

MITRECROFT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994



Company No: 2027217 England

MITRECROFT LIMITED

COMPANY INFORMATION

DIRECTORS:

Mr.R J Kendle
Mr.I L Miller

SECRETARY

Mr.I L Miller

REGISTERED OFFICE

15 Wimpole Street
London
W1M 8AP

COMPANY NUMBER

2027217 England

AUDITORS

Lawrence Braham & Co
8A Accommodation Road
London NW11 8ED

MITRECROFT LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 1994

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MITRECROFT LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 1994

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st December 1994.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £61,132.
The directors do not recommend payment of a dividend for the current year.

REVIEW OF THE BUSINESS

The company's principal activity during the year was that of property investment and development .
The company made a profit during the year under review.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

Mr.R J Kendle
Mr.A G Jackson (resigned 04.04.95)
Mr.I L Miller (appointed 04.04.95)

No director had any interest in the ordinary share capital of the company its parent company or its ultimate parent company at any time during the year.

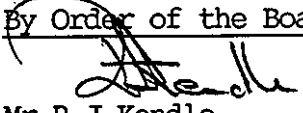
FIXED ASSETS

The movements in fixed assets during the year are set out in note 9 to the accounts.

AUDITORS

It is proposed that the company's present auditors, Lawrence Braham & Co be reappointed as auditors to the company to hold office for the ensuing year.

By Order of the Board


Mr.R J Kendle
Director

Date: 10th July 1995

MITRECROFT LIMITED

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 of the company 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 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 taking all reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF
MITRECROFT LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and 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 the 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, 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 any 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.

Valuation of the company's tangible fixed assets

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements in respect of the valuation of the company's tangible fixed assets. Details of the circumstances relating to the valuation are described in note 9 to the financial statements.

The financial statements do not include any adjustments that may have been found to be necessary had the company's property been formally valued. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lawrence Braham & Co
Registered Auditor
Chartered Accountants

Lawrence Braham & Co

8A Accommodation Road
London NW11 8ED

Date: *23 August 1995*

AUDITORS' REPORT TO THE DIRECTORS OF MITRECROFT LIMITED PURSUANT TO SECTION
248(3) OF THE COMPANIES ACT 1985.

We have examined the financial statements of the company and each of its subsidiaries for the year ended 31st December 1994.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985.

Lawrence Braham & Co
Registered auditors
8A Accommodation Road
London NW11 8ED

Date:

MITRECROFT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
Turnover - continuing operations	1	200,000	200,000
Other operating expenses	2	17,517	17,769
Operating profit - continuing operations	3	182,483	182,231
Amounts waived by creditors - exceptional item	5	-	1,097,036
Profit on ordinary activities before interest		182,483	1,279,267
Interest receivable	6	-	2,919
Interest payable and similar charges	7	(121,230)	(114,672)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		61,253	1,167,514
Tax on ordinary activities	8	121	-
RETAINED PROFIT FOR THE YEAR		61,132	1,167,514
Retained (deficit) brought forward		(308,057)	(1,475,572)
RETAINED (DEFICIT) CARRIED FORWARD		<u>£(246,925)</u>	<u>£ (308,058)</u>

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

MITRECROFT LIMITED**BALANCE SHEET****AS AT 31ST DECEMBER 1994**

	<u>Notes</u>	£	<u>1994</u> £	£	<u>1993</u> £
FIXED ASSETS					
Tangible assets	9		2,033,692		1,985,614
CURRENT ASSETS					
Debtors	10	253,642		317,662	
Cash at bank and in hand		375		386	
			<u>254,017</u>	<u>318,048</u>	
CREDITORS - amounts falling due within one year	11	(429,769)		(541,626)	
			<u>(175,752)</u>	<u>(223,578)</u>	
NET CURRENT (LIABILITIES)					
ASSETS LESS CURRENT LIABILITIES					
			1,857,940		1,762,036
CREDITORS - amounts falling due after more than one year	12		(1,994,863)		(1,960,092)
			<u>(1,994,863)</u>	<u>(1,960,092)</u>	
NET (LIABILITIES)					
			<u>£ (136,923)</u>	<u>£ (198,056)</u>	

