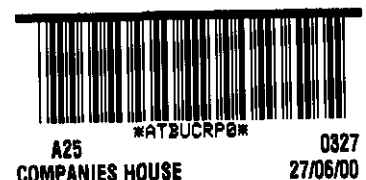


Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Report and Accounts

2 October 1999

Registered number: **2067231**



Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Directors' Report

The directors present their report and accounts for the period ended 2 October 1999.

Results and dividends

The results cover the period from 2 August 1998 to 2 October 1999. Turnover for the period amounted to £nil (1998 - £15,203,000).

The profit for the period before taxation amounted to £nil (1998 - £2,597,000) which included a loss on disposal of fixed assets and the trading business amounting to £nil (1998 - £235,000). Taxation charged against the profits for the period was £nil (1998 - £1,013,000), leaving profit after taxation of £nil (1998 - £1,584,000).

An interim dividend of £nil was paid (1998 - £2,700,000) and no final dividend is proposed (1998 - £nil).

Principal activity and review of the business

The principal activity of the company during the period has only been to act as an undisclosed agent for Leisure Link Group Limited.

The Directors do not currently foresee any significant change in the company's activities.

Directors and their interests

The following served as directors of the company during the period :

J M Day	(resigned 31 December 1998)
P J Langley	
D Page	
K I Smith	
B L Beer	(appointed 1 October 1998)
N I Chinn	(appointed 1 October 1998)
R Hoyle	(appointed 3 August 1998)
J W O'Halloran	(appointed 1 October 1998)

The following directors were appointed after the period end:

T Massey	(appointed 18 October 1999)
C Simon	(appointed 11 October 1999)

Mr R Hoyle, Mr D Page and Mr J W O'Halloran are directors of the company's parent undertaking, Leisure Link Group Limited and their interests are disclosed in that company's accounts.

The shareholdings of other Directors in Leisure Link Group Limited are as follows:

		<u>At 2 October 1999</u>	<u>At 1 August 1998*</u>
		<u>Number of shares</u>	<u>Number of shares</u>
'A' Ordinary shares	B Beer	5,250 ordinary shares	-
'A' Ordinary shares	N Chinn	5,250 ordinary shares	-
'A' Ordinary shares	P J Langley	5,250 ordinary shares	-
'A' Ordinary shares	K I Smith	5,250 ordinary shares	-

* or date of appointment if later

Group Re-Organisation

On 3 August 1998, all the company's investments in subsidiary undertakings were transferred to its immediate parent, Leisure Link Group Limited at net book value.

On 25 January 1999, the company changed its name from BLMS Limited to Leisure Link Electronic Entertainment Limited.

Acquisitions

Under the agency agreement that exists between Leisure Link Group Limited and Leisure Link Electronic Entertainment Limited, the company acquired the trade and assets of Zincmech Limited, on 9 April 1999, for a cash consideration of £450,000. The beneficial interest in the assets and trade lies with Leisure Link Group Limited and is reflected in that company's accounts.

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Directors' Report (continued)

Contracts and arrangements

No director was materially interested in any contract of significance to the company's business.

Charitable donations

During the period, the company made charitable donations totalling nil (1998 -£190).

Year 2000 compliance

Programmes to deal with the potential impact of the Year 2000 issue on the company are being managed by Leisure Link Group Limited (the ultimate parent undertaking of the company). The directors' report of the Leisure Link Group Limited Report and Accounts at 2 October 1999 contain disclosures relating to these programmes and the Year 2000 issue.

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit and 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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

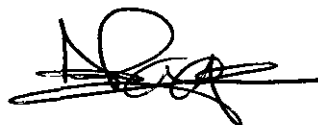
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst & Young resigned as auditors during the period and PricewaterhouseCoopers were appointed in their place. The directors will place a resolution before the members at the Annual General Meeting to reappoint PricewaterhouseCoopers for the ensuing year.

3 The Maltings
Wetmore Road
Burton-on-Trent
Staffs
DE14 1SE

By order of the Board,



Date 8th February 2000

D Page
Secretary

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Report of the Auditors

to the members of Leisure Link Electronic Entertainment Limited

We have audited the accounts on pages 4 to 13.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 financial statements.

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 financial statements.

Opinion

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



Pricewaterhouse Coopers

Chartered Accountants and Registered Auditors

Leicester

Date 8th February 2000

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Profit and Loss Account

For the period ended 2 October 1999

	Notes	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
Turnover - discontinued operations	2	-	15,203
Costs and overheads, less other income	3	-	(13,800)
Operating profit – discontinued operations		-	1,403
Loss on disposal of fixed assets		-	(15)
Loss on disposal of trade and assets		-	(220)
		-	1,168
Income from interests in subsidiary undertakings		-	1,442
Interest payable and similar charges	5	-	(13)
Profit on ordinary activities before taxation		-	2,597
Taxation	6	-	(1,013)
Profit on ordinary activities after taxation		-	1,584
Dividends	7	-	(2,700)
Transfer (from) reserves	13	-	(1,116)

There are no recognised gains or losses for the period, or the previous year, other than those dealt with in the profit and loss account.

