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THE LEISURE WORKSHOP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 21 JUNE 1998

REGISTERED NUMBER: 3177388



THE LEISURE WORKSHOP LIMITED

REPORT AND FINANCIAL STATEMENTS

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THE LEISURE WORKSHOP LIMITED

DIRECTORS AND SECRETARY

Directors

M A Cole
L R Hurst

Secretary

M A Cole

Registered Office

3a Station Parade
Ealing Road
Northolt
Middlesex
UB5 5HR

Company Number

3177388

Auditors

Solomon Hare
Oakfield House
Oakfield Grove
Clifton
Bristol
BS8 2BN

Bankers

Midland Bank plc
Marble Arch branch
76 Edgware Road
London
W2 2EQ

THE LEISURE WORKSHOP LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 21 June 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the management company of a subsidiary which operates bingo and social clubs which are all situated within the UK. As disclosed in the notes to the accounts, after the year end the company increased its investment in its subsidiary.

RESULTS AND DIVIDENDS

The profit for the year after taxation, amounted to £820,385 (1997: £437,475) and is dealt with as shown on page 5.

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors and their interests in the shares of the company were as follows:

	Ordinary shares of £1 each	
	1998	1997
M A Cole	50	50
L R Hurst	150	150

YEAR 2000

The directors are aware of the "Year 2000" problem and the company is taking steps to make sure its systems will be compliant in 1999. After the year end and as part of the rationalisation process, the company changed its accounting software. Accordingly, the costs of achieving compliance are not expected to be significant and, where appropriate, the costs are being written off to the profit and loss account.

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 the year. 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

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 financial statements 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.

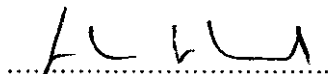
THE LEISURE WORKSHOP LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Solomon Hare as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board by



L R Hurst
Director

Date: 14 April 1999

THE LEISURE WORKSHOP LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF THE LEISURE WORKSHOP LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 affairs of the company as at 21 June 1998 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Solomon Hare
Registered Auditors
Chartered Accountants
Oakfield House
Oakfield Grove
Clifton
Bristol BS8 2BN

Date: 14 April 1999

THE LEISURE WORKSHOP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 21 JUNE 1998

	Note	Year ended 21/6/98 £	15 months ended 22/6/97 £
Turnover		15,250	56,000
Administrative costs	2	(51,888)	(58,231)
Loss before interest and other income		(36,638)	(2,231)
Income from shares in group undertakings	3	625,000	-
Income from other investments	4	54,488	625,000
Interest receivable		16,735	706
Profit on ordinary activities before taxation		659,585	623,475
Tax on profit on ordinary activities	6	160,800	(186,000)
Profit for the year		820,385	437,475
Dividend paid	7	-	(16,000)
Amount transferred to reserves	18	820,385	421,475

All gains and losses are included in the profit and loss account.
All amounts relate to continuing activities.

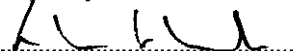
The notes on pages 8 to 13 form part of these financial statements .

THE LEISURE WORKSHOP LIMITED

BALANCE SHEET AT 21 JUNE 1998

	Note	1998 £	1997 £
Fixed assets			
Investments	8	120,100	600,100
Current assets			
Debtors	9	640,350	17,425
Cash at bank and in hand		651,626	103,527
		1,291,976	120,952
Creditors (amounts falling due within one year)	10	144,816	67,977
Net current assets		1,147,160	52,975
Total assets less current liabilities		1,267,260	653,075
Creditors (amounts falling due after more than one year)	11	-	45,400
Provision for liabilities and other charges	12	25,200	186,000
Net assets		1,242,060	421,675
Capital and reserves			
Called up share capital	13	200	200
Profit and loss account	18	1,241,860	421,475
Equity shareholders' funds	14	1,242,060	421,675

Approved by the Board



L R Hurst
Director

Date: 14 April 1999

The notes on pages 8 to 13 form part of these financial statements.

