERATED FROM OPERATIONS	5,422,560	2,513,098
FUNDS FROM OTHER SOURCES		
Intra group tax balances transferred	512,891	-
Intra group deferred tax balances transferred	182,012	-
Loan notes issued	-	1,056,719
Disposal of tangible fixed assets	<u>24,060</u>	<u>6,350</u>
TOTAL FUNDS GENERATED	6,141,523	3,576,167
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Intra group transfer of fixed assets	42,771,113	-
Investment in subsidiaries	57,301	3,110,260
Purchased goodwill written off	-	317,154
Dividend paid	1,000,000	1,200,000
Taxation paid (including group relief)	1,217,975	669,341
Purchase of tangible fixed assets	5,831,502	1,096,231
Loan notes repaid	<u>306,719</u>	<u>-</u>
	<u>51,184,610</u>	<u>6,392,986</u>
	£(45,043,087)	£(2,816,819)
	<hr/>	<hr/>

STANLEY CASINOS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 28 APRIL 1991 (CONTINUED)

REPRESENTED BY:

	<u>1991</u>	<u>1990</u>
	£	£
Increase/(decrease) in working capital		
Stocks	151,262	32,838
Debtors	(8,563,898)	11,324,440
Creditors	<u>(37,257,886)</u>	<u>(13,287,038)</u>
	(45,670,522)	(1,929,760)
Movement in net liquid funds	<u>627,435</u>	<u>(887,059)</u>
	<u>£(45,043,087)</u>	<u>£(2,816,819)</u>

The following assets and liabilities were transferred into the company from fellow subsidiaries:

	£
Tangible fixed assets	42,768,205
Stocks	88,622
Debtors	325,037
Cash at book and in hand	1,094,536
Creditors	(10,140,143)
Deferred taxation	<u>(182,012)</u>
	<u>£33,954,245</u>

The above transfers are represented by movements in group balances.

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 28 APRIL 1991

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) 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.

(c) Fixed assets and depreciation

The company's properties were professionally revalued as at 29 April 1990 on their existing use on an open market value and fully operational basis, including the benefit of casino licences. Revaluation surpluses have been credited to reserves. All other assets are stated at cost.

Depreciation is provided on casino licences only where there has been a permanent diminution in value during an accounting period. Depreciation is provided on other assets by annual instalments calculated to amortise the cost of the assets over their anticipated useful lives. The rates applied are:

Leasehold improvements	Over term of lease
Fixtures and fittings	15% per annum on reducing balance basis
Motor vehicles	25% per annum on straight line basis
Plant and machinery	5% per annum on straight line basis

(d) Goodwill

Purchased goodwill is written off to reserves in the year in which it arises.

(e) Stocks

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

(f) Operating leases

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

STANLEY CASINOS LIMITED

NOTES TO ACCOUNTS - 28 APRIL 1991 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(g) 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.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1991</u>	<u>1990</u>
	£	£
Wages and salaries	9,979,016	2,419,161
Social security costs	791,779	195,908
Other pension costs	101,196	40,413
Directors' remuneration	138,529	104,254
Depreciation	479,288	123,820
Auditors' remuneration	15,250	17,135
Gaming duty	1,532,176	519,632
Operating leases - land and buildings	613,232	92,892
	<hr/>	<hr/>

Directors' emoluments excluding pension contributions are as follows:

Chairman	<u>£Nil</u>	<u>£Nil</u>
Highest paid director	<u>£48,874</u>	<u>£44,804</u>

Other directors were remunerated within the following ranges:

	<u>Number</u>	<u>Number</u>
£Nil - £5,000	3	3
£10,001 - £15,000	-	1
£25,001 - £30,000	-	1
£30,001 - £35,000	2	-

The Chairman and three other directors were remunerated by other companies in the Stanley Leisure Organisation plc Group.