Represented by:

CAPITAL AND RESERVES

Called up share capital	13		110,002		110,002
Profit and loss account			(246,925)		(308,058)
			<u>£ (136,923)</u>	<u>£ (198,056)</u>	

Mr. R J Kendle

) Director

Date:

10th July 1995

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

MITRECROFT LIMITED

STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 1994

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Total gains and (losses) recognised relating to the year	£ 61,132	£1,167,514
Total gains and (losses) recognised relating to the year	61,132	1,167,514
Total gains and (losses) recognised since last annual report	£ 61,132	£1,167,514

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994

1. ACCOUNTING POLICIES

1.1 Accounting conventions

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

1.2 Turnover

Turnover represents rental income and is derived wholly within the United Kingdom.

1.3 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold buildings: nil per annum on cost
 Fixtures and fittings: 12.50% and 25% per annum on cost

No depreciation is provided on freehold property and improvements as they are maintained in good condition and in the opinion of the directors, any depreciation involved would not be material.

1.4 Deferred taxation

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.

1.5 Government grants

Government grants are treated as deferred income which is credited to the profit and loss account by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

2. OTHER OPERATING EXPENSES	1994 £	1993 £
Administrative expenses	17,517	17,769
	<u>£17,517</u>	<u>£17,769</u>

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994- continued

3. OPERATING PROFIT	<u>1994</u> £	<u>1993</u> £
This is stated after charging (crediting):		
Auditors' remuneration	3,000	3,000
Depreciation	<u>5,788</u>	<u>8,734</u>
4. EMPLOYEE INFORMATION		
No staff costs were incurred during 1994 or 1993. The average number of employees excluding directors during the year was Nil (1993 - Nil).		
No emoluments were paid to directors in 1994 (1993 - Nil).		
5. EXCEPTIONAL ITEMS	<u>1994</u> £	<u>1993</u> £
Amounts waived by creditors:		
Unsecured loan stock 1989-1999	-	500,000
Debt due to former parent company	-	387,989
Unpaid interest on Unsecured loan stock 1989-1999	-	59,308
Unpaid interest on Secured loan stock 1991-2001	-	149,739
	<u>£</u>	<u>-£1,097,036</u>
6. INTEREST RECEIVABLE	<u>1994</u> £	<u>1993</u> £
Bank interest	-	2,919
	<u>£</u>	<u>£ 2,919</u>
7. INTEREST PAYABLE	<u>1994</u> £	<u>1993</u> £
On bank overdrafts repayable within 5 years	511	28
On other loans	<u>120,719</u>	<u>114,644</u>
	<u>£121,230</u>	<u>£114,672</u>

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994- continued

7.	TAXATION	<u>1994</u> £	<u>1993</u> £
7.1	The tax charge on the Profit on ordinary activities for the year was as follows:		
	U.K corporation tax at 33%	121	-
		<u>£ 121</u>	<u>£ -</u>

9.1 TANGIBLE FIXED ASSETS

	<u>Freehold property & improvements</u>	<u>Fixtures and fittings</u>	<u>Total</u>
	£	£	£
Cost:			
At 1st January 1994	1,958,232	74,962	2,033,194
Additions	53,866	-	53,866
	<u>2,012,098</u>	<u>74,962</u>	<u>2,087,060</u>
At 31st December 1994			
Depreciation:			
At 1st January 1994	-	47,580	47,580
Charge for year	-	5,788	5,788
	<u>-</u>	<u>53,368</u>	<u>53,368</u>
At 31st December 1994			
Net book value at 31st December 1994	<u>£2,012,098</u>	<u>£ 21,594</u>	<u>£2,033,692</u>
Net book value at 31st December 1993	<u>£1,958,232</u>	<u>£ 27,382</u>	<u>£1,985,614</u>

9.2	<u>1994</u> £	<u>1993</u> £
The net book values of land and building comprises:		
Freehold	<u>£2,012,098</u>	<u>£1,958,232</u>

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994- continued

- 9.3 The company's freehold property and improvements were revalued by the directors at the open market value on 31st December 1988 and the resultant loss carried to the profit and loss account. The cost shown above is the revalued amount plus additional expenditure to date. Although there has been no recent formal valuation of the property the directors are of the opinion that the current market value of the property, on a sale, is no less than its book value.

