Cretegame Limited

Directors' report and financial statements

52 weeks ended 26 September 1999
Registered number 1907655

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Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 26 September 1999.

Principal activity

The Company is a catering company.

Trading results

The profit on ordinary activities before taxation for the period ended 26 September 1999 was £585,000 (period ended 27 September 1998: £363,000).

Year 2000

Following a detailed programme designed to reduce the risks of Year 2000 on critical business systems and processes, there have been no significant reported system failures and no adverse effect on the results and operations of the company as a result of the millennium issue. Monitoring of significant business systems and processes across the business continues to identify any residual Year 2000 risks.

Incremental revenue costs incurred in achieving millennium compliance in 1999 were not significant.

Retained profit

The company's retained profit for the period ended 26 September 1999 was £585,000 (period ended 27 September 1998: £363,000)

Dividends

The Directors do not recommend the payment of a dividend for the period ended 26 September 1999 (period ended 27 September 1998: £nil).

Directors and directors' interests

The Directors who held office during the period were:

D A Davenport	resigned 28 September 1998 and re-appointed 28 April 2000
G W Davies	
M R McKenzie	
E J Prior	resigned 28 February 1999
C Page	appointed 28 September 1998 , resigned 28 April 2000
D G Mortimer	appointed 28 April 2000

None of the directors had a direct interest in the issued share capital of the Company.

Directors' report *(continued)*

Substantial shareholding

Scottish and Newcastle Plc and Granada Group plc are each beneficially interested in 50% of the issued share capital of the Company. The shares previously owned by Forte (UK) were sold to Granada Group plc on 26 April 2000.

Fixed assets

The movements in fixed assets are shown in note 9 to the accounts.

Elective resolutions

The Company has passed elective resolutions to dispense with the laying of the Annual Report and Accounts before the shareholders in general meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985.

By order of the Board

H J Tautz

H J Tautz
Secretary

2 August 2000

Registered office:
166 High Holborn
London
WC1V 6TT

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 maintaining 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.

Auditor's report to the members of Cretegame Limited

We have audited the financial statements on pages 7 to 16.

Respective responsibilities of directors and auditors

As described on page 5, 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 26 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Manchester

25 October 2000

Profit and loss account
for the 52 weeks ended 26 September 1999

	Note	**52 weeks ended 26 September 1999 £'000**	52 weeks ended 27 September 1998 £'000
Turnover	*1.2*	**3,251**	2,948
Operating costs	*3*	**(2,643)**	(2,564)
Operating profit		**608**	384
Interest payable and similar charges	5	**(23)**	(21)
Profit on ordinary activities before taxation	*2.3*	**585**	363
Tax on profit on ordinary activities	*6*	**-**	-
Retained profit	*17*	**585**	363

The company has no recognised gains or losses during the period other than those reflected in the above profit and loss account.

There is no difference between the reported profits for the period and those that would be reported under the historical cost convention.

All results arise from continuing operations.

The notes on pages 10 to 16 form part of these financial statements.

Balance sheet
at 26 September 1999

	Note	26 September 1999		27 September 1998	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		1,633		1,682
Current assets					
Stocks	10	32		28	
Debtors	11	1,186		225	
Cash at bank and in hand		4		5	
		1,222		258	
Creditors: amounts falling due within one year	12	(3,400)		(3,070)	
Net current liabilities			(2,178)		(2,812)
Total assets less current liabilities			(545)		(1,130)
Creditors: amounts falling due after more than one year	13		(50)		(50)
			(595)		(1,180)
Capital and reserves					
Called up share capital	16		600		600
Profit and loss account	17		(1,195)		(1,780)
Equity shareholder's funds:	18		(595)		(1,180)

These financial statements were approved by the board of directors on 2 August 2000 and were signed on its behalf by:

D G Mortimer
Director

G W Davies
Director

Cash flow statement
for the 52 weeks ended 26 September 1999

	Note	**52 weeks ended 26 September 1999 £'000**	52 weeks ended 27 September 1998 £'000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		**608**	384
Depreciation		**92**	113
(Increase) in stocks		**(4)**	(4)
(Increase) in debtors		**(961)**	(105)
Increase/(decrease) in creditors		**336**	(336)
Net cash inflow from operating activities		**71**	52
Returns on investments and servicing of Finance			
Interest paid		**(23)**	(21)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(43)**	(42)
Cash inflow/(outflow) before management of liquid resources and financing		**5**	(11)
Management of liquid resources		**-**	-
Financing		**-**	-
Increase/(decrease) in cash in the period		**5**	(11)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period	**19**	**5**	(11)
Movement of net debt in the period	**19**	**5**	(11)
Net debt at the start of the period	**19**	**(3,001)**	(2,990)
Net debt at the end of the period	**19**	**(2,996)**	(3,001)

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 and on a going concern basis assuming the continued support of the shareholders.

Turnover

Turnover represents the amounts receivable for goods sold and services provided.

Fixed assets and depreciation

No depreciation is provided on properties on leases with twenty years or more to run at the balance sheet date or on integral fixed plant. It is the Company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the Directors consider that the lives of these assets and residual values (based on prices prevailing at the time of acquisition) are such that their depreciation is insignificant. All leasehold properties held for less than twenty years are amortised over the unexpired term.

Depreciation is provided on all other assets on a straight line basis over five to ten years for furniture and equipment.

Stocks

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

Operating leases

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

Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements to the extent that the liability will be payable in the foreseeable future.

