

Company No: 2027217 England

MITRECROFT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1995



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 1995

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MITRECROFT LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 1995

The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31st December 1995.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £85,898.
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 development for investment.
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.

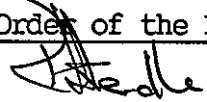
FIXED ASSETS

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: 12/3/96

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 15 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 1995 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: 25 March 1996

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 1995.

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.

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

Date:

MITRECROFT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
Turnover - continuing operations	1	125,000	200,000
Other operating expenses	2	(29,135)	(17,517)
Operating profit - continuing operations	3	95,865	182,483
Exceptional item	5	96,600	-
Profit on ordinary activities before interest		192,465	182,483
Interest receivable	6	122	-
Interest payable and similar charges	7	(106,689)	(121,230)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		85,898	61,253
Tax on ordinary activities	8	-	121
RETAINED PROFIT FOR THE YEAR		85,898	61,132
Retained (deficit) brought forward		(246,925)	(308,057)
RETAINED (DEFICIT) CARRIED FORWARD		<u>£(161,027)</u>	<u>£ (246,925)</u>

The notes on pages 8 to 15 form an integral part of these financial statements.

MITRECROFT LIMITED

BALANCE SHEET
AS AT 31ST DECEMBER 1995

	<u>Notes</u>	£	<u>1995</u> £	£	<u>1994</u> £
FIXED ASSETS					
Tangible assets	9		2,057,412		2,033,692
CURRENT ASSETS					
Debtors	10	113,988		253,642	
Cash at bank and in hand		-		375	
		<u>113,988</u>		<u>254,017</u>	
CREDITORS - amounts falling due within one year	11	(360,905)		(477,277)	
NET CURRENT (LIABILITIES)			<u>(246,917)</u>		<u>(223,260)</u>
ASSETS LESS CURRENT LIABILITIES			1,810,495		1,810,432
CREDITORS - amounts falling due after more than one year	12		(1,861,520)		(1,947,355)
NET (LIABILITIES)			<u>£ (51,025)</u>		<u>£ (136,923)</u>

Represented by:

CAPITAL AND RESERVES

Called up share capital	13	110,002	110,002
Profit and loss account		(161,027)	(246,925)
		<u>£ (51,025)</u>	<u>£ (136,923)</u>

Mr. R. J. Kendle

) Director

Date:



12.3.96

The notes on pages 8 to 15 form an integral part of these financial statements.

MITRECROFT LIMITED

STATEMENTS OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Total gains and (losses) recognised relating to the year	£ 85,898	£ 61,132
Total gains and (losses) recognised relating to the year	85,898	61,132
Total gains and (losses) recognised since last annual report	£ 85,898	£ 61,132

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995

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.

2. OTHER OPERATING EXPENSES

	<u>1995</u>	<u>1994</u>
	£	£
Administrative expenses	29,135	17,517
	<u>£29,135</u>	<u>£17,517</u>

3. OPERATING PROFIT

	<u>1995</u>	<u>1994</u>
	£	£
This is stated after charging (crediting):		
Auditors' remuneration	3,000	3,000
Depreciation	5,673	5,788
Adjustment on disposal of fixed assets	7	-
Operating lease rentals	1,591	-
	<u>1,591</u>	<u>-</u>

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995- continued

4. EMPLOYEE INFORMATION

No staff costs were incurred during 1995 or 1994. The average number of employees excluding directors during the year was Nil (1994 - Nil).

No emoluments were paid to directors in 1995 (1994 - Nil).

5. EXCEPTIONAL ITEMS

	<u>1995</u> £	<u>1994</u> £
Government grant	96,600	-
	<u>£96,600</u>	<u>£ -</u>

This is a grant given for capital development of freehold property. The freehold property was revalued on 31st December 1988 and the loss was written off against reserves (see note 9). This grant has now been set off against those losses.

6. INTEREST RECEIVABLE

	<u>1995</u> £	<u>1994</u> £
Other interest receivable	122	-
	<u>£ 122</u>	<u>£ -</u>

7. INTEREST PAYABLE

	<u>1995</u> £	<u>1994</u> £
On bank overdrafts repayable within 5 years	312	511
On other loans	106,377	120,719
	<u>£106,689</u>	<u>£121,230</u>

8. TAXATION

8.1 The tax charge on the Profit on ordinary activities for the year was as follows:

U.K corporation tax at 33% (1994 - 33%)	-	121
	<u>-</u>	<u>121</u>
	<u>£ -</u>	<u>£ 121</u>

