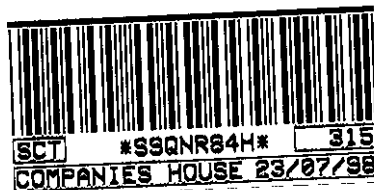


Barr Leisure Limited

Report for the period ended 30 September 1997

Registered No: 154882



Barr Leisure Limited

Report for the period ended 30 September 1997

	Page
Directors and advisers	1
Directors' report	2 - 3
Report of the auditors	4
Profit and loss account	5
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7 - 14

Barr Leisure Limited

1

Directors and advisers

Directors

W J Barr
A D Barr
J D Barr
W S McKay

Secretary and registered office

W S McKay
Heathfield
AYR
KA8 9SL

Registered Auditors

Coopers & Lybrand
Kintyre House
209 West George Street
GLASGOW
G2 2LW

Solicitors

Peacock Johnston
Solicitors Notaries & Estate Agents
Clydesdale Bank Chambers
31 Braehead
BEITH
PA15 1EG

Bankers

Clydesdale Bank Plc
43 Alloway Street
AYR
KA7 1SP

**Directors' report
for the period ended 30 September 1997**

The directors present their report and the financial statements for the period ended 30 September 1997.

Accounting reference date

The accounting reference date was changed to 30 September 1997 resulting in a 18 month accounting period. The previous financial statements covered the period from 12 December 1994 (date of incorporation) to 31 March 1996 although the company did not trade during that period.

Principal activity

The principal activity of the company relates to the management and running of the Centrum multi-purpose sports and events arena.

Review of business and future developments

The profit and loss account for the period is set out on page 5. The results reflect the start-up phase of the project and are considered satisfactory in the circumstances.

Post balance sheet event

Subsequent to the balance sheet date, Barr Holdings Limited has subscribed for a further 1,600,000 shares at par value. Of the proceeds £500,000 has been used to repay the loan to a fellow subsidiary undertaking.

Directors

The directors of the company at 30 September 1997 are listed on page 1. All of the directors held office throughout the period ended 30 September 1997.

Barr Leisure Limited

3

The directors have interests at 30 September 1997 in the share capital of the company as follows:

	30 September 1997 Number	31 March 1996 Number
W J Barr	10,000	50,000
A D Barr	10,000	50,000
J D Barr	10,000	50,000

The directors are all directors of the ultimate holding company, Barr Holdings Limited and their interests in the holding company are disclosed in that company's accounts.

Directors' responsibilities statement

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 30 September 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board


W S McKay
Secretary

6 May 1998

Report of the auditors to the members of Barr Leisure Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3, 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 at 30 September 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Glasgow

6 May 1998

**Profit and loss account
for the period ended 30 September 1997**

	Notes	1997 £
Turnover - continuing operations	2	1,014,881
Cost of sales - continuing operations		(836,459)
Gross profit		178,422
Administrative expenses		(543,671)
Operating loss		(365,249)
Interest receivable and similar income	5	3,132
		(362,117)
Interest payable and similar charges	6	(61,538)
Loss on ordinary activities before and after taxation	7,8	(423,655)

There is no difference between the loss on ordinary activities before and after taxation for the period stated above, and its historical cost equivalent.

Statement of total recognised gains and losses

	1997 £
Loss for the period	(423,655)
Unrealised surplus on revaluation of property (note 9)	714,621
Total recognised gains relating to the period	290,966

Barr Leisure Limited

6

Balance sheet at 30 September 1997

	Notes	30 September 1997 £	31 March 1996 £
Fixed assets			
Tangible assets	9	3,043,398	103,000
Current assets			
Debtors	10	98,465	-
Cash at bank and in hand		56,288	48,071
		154,753	48,071
Creditors: amounts falling due within one year	11	(1,283,085)	(1,071)
Net current assets/(liabilities)		(1,128,332)	47,000
Total assets less current liabilities		1,915,066	150,000
Creditors: amounts falling due after more than one year	12	(1,137,500)	-
Accruals and deferred income	14	(336,600)	-
Net assets		440,966	150,000
Capital and reserves			
Called up share capital	15	150,000	150,000
Revaluation reserve	16	714,621	-
Profit and loss account	16	(423,655)	-
Equity shareholders' funds	17	440,966	150,000

The financial statements on pages 6 to 15 were approved by the board of directors on 6 May 1998 and were signed on its behalf by:



W J Barr
Director

Notes to the financial statements for the period ended 30 September 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historic cost convention as modified by the revaluation of certain fixed assets.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Leasehold land	1
Freehold buildings	2
Plant and equipment	25

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of services supplied.

Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence, the company is taking advantage of the exemption contained in FRS 1 (revised) from preparing a cash flow statement.