STANLEY CASINOS LIMITED

NOTES TO ACCOUNTS - 28 APRIL 1991 (CONTINUED)

3 INTEREST

	<u>1991</u>	<u>1990</u>
	£	£
Interest receivable	136,784	161,341
Interest payable	<u>(73,991)</u>	<u>-</u>
	<u>£62,793</u>	<u>£161,341</u>

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charged based on the profit before taxation comprises

	<u>1991</u>	<u>1990</u>
	£	£
UK Corporation tax at 33.9% - current year	1,704,326	821,448
- prior year	11,681	(142)
Deferred taxation (note 11)	<u>17,288</u>	<u>14,200</u>
	<u>£1,733,295</u>	<u>£835,506</u>

STANLEY CASINOS LIMITED

NOTES TO ACCOUNTS - 28 APRIL 1991 (CONTINUED)

5

FIXED ASSETS

	Freehold and associated licences	Short leasehold and associated licences	Leasehold improve- ments	Fixtures and fittings	Motor vehicles	Plant and machinery	Total
COST OR VALUATION	£	£	£	£	£	£	£
At 30 April 1990	-	18,025,000	593,557	498,953	125,098	163,599	19,406,207
Additions	5,356,980	-	19,439	257,439	84,441	113,203	5,831,502
Disposals	-	-	-	(26,692)	(58,676)	-	(85,368)
Reclassi- fications	4,150,000	(4,150,000)	-	-	-	-	-
Intra group transfers	<u>18,550,000</u>	<u>22,050,001</u>	<u>835,417</u>	<u>3,011,482</u>	<u>126,092</u>	<u>-</u>	<u>44,572,992</u>
At 28 April 1991	<u>28,056,980</u>	<u>35,925,001</u>	<u>1,448,413</u>	<u>3,741,182</u>	<u>276,955</u>	<u>276,802</u>	<u>69,725,333</u>
At Cost Valuation 1990	<u>28,056,980</u>	<u>17,900,001</u>	<u>1,448,413</u>	<u>3,741,182</u>	<u>276,955</u>	<u>276,802</u>	<u>51,700,333</u>
	<u>-</u>	<u>18,025,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,025,000</u>
	<u>28,056,980</u>	<u>35,925,001</u>	<u>1,448,413</u>	<u>3,741,182</u>	<u>276,955</u>	<u>276,802</u>	<u>69,725,333</u>
DEPRECIATION							
At 30 April 1990	-	-	144,638	150,626	39,779	19,821	354,864
Charge for the year	-	-	125,022	283,238	58,494	12,534	479,288
Disposals	-	-	-	(17,795)	(41,475)	-	(59,270)
Intra group transfers	<u>-</u>	<u>-</u>	<u>345,301</u>	<u>1,416,514</u>	<u>40,064</u>	<u>-</u>	<u>1,801,879</u>
At 28 April 1991	<u>-</u>	<u>-</u>	<u>614,961</u>	<u>1,832,583</u>	<u>96,862</u>	<u>32,355</u>	<u>2,576,761</u>
NET BOOK AMOUNT							
At 28 April 1991	<u>£28,056,980</u>	<u>£35,925,001</u>	<u>£833,452</u>	<u>£1,908,599</u>	<u>£180,093</u>	<u>£244,447</u>	<u>£67,148,572</u>
At 29 April 1990	<u>£-</u>	<u>£18,025,000</u>	<u>£448,919</u>	<u>£348,327</u>	<u>£85,319</u>	<u>£143,778</u>	<u>£19,051,343</u>

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 28 APRIL 1991 (CONTINUED)

5 FIXED ASSETS (CONTINUED)

The company's properties were revalued by Dunlop Heywood, Consultant Surveyors, at 29 April 1990 on their existing use on an open market value and fully operational basis, 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>1991</u> £	<u>1990</u> £
Cost of properties and associated licences	<u>£1,875,100</u>	<u>£1,875,100</u>

6 FIXED ASSET INVESTMENTS

Investments in subsidiaries at cost

At 30 April 1990	3,110,262
Adjustment in respect of prior year acquisitions	<u>57,301</u>
At 28 April 1991	<u>£3,167,563</u>

The following subsidiaries were wholly owned either directly or indirectly by the company at 28 April 1991.

	<u>Activity</u>	<u>Country of incorporation</u>
Craftframe Limited	Dormant	England
* Stanley Dominion Leisure Limited	Dormant	England
* Stanley Casinos (Margate) Limited	Dormant	England
* Stanley Casinos (Southampton) Limited	Dormant	England
* Stanley Casinos (Bolton) Limited	Dormant	England
* Stanley Casinos (Southport) Limited	Dormant	England
* Stanley Casinos (Liverpool) Limited	Dormant	England
Monorate Limited	Dormant	England

* Traded for part of the year.