THE LEISURE WORKSHOP LIMITED

CASH FLOW STATEMENT

	Note	Year ended 21/6/98 £	£	15 months ended 22/6/97 £	£
Net cash inflow from operating activities	15		175		48,421
Return on investments and servicing of finance					
Interest received		16,735		706	
Dividends received from listed investments		30,500		25,000	
Net cash inflow from return on investments and servicing of finance			47,235		25,706
Capital expenditure & financial investment					
Purchase of current asset investment		(119,833)		-	
Sale of current asset investment		115,352		-	
Sale of fixed assets		508,470		-	
Net cash inflow from capital expenditure & financial investment			503,989		-
Equity dividends paid			-		(16,000)
Cash inflow before use of liquid resources and financing			551,399		58,127
Financing					
Loan received		-		45,400	
Loan repaid		(3,300)		-	
			(3,300)		45,400
Increase in cash	16		548,099		103,527

The notes on pages 8 to 13 form part of these financial statements.

THE LEISURE WORKSHOP LIMITED

NOTES TO 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.

a. Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

b. Turnover

Turnover represents amounts receivable by the company in respect of the services of its directors and its position as a management company, net of value added tax. All turnover is derived from operations within the United Kingdom. Dividend income is recognised in the financial statements on a receivable basis.

c. Investments

Listed investments are stated at cost less provision for any impairment in value.

As stated in note 8, the investment in Jasmine Limited qualifies for merger relief and accordingly the investment is stated at the nominal value of the shares issued to acquire the investment.

d. Consolidation

The company has claimed exemption under section 248 of the Companies Act 1985 from the preparation of group financial statements on the grounds that the group is medium sized. The financial statements give information about the company as an individual undertaking and not about its group.

e. Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the foreseeable future, calculated at the rate at which it is anticipated the timing differences will reverse.

2 OTHER COSTS

	Year ended 21/6/98 £	15 months ended 22/6/97 £
Other costs include:		
Management charge	45,000	56,716
Auditors' emoluments in respect of audit services	1,000	1,500

3 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	£	£
Dividend receivable from subsidiary undertaking	625,000	-

THE LEISURE WORKSHOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 INCOME FROM OTHER INVESTMENTS

	Year ended 21/6/98 £	15 months ended 22/6/97 £
Income from fixed asset investments	30,500	25,000
Profit on sale of fixed asset investments	28,469	600,000
Loss on sale of current asset investment	(4,481)	-
	<u>54,488</u>	<u>625,000</u>

5 EMPLOYEES AND DIRECTORS

No staff costs were incurred in the year. The average number of employees (including directors) employed by the company during the year was 2 (1997: 2).

6 TAXATION

The tax on the profit on ordinary activities for the year was as follows:-

	Year ended 21/6/98 £	15 months ended 22/6/97 £
Based on the adjusted results of the year:		
UK corporation tax at 31%	-	-
Deferred tax (note 12)	(160,800)	186,000
	<u>(160,800)</u>	<u>186,000</u>

7 DIVIDEND PAYABLE

	Year ended 21/6/98 £	15 months ended 22/6/97 £
Equity dividend paid, £NIL (1997: £80 per ordinary share)	-	16,000

THE LEISURE WORKSHOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 FIXED ASSET INVESTMENTS

	Shares in listed companies £	Shares in subsidiary companies (unlisted) £	At 22/6/98 Total £
Cost			
At 23 June 1997	600,000	100	600,100
Disposals	(480,000)	-	(480,000)
At 21 June 1998	<u>120,000</u>	<u>100</u>	<u>120,100</u>

The market value of the listed investments at 21 June 1998 is £143,500 (1997: £457,500).

The company's only subsidiary at 21 June 1998 is Jasmine Limited in which it holds 100 fully paid ordinary shares of £1 each and 49,900 fully paid ordinary shares of 25p each. The subsidiary is 100% owned, registered in England and Wales and trades in the United Kingdom. The principal activity is the operation of bingo and social clubs. Jasmine Limited had capital and reserves at 21 June 1998 of £1,064,407 and a profit after tax for the year ended 21 June 1998 of £435,552.

