



City Centre Leisure (Severn) Limited

Financial Statements

Year ended 30 November 1998

Company Registration Number 2678884



City Centre Leisure (Severn) Limited

REPORT OF THE DIRECTOR

The directors present their report and the audited accounts for the year ended 30 November 1998.

PRINCIPAL ACTIVITY

The principal activity of the Company continues to be the management of leisure facilities.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

Action taken by the directors to improve the profitability of several difficult management contracts was successful and the directors expect to continue to improve trading results for 1999.

RESULTS AND DIVIDENDS

The results of the Company for the period are set out in detail on page 4.

The director does not recommend the payment of a dividend (1997 - £ nil)

DIRECTORS AND THEIR INTERESTS

The director who served throughout the period and his beneficial and family interests at the beginning and the end of the period in the shares of the Company were as follows:

R M Bottomley, Chairman

The interests of Mr R M Bottomley in the shares of the parent undertaking, CCL Leisure Limited are disclosed in the accounts of that Company.

The director had no interest in the shares of fellow subsidiary companies.

AUDITORS

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

Approved by the sole Director and
signed on his behalf



ON 8 July 1999

K R Milsom, Secretary

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements 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 of the Company for that period. In preparing these financial statements, the director is required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act. He is 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.

City Centre Leisure (Severn) Limited

AUDITORS' REPORT TO THE MEMBERS OF CITY CENTRE LEISURE (SEVERN) LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of director and auditors

As described on page 2, the Company's director is 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 judgments made by the director 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 Company's state of affairs as at 30 November 1998 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Creasey 8 July 1999

Creaseys
Chartered Accountants and Registered Auditors
12 Lonsdale Gardens
Tunbridge Wells
Kent
TN1 1PA

City Centre Leisure (Severn) Limited

PROFIT AND LOSS ACCOUNT

For the year ended 30 November 1998

	Note	1998 £	15 months 1997 £
TURNOVER	1(b)	2,168,182	2,741,752
Cost of sales		(1,817,106)	(2,661,413)
GROSS PROFIT		<u>351,076</u>	<u>80,339</u>
Administrative expenses		(157,409)	(263,078)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>193,667</u>	<u>(182,739)</u>
Tax on profit/(loss) on ordinary activities	5	(27,438)	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR / PERIOD	12	<u><u>166,229</u></u>	<u><u>(182,739)</u></u>

All results above derive from continuing operations.

There are no recognised gains or losses or movements in shareholders' funds for the current financial year and preceding financial period other than as stated in the profit and loss account.

City Centre Leisure (Severn) Limited

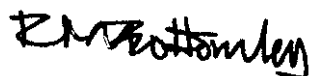
BALANCE SHEET

30 November 1998

	Note	1998 £	1998 £	1997 £	1997 £
FIXED ASSETS					
Tangible assets	6		60,371		36,107
CURRENT ASSETS					
Stocks	7	22,766		28,787	
Debtors	8	89,093		87,032	
Cash at bank and in hand		7,041		8,213	
		<u>118,900</u>		<u>124,032</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
	9	<u>(1,001,295)</u>		<u>(1,148,392)</u>	
NET CURRENT LIABILITIES			(882,395)		(1,024,360)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(822,024)</u>		<u>(988,253)</u>
TOTAL NET LIABILITIES			<u>(822,024)</u>		<u>(988,253)</u>
CAPITAL AND RESERVES					
CALLED UP EQUITY SHARE CAPITAL	11		100		100
PROFIT AND LOSS ACCOUNT	12		(822,124)		(988,353)
EQUITY SHAREHOLDERS' FUNDS			<u>(822,024)</u>		<u>(988,253)</u>

These financial statements were approved by the Board of Directors on 8 July 1999

Signed by the Director



R M Bottomley, Chairman

City Centre Leisure (Severn) Limited

NOTES TO THE ACCOUNTS

For the year ended 30 November 1998

1 STATEMENT OF ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) **CONVENTION**

The financial statements have been prepared in accordance with the historical cost convention.

(b) **TURNOVER**

Turnover is the amount derived from provision of goods and services falling within the Company's ordinary activities after deduction of trade discounts and value added tax and arises wholly in the United Kingdom.

(c) **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost of the tangible fixed assets to their estimated residual value by equal annual instalments over the period of their estimated useful economic lives, which are considered to be:

Plant and machinery	4 years *
Fixtures and fittings	4 years
Motor vehicles	6 years

* Included in plant and machinery since 1997 are contract improvements which are payments made by the Group to improve centre facilities. The items purchased do not become the property of the Group and the expenditure is written off over the remaining life of each management contract or the asset's useful economic life if shorter.

(d) **LEASED ASSETS**

Fixed assets held under hire purchase contracts are capitalised and depreciated over their expected useful economic lives. The finance charges are allocated equally over the primary period of the lease. The costs of operating leases are charged to the profit and loss account as they accrue.