Notes on pages 7 to 13 form an integral part of these accounts.

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Reconciliation of Movement in Shareholders' Funds

For the period ended 2 October 1999

	Notes	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
Profit attributable to ordinary shareholders		-	1,584
Dividends paid		-	(2,700)
Net (reduction in) shareholders' funds		-	(1,116)
Opening shareholders' funds		10,128	11,244
Closing shareholders' funds		10,128	10,128

Notes on pages 7 to 13 form an integral part of these accounts.

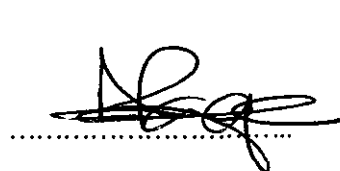
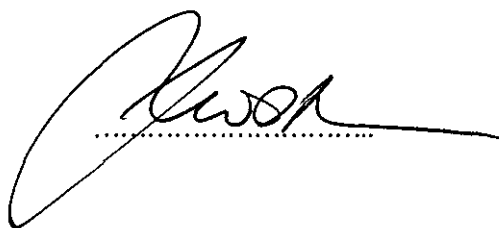
Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Balance Sheet

2 October 1999

	Notes	2 October 1999 £'000	1 August 1998 £'000
Fixed assets			
Investments	8	<u>-</u>	<u>5,534</u>
Current assets			
Debtors - due after more than one year	9	10,537	5,853
Creditors: Amounts falling due within one year	10	<u>-</u>	<u>(850)</u>
Net current assets		<u>10,537</u>	<u>5,003</u>
Total assets less current liabilities		<u>10,537</u>	<u>10,537</u>
Creditors: Amounts falling due after more than one year	11	<u>(409)</u>	<u>(409)</u>
Net assets		<u>10,128</u>	<u>10,128</u>
Capital and reserves			
Called-up share capital	12	1,001	1,001
Share Premium Account	13	9,000	9,000
Profit and loss account	13	<u>127</u>	<u>127</u>
Equity shareholders' funds		<u>10,128</u>	<u>10,128</u>

The accounts were approved by the Board on 8th February 2000 and signed on their behalf by

Notes on pages 7 to 13 form an integral part of these accounts.

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Notes to the accounts

at 2 October 1999

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention. They have been drawn up to comply with applicable accounting standards. A summary of the significant accounting policies, all of which have been applied consistently throughout the period and the preceding period, are set out below.

The financial statements present information about the company as an individual undertaking. The company is exempt from the requirement to prepare and deliver group accounts because it is a wholly owned subsidiary undertaking of Leisure Link Group Limited, incorporated in Great Britain and registered in England and Wales.

Investments

Fixed asset investments are stated individually at cost less any provision for permanent diminution in value.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates ruling at the dates of the transactions.

Exchange differences are taken to the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pensions

The Company principally operated two pension plans covering the majority of permanent full time UK employees, both of which are of the defined benefit type. The assets of the schemes are held in separate trustee administered funds. The regular cost of providing pensions is charged to the profit and loss account over the average expected lives of current employees. Variations in regular pension cost are amortised over the average expected service lives of employees.

Differences between the amount charged in the profit and loss account and the payment made to the pension plans are treated as either provisions or prepayments in the balance sheet.

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Taxation

- (i) Advance corporation tax on dividends paid or proposed which is expected to be recovered in the future is incorporated in the deferred taxation balance.
- (ii) Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future. Where this policy gives rise to a balance which will be offset against future tax liabilities, this balance is carried forward as a debtor. No liability is considered to arise for deferred taxation in respect of UK industrial buildings allowances as the properties are expected to be used in the business for periods longer than that for which the allowances could be reclaimed on disposal. Similarly, no liability is considered to exist for taxation deferred by UK roll-over relief due to the level of continuing capital investment.

Turnover

Turnover represents sales (excluding VAT and similar taxes) of goods and services, net of discounts, provided in the normal course of business.

2 Segmental analysis

Turnover – discontinued operations

Geographic analysis of turnover by destination	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
United Kingdom	-	<u>15,203</u>

All turnover originates in the UK and relates to one principal activity, the hiring and service of amusement machines.