Group accounts have not been prepared as Stanley Casinos Limited is a wholly owned subsidiary of an undertaking incorporated in the United Kingdom. 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 - 28 APRIL 1991 (CONTINUED)

7	STOCKS	<u>1991</u> £	<u>1990</u> £
	Food	48,952	4,247
	Beverages	62,953	16,702
	Tobacco	6,275	1,220
	Stationery	50,483	18,605
	Casino equipment	<u>40,160</u>	<u>16,787</u>
		£208,823	£57,561
		<hr/>	<hr/>
8	DEBTORS	<u>1991</u> £	<u>1990</u> £
	Trade debtors	16,485	10,360
	Amounts owed by group undertakings	3,871,822	13,095,437
	Prepayments and accrued income	<u>758,710</u>	<u>105,118</u>
		£4,647,017	£13,210,915
		<hr/>	<hr/>
9	CREDITORS: Amounts falling due within one year	<u>1991</u> £	<u>1990</u> £
	Loan notes	750,000	306,719
	Trade creditors	1,101,058	129,615
	Amounts owed to group undertakings	47,999,711	13,663,020
	Taxation and social security	4,069,351	1,206,173
	Accruals and deferred income	620,304	522,807
	Proposed dividend	<u>4,250,000</u>	<u>1,000,000</u>
		£58,790,424	£16,828,334
		<hr/>	<hr/>
10	CREDITORS: Amounts falling due after more than one year	<u>1991</u> £	<u>1990</u> £
	Loan notes	£-	£750,000
		<hr/>	<hr/>

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 28 APRIL 1991 (CONTINUED)

11 DEFERRED TAXATION

The charge for deferred taxation is as follows:

	<u>1991</u>	<u>1990</u>
	£	£
Deferred taxation at the rate of 33.9% (1990 - 35%)	£17,288	£14,200
	<hr/>	<hr/>

The movements on the deferred taxation provision, which are in respect of accelerated capital allowances, can be summarised as follows:

	£
At 29 April 1990	100,700
Charge for the year	17,288
Intra group transfer	<u>182,012</u>
At 30 April 1991	<u>£300,000</u>

All potential deferred taxation liabilities have been provided for in the accounts at 28 April 1991 and at 29 April 1990 with the exception of capital gains tax of £14,620,000 (1990 - £5,054,000) which would be payable in the event of the properties being disposed of at their revalued amounts.

12 CALLED UP SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted and fully paid</u>
	£	£
The share capital at 28 April 1991 and 29 April 1990 was:		
Ordinary shares of £1 each	£50,000	£50,000
	<hr/>	<hr/>

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 28 APRIL 1991 (CONTINUED)

13 RESERVES

	Profit and loss account £	Revaluation reserve £
At 29 April 1990	2,313,605	15,649,900
Loss for the year	<u>(1,042,061)</u>	<u>-</u>
At 28 April 1991	<u>£1,271,544</u>	<u>£15,649,900</u>

Goodwill in aggregate of £317,154 has been charged against reserves.

14 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:

	<u>1991</u> £	<u>1990</u> £
Date of lease termination:		
Within one year	30,000	-
Between two and five years	119,000	30,000
Expiring after five years	<u>461,000</u>	<u>69,550</u>
	<u>£610,000</u>	<u>£99,550</u>

15 CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the accounts on 28 April 1991 amounted to £252,000 (1990 - £Nil).

16 CONTINGENT LIABILITIES

Stanley Casinos Limited has given a joint guarantee to the Bank of Ireland to cover the bank's loan to the ultimate parent undertaking Stanley Leisure Organisation plc. At 28 April 1991 the loan outstanding amounted to £5,670,000 (1990 - £5,670,000).

The company acts as a joint guarantor in respect of a loan from Hambros Bank Limited to Stanley Leisure Organisation plc. At 28 April 1991 the loan outstanding amounted to £24,850,000 (1990 - £19,250,000).

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 28 APRIL 1991 (CONTINUED)

17	EMPLOYEES	<u>1991</u>	<u>1990</u>
	The average number of persons employed by the company was:	1,286	334
		<u> </u>	<u> </u>

18 PENSION COMMITMENTS

The Stanley Leisure Organisation plc Group operates three pension schemes; two insured defined benefit schemes and a defined contribution scheme.

All contributions are charged to profit and loss account and are reviewed annually by actuaries.

19 ULTIMATE PARENT UNDERTAKING

Stanley Leisure Organisation plc, a company registered in England, is the ultimate parent undertaking of the largest 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 Organisation plc may be obtained from the company secretary, Stanley House, 4/12 Marybone, Liverpool L3 2BY.