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995- continued

9.1 TANGIBLE FIXED ASSETS

	<u>Freehold property & improvements</u>	<u>Fixtures and fittings</u>	<u>Total</u>
	£	£	£
Cost:			
At 1st January 1995	2,012,097	74,962	2,087,059
Additions	28,816	585	29,401
Disposals	-	(20,853)	(20,853)
	<u>2,040,913</u>	<u>54,694</u>	<u>2,095,607</u>
At 31st December 1995			
Depreciation:			
At 1st January 1995	-	53,368	53,368
Charge for year	-	5,673	5,673
Disposals	-	(20,846)	(20,846)
	<u>-</u>	<u>38,195</u>	<u>38,195</u>
At 31st December 1995			
Net book value at 31st December 1995	<u>£2,040,913</u>	<u>£ 16,499</u>	<u>£2,057,412</u>
Net book value at 31st December 1994	<u>£2,012,097</u>	<u>£ 21,594</u>	<u>£2,033,691</u>

9.2

	<u>1995</u>	<u>1994</u>
	£	£
The net book values of land and building comprises:		
Freehold	<u>£2,040,913</u>	<u>£2,012,097</u>

- 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.

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995- continued

10. DEBTORS	<u>1995</u> £	<u>1994</u> £
Amount owed by subsidiary undertaking	111,816	253,642
Value added tax	2,029	-
Prepayments	143	-
	<u>£113,988</u>	<u>£253,642</u>
Amount owed by subsidiary undertaking is due after more than one year.		
11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1995</u> £	<u>1994</u> £
Bank loans and overdraft (see note 12.1)	221,758	47,508
Trade creditors	37,000	-
Amounts owed to parent undertaking	77,232	278,000
Corporation tax	-	121
Accruals	24,915	151,648
	<u>£360,905</u>	<u>£371,086</u>
12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1995</u> £	<u>1994</u> £
12.1 Bank loans (secured) (see note 12.2)	1,111,520	1,158,855
Loan stock 1991-2001 (secured) (see note 12.3)	750,000	750,000
Trade creditors due over 1 year	-	38,500
	<u>£1,861,520</u>	<u>£1,947,355</u>

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995- continued

12.2 The total amount of bank loans and overdrafts was as follows:

	<u>1995</u> £	<u>1994</u> £
Falling due within one year:		
Bank overdraft	27,015	-
Bank loan installments due within 1 year	52,022	47,508
Bank loan - current portion	142,721	-
	<u>221,758</u>	<u>47,508</u>
Falling due after more than one year:		
Bank loan installments- repayable within 2-5 years	262,432	239,664
Bank loan installments- repayable over 5 years	849,088	919,191
	<u>1,111,520</u>	<u>1,158,855</u>
Total bank borrowings	<u>£1,333,278</u>	<u>£1,206,363</u>

12.3 The bank loan totals £1,306,263 of which £142,721 is repayable within one year. The balance of £1,163,542 (1994 £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.

12.4 The Loan stock 1991-2001 is held as follows:

	<u>1995</u> £	<u>1994</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>

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995- continued

13. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Issued and fully paid</u>	
	£	<u>1995</u> £	<u>1994</u> £
110,002 Ordinary shares of £1 each	200,000	110,002	110,002

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	<u>1995</u> £	<u>1994</u> £
Profit/(losses) for the financial year	85,898	61,132
Dividends	-	-
	<u>85,898</u>	<u>61,132</u>
Prior year adjustments	-	-
	<u>85,898</u>	<u>61,132</u>
Net addition to shareholders funds	(136,923)	(198,055)
Opening balance of shareholders funds	£(51,025)	£(136,923)
Surplus/(deficit) carried forward		

15. COMMITMENTS AND CONTINGENT LIABILITIES

CONTINGENT LIABILITIES

There is a contingent liability in respect of a grant received from English Heritage for repairs to part of the company's freehold property. This grant would become repayable if the freehold property were to be disposed of before 28 August 2000 and also if certain conditions relating to public access and permissions for conversion or alteration were not complied with. The contingent liability in respect of this grant amounts to £96,600.

The company has guaranteed the borrowings of its former parent company Tower Casino Group Limited and certain of its subsidiaries. At 31st December 1995 the amount guaranteed amounted to £5,026,393.

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995- continued

16. COMMITMENTS UNDER OPERATING LEASES

As at 31st December 1995, the company has annual commitments under non-cancellable operating leases as set out below:

	<u>1995</u> <u>Office</u> <u>Equipment</u> <u>£</u>	<u>1994</u> <u>Office</u> <u>Equipment</u> <u>£</u>
Operating leases which expire:		
In two to five years	1,714	-
	<u>£1,714</u>	<u>£ -</u>

17. ULTIMATE HOLDING COMPANY

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

18. 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.

MITRECROFT LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1995- continued

19. 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 1995

Called up share capital	2
Profit and loss account	(109,792)
	<u>£(109,790)</u>

Profit on ordinary activities for the year ended 31st December 1995.

£ 123,664

The subsidiary undertaking is Old Prebendal House Limited, a company registered in England.

20. 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.