Notes *(continued)*

Pension costs

The Company participates in a Granada Group pension scheme. The expected cost of pensions in respect of the Group's defined benefit scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the remaining service lives of current employess in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries and accounted for in accordance with Statement of Standard Accounting Practice No. 24.

2 Segment information

The turnover, operating profit and retained profit are wholly attributable to the Company's business of operating restaurants and catering facilities and arose wholly within the United Kingdom. All of the Company's turnover and operating profit relates to continuing operations.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after:	**52 weeks ended 26 September 1999 £'000**	52 weeks ended 27 September 1998 £'000
Raw materials and consumables	**897**	869
Operating lease rentals	**340**	350
Other external charges	**453**	360
Management fee	**73**	139
Depreciation (note 9)	**92**	113
Auditors' remuneration	**5**	5
Staff costs:		
Wages and salaries	**714**	662
Social security costs	**65**	58
Other pension costs	**4**	8
	2,643	2,564

4 Remuneration of directors

None of the Directors received any remuneration in respect of their services to the Company (year ended 27 September 1998 : £Nil).

5 Interest payable and similar charges

	52 weeks ended 26 September 1999 £'000	52 weeks ended 27 September 1998 £'000
Bank overdrafts	**23**	21

6 Taxation

There is no liability to UK corporation tax due to the trading losses incurred in previous years.

Notes *(continued)*

7 Deferred taxation

No provision has been made for deferred tax as the tax losses available to be carried forward exceed the timing difference.

8 Staff numbers and costs

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

	Number of employees	
	52 weeks ended 26 September 1999	52 weeks ended 27 September 1998
United Kingdom		
- full time	**36**	35
- part time	**38**	29
	74	64

The aggregate payroll costs of these persons are included above in Note 3.

9 Tangible fixed assets

	Land & buildings short leasehold £'000	**Furniture and Equipment £'000**	**Total £'000**
Cost or valuation			
At beginning of year	2,407	586	2,993
Additions	-	43	43
At end of year	2,407	629	3,036
Depreciation			
At beginning of year	864	447	1,311
Charge for year	68	24	92
At end of year	932	471	1,403
Net book value			
At 27 September 1999	**1,475**	**158**	**1,633**
At 27 September 1998	1,543	139	1,682

Notes *(continued)*

10 Stocks

	1999 £'000	1998 £'000
Goods for resale	**32**	28

11 Debtors

Amounts falling due within one year:	1999 £'000	1998 £'000
Amounts owed by Granada Group undertakings	**1,081**	57
Other debtors	**53**	40
Prepayments and accrued income	**52**	128
	1,186	225

12 Creditors: amounts falling due within one year

	1999 £'000	1998 £'000
Trade Creditors	**352**	-
Shareholders loans (see note 14)	**2,700**	2,700
Bank loans and overdrafts	**250**	256
Taxation and social security	**39**	71
Accruals and deferred income	**59**	43
	3,400	3,070

13 Creditors: amounts falling due after more than one year

	1999 £'000	1998 £'000
Shareholders loans (see note 14)	**50**	50

Notes *(continued)*

14 Maturity of debt

	1999	1998
	£'000	£'000
Shareholders' loan:		
Amounts falling due within one year (note 12)	**2,700**	2,700
Amounts falling due after more than one year (note 13)	**50**	50
Bank overdraft:		
Amounts falling due on demand (note 12)	**250**	256
	3,000	3,006

Repayment analysis
The loan is repayable as follows:

	1999	1998
Within one year or on demand	**2,950**	2,956
Between one and two years	**50**	50
	3,000	3,006

15 Commitments under operating leases

The annual commitments payable under non-cancellable operating leases are as follows:

	Land and Buildings	
	52 weeks ended 26 September 1999	52 weeks ended 27 September 1998
	£'000	£'000
Operating leases which expire:		
Over five years	**340**	360

16 Called up share capital

	1999	1998
	£'000	£'000
Authorised, issued, allotted and fully paid		
600,000 ordinary shares of £1 each	**600**	600

Notes *(continued)*

17 Profit and loss reserve

	1999 £'000	1998 £'000
At beginning of year	**(1,780)**	(2,143)
Profit for the year	**585**	363
At end of year	**(1,195)**	(1,780)

18 Reconciliation of movements in shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial year	**585**	363
Opening shareholders' funds	**(1,180)**	(1,543)
Closing shareholders' funds	**(595)**	(1,180)

19 Analysis of net debt

	At beginning of year £'000	Cash flow £'000	At end of year £'000
Cash in hand,at bank	5	(1)	4
Overdrafts	(256)	6	(250)
	(251)	5	(246)
Debt due after one year			
Shareholders loans	(50)	-	(50)
Debt due within one year			
Shareholders loans	(2,700)	-	(2,700)
Total	(3,001)	5	(2,996)

There are no other reconciling items between movement in cash flow and movement in debt.

20 Pension scheme

The Company participates in defined benefit pension schemes operated by Granada Group plc that are externally funded under separate trusts. Valuations of the funds are carried out approximately triennially by independent actuaries, the last actuarial assessment being made in October 1998. That report disclosed that the funds were adequate to meet all the obligations of the schemes.

Particulars of the actuarial valuations of the Group schemes are disclosed in the financial statements of Granada Group plc.

Notes (continued)

21 Related party transactions

Ongoing bank transactions are undertaken on behalf of the company by a subsidiary of Granada Group plc, one of the joint venture parties. As a result of a net cash inflow in the year of £1,024,000 the company was owed £1,081,000 (1998:£57,000) by the subsidiary.

During the year the company made trade purchases of £477,000 (1998: £475,000) from Scottish and Newcastle plc, the other joint venture party.