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STANLEY CASINOS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

29 APRIL 1990

COMPANIES HOUSE

- 8 MAY 1991

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STANLEY CASINOS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 APRIL 1990

The directors present their report and audited accounts for the year ended 29 April 1990.

1 PRINCIPAL ACTIVITIES

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

2 BUSINESS REVIEW AND RESULTS

On 19 July 1989, the company acquired the Royale Chimes casino in Edinburgh and on 30 December 1989, the company acquired the whole of the casino operation of Leading Leisure plc. The operation consisted of eight casinos operated through six trading companies, all of which were acquired.

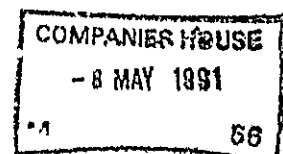
The trading for the year has resulted in a profit after taxation of £1,550,219 (1989 - £1,241,021). The Directors recommend the payment of a final dividend of £1,000,000 (1989 - £1,200,000).

3 DIRECTORS

Directors who have served during the year are:

L Steinberg
TA Lowry
GC Revill
GW Gibson
PA Olive
P Perrin-Jacquet
G Harper (appointed 16 October 1989)

The interests of the directors in office at 29 April 1990 in the share capital of the ultimate holding company, Stanley Leisure Organisation plc are shown in the directors' report of that company, with the exception of P Perrin-Jacquet who at 29 April 1990 held 12,150 25p Ordinary shares and options to purchase a further 13,333 25p Ordinary shares at £1.425 per share exercisable prior to 16 January 1997 in Stanley Leisure Organisation plc. G Harper did not hold any Ordinary shares or options to purchase Ordinary shares at 29 April 1990 or on appointment.



STANLEY CASINOS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 APRIL 1990 (CONTINUED)

4 FIXED ASSETS

The movements on fixed assets are shown in note 4 to the accounts. All the company's properties have been 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.

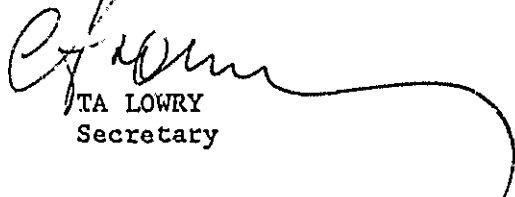
6 INFORMATION AND CONSULTATION

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.

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

18 July 1990

Price Waterhouse

REPORT OF THE AUDITORS TO THE MEMBERS OF STANLEY CASINOS LIMITED

We have audited the accounts on pages 4 to 14 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 29 April 1990 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

18 July 1990

STANLEY CASINOS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 29 APRIL 1990

	<u>Notes</u>	<u>1990</u> £	<u>1989</u> £
TURN-OVER	1	7,099,933	5,850,014
Cost of sales		(4,819,559)	(3,917,890)
GROSS PROFIT		2,280,374	1,932,124
Administrative expenses		(55,990)	(57,568)
Interest receivable		<u>161,341</u>	<u>41,297</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,385,725	1,915,853
Taxation on profit on ordinary activities	3	<u>(835,506)</u>	<u>(674,832)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,550,219	1,241,021
Proposed dividend		(1,000,000)	(1,200,000)
RETAINED PROFIT TRANSFERRED TO RESERVES	12	<u>£550,219</u>	<u>£41,021</u>

The notes on pages 7 to 14 form part of these accounts.

STANLEY CASINOS LIMITED

BALANCE SHEET - 29 APRIL 1990

	Notes	1990 £	1989 £
FIXED ASSETS			
Tangible assets	4	19,051,343	10,363,835
Investments	5	<u>3,110,262</u>	<u>2</u>
		22,161,605	10,363,837
CURRENT ASSETS			
Stocks	6	57,561	24,723
Debtors	7	13,210,911	1,886,475
Cash at bank and in hand		<u>262,458</u>	<u>1,149,517</u>
		13,530,934	3,060,715
CREDITORS: Amounts falling due within one year	8	(16,828,334)	(3,282,612)
NET CURRENT LIABILITIES		(3,297,400)	(221,897)
TOTAL ASSETS LESS CURRENT LIABILITIES		18,864,205	10,141,940
CREDITORS: Amounts falling after more than one year	9	(750,000)	-
DEFERRED TAXATION	10	<u>(100,700)</u>	<u>(86,500)</u>
		£18,013,505	£10,055,440
CAPITAL AND RESERVES			
Called up share capital	11	50,000	50,000
Revaluation reserve	12	15,649,900	7,924,900
Profit and loss account	12	<u>2,313,605</u>	<u>2,080,540</u>
		£18,013,505	£10,055,440

Approved by the Board of Directors on 18 July 1990.

L STEINBERG

[Signature]
DIRECTORS

PA OLIVE

[Signature]

The notes on pages 7 to 14 form part of these accounts.