Barr Leisure Limited

8

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Directors' emoluments

	1997 £
Fees paid to third parties for services of director	<u>15,996</u>

4 Employee information

The average weekly number of persons employed by the company during the period was:

	1997 Number
By activity	
Administration	<u>3</u>

	1997 £
Staff costs (for the above persons)	
Wages and salaries	41,684
Social security costs	11,282
	<u>52,966</u>

5 Interest receivable and similar income

	1997 £
Bank interest receivable	<u>3,132</u>

6 Interest payable and similar charges

	1997 £
Bank loan interest	<u>61,538</u>

7 Loss on ordinary activities before taxation

	1997 £
Loss on ordinary activities is shown after charging:	
Depreciation charge for the period:	
Tangible owned fixed assets	94,276
Auditors' remuneration for:	
Audit	1,500
Other services to the company	9,290
And after crediting:	
Grant income release	<u>37,405</u>

8 Tax on loss on ordinary activities

As a result of the losses incurred, there is no charge for taxation.

9 Tangible fixed assets

	Leasehold land £	Freehold building £	Plant & equipment £	Total £
Cost or valuation				
At 1 April 1996	103,000	-	-	103,000
Additions	-	1,811,924	508,129	2,320,053
Revaluation adjustment	-	686,621	-	686,621
At 30 September 1997	103,000	2,498,545	508,129	3,109,674
Depreciation				
At 1 April 1996	-	-	-	-
Charge in period	1,545	28,000	64,731	94,276
Revaluation adjustment	-	(28,000)	-	(28,000)
At 30 September 1997	1,545	-	64,731	66,276
Net book value				
At 30 September 1997	101,455	2,498,545	443,398	3,043,398
At 1 April 1996	103,000	-	-	103,000

The company's freehold building was valued on a depreciated replacement cost basis by J & E Shepherd, Chartered Surveyors as at 30 September 1997. Recognising the start-up nature of the project and property values in general and, after consultation with J & E Shepherd, the directors consider that a valuation of £2,600,000 is appropriate for inclusion in the accounts at 30 September 1997. The surplus arising on revaluation of £714,621 has been credited to revaluation reserve.

10 Debtors

	30 September 1997 £	31 March 1996 £
Amounts owed by fellow subsidiary undertaking	31,933	-
VAT recoverable	66,532	-
	98,465	-

11 Creditors: amounts falling due within one year

	30 September 1997 £	31 March 1996 £
Bank loan - current instalment	75,000	-
Amounts due to fellow subsidiary undertaking	1,100,000	1,071
Trade creditors	2,320	-
Amounts owed to related party - Ice Hockey Services Limited (note 18)	26,218	-
Accruals and deferred income	79,547	-
	<u>1,283,085</u>	<u>1,071</u>

12 Creditors: amounts falling due after more than one year

	30 September 1997 £	31 March 1996 £
Bank loan (note 13)	637,500	-
Loan from fellow subsidiary undertaking (note 13)	500,000	-
	<u>1,137,500</u>	<u>-</u>

13 Loans

The loans are repayable as follows:

	1997 £
Bank loan	
In one year or less	75,000
Between one and two years	75,000
Between two and five years	225,000
In five years or more	337,500
	<hr/>
	712,500
	<hr/>

The first loan instalment was paid in August 1997. The balance is due to be paid in nine annual instalments of £75,000 except for the last instalment of £37,500. The loan is secured by a first floating charge and standard security over the property and interest is charged at between 1½% and 2½% above base rate.

	1997 £
Loan from fellow subsidiary undertaking	500,000
	<hr/>

The loan from the fellow subsidiary undertaking was repaid subsequent to the balance sheet date.

14 Accruals and deferred income

	£
Government grant	
Received in the period	374,005
Amortised in the period	(37,405)
	<hr/>
At 30 September 1997	336,600
	<hr/>

The grant of £374,005 was received from the Scottish Sports Council as a contribution towards the construction of the Centrum multi-purpose sports and events arena.

15 Called up share capital

	30 September 1997	31 March 1996
	£	£
Authorised		
150,000 ordinary shares of £1 each	150,000	150,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
150,000 ordinary shares of £1 each	150,000	150,000
	<u> </u>	<u> </u>

16 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 April 1996	-	-
Revaluation surplus (note 9)	714,621	-
Loss for the financial period	-	(423,655)
	<u> </u>	<u> </u>
At 30 September 1997	714,621	(423,655)
	<u> </u>	<u> </u>

17 Reconciliation of movements in shareholders' funds

	£
Opening shareholders' funds	150,000
Revaluation surplus (note 9)	714,621
Loss for the financial period	(423,655)
	<u> </u>
Closing shareholders' funds	440,966
	<u> </u>

18 Related party transactions

Ice Hockey Services Limited, the company which manages the Ayr Scottish Eagles whose home venue is the Centrum multi-purpose sports and events arena, is wholly owned by the directors of Barr Leisure Limited.

For the ice hockey season ending 31 March 1997, Barr Leisure Limited paid Ice Hockey Services Limited £525,000 in return for the services of the ice hockey team.

Three of the directors, W J Barr, A D Barr, and J D Barr have a controlling interest in Barr Holdings Limited. Barr Limited, a wholly owned subsidiary of Barr Holdings Limited, was involved in the construction and furnishing of the Centrum multi-purpose sports and events arena. In the period ended 30 September 1997, Barr Leisure Limited was invoiced £2,300,000 by Barr Limited for work carried out.

19 Post balance sheet event

Details of a post balance sheet event relating to the issue of further shares by the company are given in the directors' report on page 2.

20 Ultimate holding company

In the opinion of the directors, the ultimate holding company at 30 September 1997 is Barr Holdings Limited.