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

3 Costs and overheads, less other income - discontinued operations

	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
Staff costs (note 4a)	-	4,046
Depreciation of tangible fixed assets	-	5,285
Other external charges	-	4,469
	<u>-</u>	<u>13,800</u>

	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
The following amounts are included above:		
Hire of plant and machinery	-	19
Property rentals	-	504

Auditors' remuneration in respect of audit services amounted to £500 (1998 - £2,000) and non audit services of £nil (1998 - £nil) and was borne by the parent company.

	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
4 Staff		
a) Costs		
Employee costs during the period amounted to:		
Wages and salaries	-	3,608
Social security costs	-	332
Pensions	-	106
	<u>-</u>	<u>4,046</u>

b) Average number of employees

The average number of persons employed by the Company during the period including part time employees was as follows:

	1999 Number	1998 Number
Average number of employees	<u>-</u>	<u>1,850</u>

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Notes to the accounts

at 2 October 1999

c) Directors' emoluments

Directors' emoluments were paid in respect of Directors of the Company as follows:

	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
Fees as directors	-	39
Other emoluments	-	4
Bonuses	-	-

The directors received emoluments only for the period from 1 October 1997 to 22 November 1997 during which the company traded.

Included in the above are amounts in respect of the highest paid director :

	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
Total emoluments	-	12
Accrued pension at the year end	-	23

5 Interest payable and similar charges

	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
Other loans	-	13

6 Taxation

	14 months ended 2 October 1999 £000	10 months ended 1 August 1998 £000
The taxation charge is based on the profit for the period and comprises:		
Corporation tax at 30.6% (1998 31%)	-	850
Deferred taxation	-	-
	-	850
Corporation tax underprovided in previous years	-	163
	-	1,013

Unprovided deferred taxation at 2 October 1999 amounted to £nil (1998: nil)

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Notes to the accounts

at 2 October 1999

7 Dividends paid

No dividends were paid or proposed in the year – (1998 -£2,700,000 (£2.70 per share)).

8 Fixed asset investments

Shares in group undertakings
£000

Cost

At 2 August 1998

5,534

Transfers to Leisure Link Group Limited

(5,534)

At 2 October 1999

-

On 3 August 1998 the company transferred the whole of its investments in subsidiary undertakings to Leisure Link Group Limited at net book value.

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

Notes to the accounts

at 2 October 1999

9 Debtors

	2 October 1999 £000	1 August 1998 £000
Trade debtors falling due after more than one year:		
Amounts owed by group undertakings	<u>10,537</u>	<u>5,853</u>

10 Creditors: Amounts falling due within one year

	2 October 1999 £000	1 August 1998 £000
Corporation tax	<u>-</u>	<u>850</u>

11 Creditors: Amounts falling due after more than one year

	2 October 1999 £000	1 August 1998 £000
Amounts owed to group undertakings	<u>409</u>	<u>409</u>

12 Called up share capital

	2 October 1999 £000	1 August 1998 £000
<i>Authorised</i>		
1,001,001 Ordinary Shares of £1 each	<u>1,001</u>	<u>1,001</u>
<i>Allotted, called up and fully paid</i>		
1,001,001 Ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>

Leisure Link Electronic Entertainment Limited (formerly BLMS Limited)

13 Reserves

	Share Premium account £'000	Profit and Loss account £'000	Total £'000
At 2 August 1998 and 2 October 1999	9,000	127	9,127

14 Contingent liabilities and financial commitments

The company's parent undertaking has a revolving credit facility and term loan facility at the period end which is secured by a composite guarantee and debenture in favour of The Royal Bank of Scotland plc. The facility is secured by fixed and floating charges over the company, including all property and assets.

The company has no annual commitments under operating leases at 2 October 1999 (1998: £nil).

15 Cash flow statement

No cash flow statement is given as the company is a wholly owned UK subsidiary undertaking of Leisure Link Group Limited which has provided a consolidated cash flow statement under FRS 1.

16 Related party transactions

Other than transactions with other members of the Leisure Link Group that are exempt from disclosure under FRS 8, there are no related party transactions that require disclosure. The company is controlled, as a wholly owned subsidiary, by Leisure Link Group Limited.

17 Ultimate parent undertaking

At the period end, the company was a wholly owned subsidiary undertaking of Link Leisure Group Limited, a company incorporated in Great Britain and registered in England and Wales, the accounts of which can be obtained from the Company Secretary at 3 The Maltings, Wetmore Road, Burton on Trent, DE14 1SE

18 Acquisitions

On 9 April 1999, the company acquired the trade and assets of Zincmech Limited for cash consideration of £450,000. Under the terms of the agency agreement with Leisure Link Group Limited the beneficial interest in the trade and assets lies with that company and is reflected in that company's accounts.