9 DEBTORS

	1998 £	1997 £
Trade debtors	-	7,050
Other debtors	15,250	10,275
Unpaid share capital	100	100
Dividend receivable	625,000	-
	<u>640,350</u>	<u>17,425</u>

10 CREDITORS: AMOUNT FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Accruals and deferred income	1,000	1,500
Other taxation and social security costs	-	9,761
Amounts due to subsidiary undertaking	101,716	56,716
Directors' loan	42,100	-
	<u>144,816</u>	<u>67,977</u>

THE LEISURE WORKSHOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 CREDITORS: AMOUNT FALLING DUE AFTER ONE YEAR

	1998	1997
	£	£
Directors' loan account	-	45,400
	<u>-</u>	<u>45,400</u>
	1998	1997
	£	£
At 23 June 1997	186,000	-
Provided in year	-	186,000
Release to profit and loss	(160,800)	-
At 21 June 1998	<u>25,200</u>	<u>186,000</u>

12 DEFERRED TAX

	Provided		Not provided	
	1998	1997	1998	1997
	£	£	£	£
Capital gains	<u>25,200</u>	<u>186,000</u>	<u>-</u>	<u>-</u>

Deferred tax as stated above has been provided at 21% (1997: 31%).

13 SHARE CAPITAL

	1998	1997
	£	£
Authorised, allotted and issued		
200 ordinary shares of £1 each	<u>200</u>	<u>200</u>
Fully paid:		
100 ordinary shares of £1 each	100	100
Unpaid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>200</u>	<u>200</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit for the financial year	820,385	437,475
Dividends paid	-	(16,000)
Share capital issued in the period	-	200
Net increase in shareholders' funds	820,385	421,675
Opening shareholders' funds	421,675	-
Closing shareholders' funds	1,242,060	421,675

15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 21/6/98 £	15 months ended 22/6/97 £
Loss before interest and other income	(36,638)	(2,231)
Decrease/(Increase) in debtors	2,074	(17,325)
(Decrease)/Increase in creditors	(34,739)	67,977
Net cash inflow from operating activities	175	48,421

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year ended 21/6/98 £	15 months ended 22/6/97 £
Increase in cash in year	548,099	103,527
Cash (outflow)/inflow from (increase)/decrease in debt	3,300	(45,400)
Movement in funds in year	551,399	58,127
Net funds at 22 June 1997	58,127	-
Net funds at 21 June 1998	609,526	58,127

THE LEISURE WORKSHOP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (Continued)

	At 22/6/97 £	Cash flow £	Other £	At 21/6/98 £
Cash in hand and in bank	103,527	548,099	-	651,626
Debt due after one year	(45,400)	3,300	42,100	-
Debt due within one year	-	-	(42,100)	(42,100)
	<u>58,127</u>	<u>551,399</u>	<u>-</u>	<u>609,526</u>

17 MAJOR NON-CASH TRANSACTIONS

During the period ended 22 June 1997 the company; a) acquired 100% of the ordinary share capital of Jasmine Limited, the consideration being the issue of 100 ordinary shares of £1 each by The Leisure Workshop Limited and b) acquired Mawlaw (308) Limited. It subsequently disposed of Mawlaw (308) Limited's entire share capital for £600,000 represented by 500,000 ordinary 5 pence shares in Zetters Group plc.

18 RESERVES: Profit and loss account

	1998 £	1997 £
At 23 June 1997	421,475	-
Profit for the year	820,385	421,475
At 21 June 1998	<u>1,241,860</u>	<u>421,475</u>

19 POST BALANCE SHEET EVENTS

After the year end; a) The listed investments (note 8) held at 21 June 1998 were sold after the year end for a consideration of £117,407, and b) the company made a further investment in its subsidiary amounting to £590,000.

20 RELATED PARTY TRANSACTIONS

The company has been controlled throughout the period by L R Hurst and M A Cole who are directors and shareholders.

At 21 June 1998, £42,100 was owed to the directors (1997: £45,400). No interest has been charged on this loan.

During the period ended 22 June 1997 the company disposed of its interest in Mawlaw (308) Limited to Zetters Group plc. Zetters Group plc and Mr Hurst entered into a service agreement on completion of the disposal. Accordingly, Mr Hurst is considered to have an interest in the contract as noted.