STANLEY CASINOS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF
FUNDS FOR THE YEAR ENDED 29 APRIL 1990

	<u>1990</u> £	<u>1989</u> £
SOURCES		
Profit on ordinary activities before taxation	2,385,725	1,915,853
Adjustment for items not involving the movement of funds:		
Loss/(profit) on disposal of fixed assets	3,553	(4,514)
Depreciation	<u>123,820</u>	<u>102,375</u>
FUNDS GENERATED FROM OPERATIONS	2,513,098	2,013,914
FUNDS FROM OTHER SOURCES		
Loan notes issued	1,056,719	-
Disposal of tangible fixed assets	<u>6,350</u>	<u>14,847</u>
TOTAL FUNDS GENERATED	<u>3,576,167</u>	<u>2,028,761</u>
APPLICATION OF FUNDS		
Acquisition of subsidiaries	3,110,260	-
Purchased goodwill written off	317,154	-
Dividend paid (including group relief)	1,200,000	500,000
Taxation paid	669,341	492,219
Purchase of tangible fixed assets	<u>1,096,231</u>	<u>59,091</u>
	<u>6,392,986</u>	<u>1,051,310</u>
	<u>£(2,816,819)</u>	<u>£977,451</u>
REPRESENTED BY:		
Increase/(decrease) in working capital		
Stocks	32,838	(16,759)
Debtors	11,324,440	674,969
Creditors	<u>(13,287,038)</u>	<u>(592,527)</u>
	(1,929,760)	65,683
Movement in net liquid funds	<u>(887,059)</u>	<u>911,768</u>
	<u>£(2,816,819)</u>	<u>£977,451</u>

See notes 5 and 13 for the effect of the acquisitions in the year.

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 29 APRIL 1990

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention modified by the revaluation of properties and licences.

(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 - 29 APRIL 1990 (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>1990</u>	<u>1989</u>
	£	£
Wages and salaries	2,419,161	1,939,665
Social security costs	195,908	145,904
Other pension costs	40,413	23,273
Directors' remuneration	104,254	41,601
Depreciation	123,820	102,575
Auditors' remuneration	17,135	10,928
Gaming duty	519,632	429,833
Operating leases - land and buildings	92,892	67,000

Directors emoluments excluding pension contributions are as follows:

Chairman	£Nil	£Nil
Highest paid director	£44,804	£36,447

Other directors were remunerated within the following ranges:

	<u>Number</u>	<u>Number</u>
£Nil - £5,000	3	4
£10,001 - £15,000	1	-
£25,001 - £30,000	1	-

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

STANLEY CASINOS LIMITED

NOTES TO ACCOUNTS - 29 APRIL 1990 (CONTINUED)

3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charged based on the profit before taxation comprises:

	<u>1990</u>	<u>1989</u>
	£	£
UK Corporation tax at 35% - current year	821,448	669,196
- prior year	(142)	(864)
Deferred taxation (note 10)	<u>14,200</u>	<u>6,500</u>
	<u>£835,506</u>	<u>£674,832</u>

4 FIXED ASSETS

	<u>Short leasehold and associated licences</u>	<u>Leasehold improvements</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Plant and machinery</u>	<u>Total</u>
	£	£	£	£	£	£
Cost or valuation						
At 30 April 1989	8,925,000	1,093,557	379,017	43,339	163,599	10,604,512
Additions	875,000	-	119,936	101,295	-	1,096,231
Disposals	-	-	-	(19,536)	-	(19,536)
Surplus/(deficit) on revaluation	<u>8,225,000</u>	<u>(500,000)</u>	-	-	-	<u>7,725,000</u>
At 29 April 1990	<u>18,025,000</u>	<u>593,557</u>	<u>498,953</u>	<u>125,098</u>	<u>163,599</u>	<u>19,406,207</u>
At Cost	-	-	498,953	125,098	163,599	787,650
Valuation 1990	<u>18,025,000</u>	<u>593,557</u>	-	-	-	<u>18,618,517</u>
	<u>18,025,000</u>	<u>593,557</u>	<u>498,953</u>	<u>125,098</u>	<u>163,599</u>	<u>19,406,207</u>
Depreciation						
At 30 April 1989	-	106,366	97,245	25,425	11,641	240,577
Charge for the year	-	38,272	53,381	23,987	8,180	123,820
Disposals	-	-	-	(9,633)	-	(9,633)
At 29 April 1990	-	<u>144,638</u>	<u>150,626</u>	<u>39,779</u>	<u>19,821</u>	<u>354,864</u>
Net book amount						
At 29 April 1990	<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>
At 30 April 1989	<u>£8,925,000</u>	<u>£987,191</u>	<u>£281,772</u>	<u>£17,914</u>	<u>£151,958</u>	<u>£10,363,835</u>

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 29 APRIL 1990 (CONTINUED)

4 FIXED ASSETS (CONTINUED)

The company's properties have been 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. The resultant net surplus has been transferred to reserves (see note 12).

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

	<u>1990</u> £	<u>1989</u> £
Cost of properties and associated licences	£1,875,100	£1,000,100

5 FIXED ASSET INVESTMENTS

<u>Investments in subsidiaries at cost</u>	<u>1990</u> £	<u>1989</u> £
At 29 April 1989	2	2
Subsidiaries acquired during the year	<u>3,110,260</u>	<u>-</u>
At 30 April 1990	<u>£3,110,262</u>	<u>£2</u>

The following subsidiaries were wholly owned either directly or indirectly by the company at 29 April 1990.