(e) **STOCKS**

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

(f) **PENSIONS**

The Company operates a defined contribution pension scheme for all employees upon meeting defined criteria. The pension cost charge represents contributions payable by the Company in respect of the accounting period. All assets of the scheme are held separately from the Company.

(g) **DEFERRED TAXATION**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

(h) **GOING CONCERN**

The accounts have been prepared on a going concern basis which is dependent upon the continued support of the ultimate parent company. The director has received assurances that this support will be provided and therefore it is appropriate to prepare the accounts on a going concern basis.

City Centre Leisure (Severn) Limited

NOTES TO THE ACCOUNTS

For the year ended 30 November 1998

2	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1998	1997
		£	£

Profit/(loss) on ordinary activities before taxation is arrived at after charging:

Management charges payable to immediate parent company	157,409	263,078
Depreciation of owned assets	8,453	49,757
Auditors' remuneration	2,000	3,000
	<u>167,862</u>	<u>315,835</u>

3 **EMPLOYEES** **Employee numbers and costs**

All employees are employed by the parent Company, CCL Leisure Limited.

The average number employed which relate to this Company, including directors, within each category of persons was:

	1998	1997
	Number	Number
Administrative staff	4	3
Operative staff	99	119
Total staff	<u>103</u>	<u>122</u>

The costs incurred in these financial statements in respect of these employees were:

	£	£
Wages and salaries	946,858	1,468,180
Social security costs	54,916	82,011
Other pension costs	16,097	28,972
Total staff costs	<u>1,017,871</u>	<u>1,579,163</u>

4 **DIRECTORS**

The director did not receive any remuneration from the Company during the period (1997 - £nil). The remuneration received by Mr R M Bottomley from the immediate parent Company, CCL Leisure Limited is shown in the financial statements of that Company.

City Centre Leisure (Severn) Limited

NOTES TO THE ACCOUNTS

For the year ended 30 November 1998

5 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Tax is based on the losses for the year and comprises:

	1998	1997
Corporation tax at 31% of taxable profit	27,438	-
	<u>27,438</u>	<u>-</u>

At 30 November 1998, there were tax losses carried forward of approximately £nil, (1997 - £75,000) subject to agreement with the Inland Revenue.

6 TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
COST				
At 1 December 1997	130,433	56,871	425	187,729
Additions	27,856	4,861	-	32,717
Disposals	-	-	-	-
At 30 November 1998	<u>158,289</u>	<u>61,732</u>	<u>425</u>	<u>220,446</u>
DEPRECIATION				
At 1 December 1997	96,529	54,721	372	151,622
Charge for the period	6,847	1,553	53	8,453
Disposals	-	-	-	-
At 30 November 1998	<u>103,376</u>	<u>56,274</u>	<u>425</u>	<u>160,075</u>
NET BOOK VALUE				
At 30 November 1998	<u>54,913</u>	<u>5,458</u>	<u>-</u>	<u>60,371</u>
At 30 November 1997	<u>33,904</u>	<u>2,150</u>	<u>53</u>	<u>36,107</u>

City Centre Leisure (Severn) Limited

NOTES TO THE ACCOUNTS

For the year ended 30 November 1998

	1998 £	1997 £
7 STOCKS		
Consumable stores	3,995	13,919
Goods for resale	18,771	14,868
Total stocks	<u>22,766</u>	<u>28,787</u>

	1998 £	1997 £
8 DEBTORS		
Trade debtors	49,051	68,454
Prepayments and accrued income	40,042	18,578
	<u>89,093</u>	<u>87,032</u>

	1998 £	1997 £
9 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR		
Obligations under hire purchase contracts	-	987
Amounts owed to parent Company	755,884	1,029,307
Other creditors	61,743	44,960
Corporation tax	27,438	-
Accruals and deferred income	156,230	73,138
	<u>1,001,295</u>	<u>1,148,392</u>

10 PROVISIONS FOR LIABILITIES AND CHARGES

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided 1998 £	Provided 1997 £	Not provided 1998 £	Not provided 1997 £
Capital allowances in excess of depreciation	-	-	-	(8,885)
Unrelieved tax losses	-	-	-	(23,295)
Total deferred taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,180)</u>

City Centre Leisure (Severn) Limited

NOTES TO THE ACCOUNTS

For the year ended 30 November 1998

11 CALLED UP EQUITY SHARE CAPITAL	1998	1997
	£	£
Authorised		
5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
12 PROFIT AND LOSS ACCOUNT		£
At 1 December 1997		(988,353)
Retained profit for the period		<u>166,229</u>
At 30 November 1998		<u>(822,124)</u>

13 RELATED PARTY DISCLOSURES

The ultimate parent Company is Apollo Leisure Group plc. and immediate parent company is CCL Leisure Limited. Both companies are incorporated in Great Britain and their financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The company has taken advantage of the exemptions in FRS 8 from the disclosure of transactions with entities that are part of the group on the grounds that it is a wholly owned subsidiary and the consolidated financial statements of the group are publicly available. The company is controlled by the shareholder directors of CCL Leisure Limited.