10. DEBTORS	<u>1994</u> £	<u>1993</u> £
Amount owed by subsidiary undertaking	253,642	317,628
Value added tax	-	34
	<u>£253,642</u>	<u>£317,662</u>

Amount owed by subsidiary undertaking is due after more than one year.

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1994</u> £	<u>1993</u> £
Amounts owed to parent undertaking	278,000	240,000
Corporation tax	121	-
Other creditors	-	80,750
Accruals	151,648	220,876
	<u>£323,578</u>	<u>£445,024</u>

12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1994</u> £	<u>1993</u> £
12.1 Bank loans (secured) (see note 12.2)	1,206,363	1,210,092
Loan stock 1991-2001 (secured) (see note 12.3)	750,000	750,000
Trade creditors due over 1 year	38,500	-
	<u>£1,994,863</u>	<u>£1,960,092</u>

- 12.2 The bank loan which totals £1,206,363 is repayable over a 15 year period in quarterly instalments commencing on 21 November 1992. The rate of interest is 2% over bank base rates, however a fixed rate of 9.7% applies to £950,000 of the loan until 19 February 1998. The loan is repayable on 21 August 2007.
- The bank loan and overdraft is secured on the freehold property of the company, also by intercompany cross guarantee as referred to in note 15, and by debenture over the assets of the company and its subsidiary company.

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994- continued

12.3 The Loan stock 1991-2001 is held as follows:	<u>1994</u> £	<u>1993</u> £
Connected person of the director of the ultimate holding company	250,000	750,000
Ultimate holding company	500,000	-
	<u>£ 750,000</u>	<u>£ 750,000</u>

13. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Issued and fully paid</u>	
	£	<u>1994</u> £	<u>1993</u> £
110,002 Ordinary shares of £1 each	200,000	110,002	110,002

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	<u>1994</u> £	<u>1993</u> £
Profit/(losses) for the financial year	61,132	1,167,514
Dividends	-	-
	<u>61,132</u>	<u>1,167,514</u>
Prior year adjustments	-	-
	<u>61,132</u>	<u>1,167,514</u>
Net addition to shareholders funds	61,132	1,167,514
Opening balance of shareholders funds	(198,055)	(1,365,570)
Deficit carried forward	<u>£ (136,923)</u>	<u>£ (198,056)</u>

15. COMMITMENTS AND CONTINGENT LIABILITIES

CONTINGENT LIABILITIES

The company has guaranteed the borrowings of its former parent company Tower Casino Group Limited and certain of its subsidiaries. At 31st December 1994 the amount guaranteed amounted to £4,963,216.

16. ULTIMATE HOLDING COMPANY

The company regards James Lane Holdings (I.O.M.) Limited, incorporated in the Isle of Man, as its ultimate holding company.

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994- continued

16. FINANCIAL SUPPORT

The owner of the issued share capital of the parent company has informed the company that it is his present intention to continue to provide such financial support as the company requires for its day-to-day operations, for a period of six months from the date of signing, by the directors, of the financial statements of Mitrecroft Limited or twelve months from the balance sheet date, whichever is the greater.

17. GROUP FINANCIAL STATEMENTS

The company has taken advantage of the exemption not to prepare group financial statements conferred by Section 248 Companies Act 1985.

£

Capital and reserves of subsidiary at 31st December 1994

Called up share capital	2
Profit and loss account	(233,455)
	<u>£(233,453)</u>

Loss on ordinary activities for the year
ended 31st December 1994.

£ (5,663)

18. STATEMENT OF CASH FLOWS

The company has taken advantage of the exemption not to prepare a cash flow statement conferred by Financial Reporting Standard I - Cash Flow Statements, as it is entitled to file Abbreviated Accounts for a small company.