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

* Subsidiaries acquired during the year.

Group accounts have not been prepared as Stanley Casinos Limited is a wholly owned subsidiary of a company 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 CASINGS LIMITED

NOTES TO THE ACCOUNTS - 29 APRIL 1990 (CONTINUED)

6	STOCKS	<u>1990</u> £	<u>1989</u> £
	Food	4,247	6,278
	Beverages	16,702	13,243
	Tobacco	1,220	1,971
	Stationery	18,605	3,231
	Casino equipment	<u>16,787</u>	<u>-</u>
		<u>£57,561</u>	<u>£24,723</u>
7	DEBTORS	<u>1990</u> £	<u>1989</u> £
	Trade debtors	10,360	21,687
	Amounts owed by group companies	13,095,437	1,681,174
	Prepayments and accrued income	<u>105,118</u>	<u>183,614</u>
		<u>£13,210,915</u>	<u>£1,886,475</u>
8	CREDITORS: Amounts falling due within one year	<u>1990</u> £	<u>1989</u> £
	Loan notes	306,719	-
	Trade creditors	129,615	103,672
	Amounts owed to group companies	13,663,020	848,201
	Taxation and social security	1,206,173	1,014,724
	Accruals and deferred income	522,807	116,015
	Proposed dividend	<u>1,000,000</u>	<u>1,200,000</u>
		<u>£16,828,334</u>	<u>£3,282,612</u>
9	CREDITORS: Amounts falling due after more than one year	<u>1990</u> £	<u>1989</u> £
	Loan notes	<u>£750,000</u>	<u>£-</u>

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 29 APRIL 1990 (CONTINUED)

10 DEFERRED TAXATION

The charge for deferred taxation is as follows:

	<u>1990</u> £	<u>1989</u> £
Deferred taxation at the rate of 35%	<u>£14,200</u>	<u>£6,500</u>

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

	<u>1990</u> £	<u>1989</u> £
At 30 April 1989	86,500	80,000
Charge for the year	<u>14,200</u>	<u>6,500</u>
At 29 April 1990	<u>£100,700</u>	<u>£86,500</u>

All potential deferred taxation liabilities have been provided for in the accounts at 30 April 1989 and at 29 April 1990 with the exception of capital gains tax of £5,054,000 (1989 - £2,350,000) which would be payable in the event of the properties being disposed of at their revalued amounts.

11 CALLED UP SHARE CAPITAL

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

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 29 APRIL 1990 (CONTINUED)

12 RESERVES

	Profit and <u>loss account</u>	Revaluation <u>reserve</u>
	£	£
At 30 April 1989		
Retained profit for the year	2,080,540	7,924,900
Arising on revaluation	550,219	-
Goodwill on acquisition (note 13)	-	7,725,000
	<u>(317,154)</u>	<u>-</u>
At 29 April 1990	£2,313,605	£15,649,900

13 ACQUISITIONS

The company acquired the Royale Chimes casino during the year which is referred to in the Directors' Report on page 1. The acquisition was accounted for as follows:

	£
Consideration and expenses	1,285,754
Tangible fixed assets acquired	<u>(968,600)</u>
Goodwill (note 12)	<u>£317,154</u>

The company also acquired the whole of the casino operation of Leading Leisure plc, consisting of the issued share capitals of the following companies; Stanley Dominion Leisure Limited, Stanley Casinos (Margate) Limited, Stanley Casinos (Southampton) Limited, Stanley Casinos (Bolton) Limited, Stanley Casinos (Southport) Limited, Stanley Casinos (Liverpool) Limited and Monorate Limited. The consideration was accounted for as follows:

	£
Cash and expenses	1,656,441
Loan notes	1,056,719
Acquisition provisions	<u>397,100</u>
Cost of subsidiaries acquired (note 5)	<u>£3,110,260</u>

The acquisition provision relates to the costs of refurbishing the eight casinos acquired to the standard of other casinos operated by Stanley Casinos Limited.

STANLEY CASINOS LIMITED

NOTES TO THE ACCOUNTS - 29 APRIL 1990 (CONTINUED)

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>1990</u>	<u>1989</u>
	£	£
Date of lease termination:		
Between two and five years	30,000	-
Expiring after five years	<u>69,550</u>	<u>67,000</u>
	£99,550	£67,000

15 CAPITAL COMMITMENTS

The company had no capital commitments at 29 April 1990 and 30 April 1989.

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 holding company Stanley Leisure Organisation plc. At 29 April 1990 the loan outstanding amounted to £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 29 April 1990 the loan outstanding amounted to £19,250,000.

17 EMPLOYEES	<u>1990</u>	<u>1989</u>
The average number of persons employed by the company was:	334	286

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 HOLDING COMPANY

The ultimate holding company is Stanley Leisure Organisation plc, a company incorporated in England.