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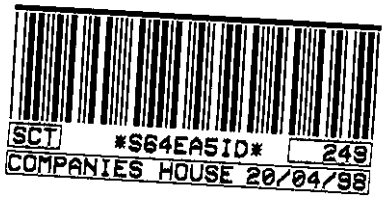
BDO Stoy Hayward
Chartered Accountants

KIRKERN LIMITED

REPORT AND ABBREVIATED ACCOUNTS

for the year ended
31 October 1997

Company Number 80350



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BDO Stoy Hayward
Chartered Accountants

64 Dalblair Road Ayr KA7 1UH

ACCOUNTANTS' REPORT
to the shareholders of KIRKERN LIMITED

The following reproduces the text of the report prepared for the purposes of section 249a(2) Companies Act 1985 in respect of the company's financial statements, from which the abbreviated accounts (set out on pages 2 to 7) have been prepared.

As described on page 7 you are responsible for the preparation of the accounts and you consider that the company is exempt from an audit. In accordance with your instructions and in order to assist you to fulfil your responsibilities we have prepared the accounts on pages 5 to 13 from the accounting records and from information and explanations supplied to us.



Chartered Accountants

6 MARCH 1998

KIRKERN LIMITED

BALANCE SHEET
as at 31 October 1997

	Notes	£	1997 £	1996 £
FIXED ASSETS				
Tangible assets	2		147,339	174,952
CURRENT ASSETS				
Debtors		44,417		49,542
Cash at bank and in hand		3,916		3,916
		48,333		53,458
CREDITORS: amounts falling due within one year	3	(125,600)		(157,413)
Net current liabilities			(77,267)	(103,955)
Total assets less current liabilities			70,072	70,997
CREDITORS: amounts falling due after more than one year	4		(2,700)	(5,733)
			67,372	65,264
CAPITAL AND RESERVES				
Called up share capital	5		500	500
Profit and loss account			66,872	64,764
			67,372	65,264

The directors:

1. confirm that for the year ended 31 October 1997 the company was entitled to the exemption under subsection (1) of section 249a;

2. confirm that no notice requiring an audit had been deposited under subsection (2) of section 249b in relation to the accounts for the financial year; and

Continued overleaf

KIRKERN LIMITED

BALANCE SHEET
as at 31 October 1997

(Continued)

3. The directors acknowledge their reponsibility for:

   (a) ensuring that the company keeps accounting records which comply with section 221; and

   (b) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

In preparing these abbreviated accounts advantage has been taken of the exemptions conferred by Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the directors' opinion the company is entitled to the benefits of those exemptions as a small company under the provisions of Sections 246 and 247 of the Act.

The abbreviated accounts on pages 2 to 7 were approved by the Board on 6 MARCH 1998.

R Mitchell....Director

KIRKERN LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 October 1997

1. ACCOUNTING POLICIES

Accounting convention

The abbreviated accounts are prepared under the historical cost convention.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. The annual depreciation rates are as follows:

Freehold land and buildings	-	over 50 years
Fixtures and fittings	-	over 10 years
Arcade equipment	-	over 3 years
Motor vehicles	-	25% reducing balance

Leasing and hire purchase commitments

Assets obtained under hire purchase and leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments, and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract, in order to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

Deferred taxation

Provision is made for deferred taxation under the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Pension costs

Contributions to defined contribution schemes are charged to the profit and loss account in the year in which they become payable.

Cash flow statement

No cash flow statement is included in the financial statements due to the small company exemptions provided in Financial Reporting Standard No 1.

KIRKERN LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 October 1997

2. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Fixtures and fittings	Arcade equipment	Motor vehicles	Total
Cost	£	£	£	£	£
1 November 1996	124,680	24,231	176,248	10,600	335,759
Additions	-	-	39,253	-	39,253
Disposals	-	-	(28,440)	-	(28,440)
31 October 1997	124,680	24,231	187,061	10,600	346,572
Depreciation					
1 November 1996	34,306	24,231	99,620	2,650	160,807
Charge for the year	2,494	-	62,384	1,988	66,866
Disposals	-	-	(28,440)	-	(28,440)
31 October 1997	36,800	24,231	133,564	4,638	199,233
Net book value					
Owned assets	87,880	-	53,497	-	141,377
Hire purchased assets	-	-	-	5,962	5,962
31 October 1997	87,880	-	53,497	5,962	147,339
Owned assets	90,374	-	76,628	-	167,002
Hire purchased assets	-	-	-	7,950	7,950
31 October 1996	90,374	-	76,628	7,950	174,952

3. **CREDITORS**: amounts falling due within one year

The bank overdraft amounted to £39,834 at 31 October 1997 (1996 - £60,586).

The bank overdraft is secured by standard security over the company's property in Falkirk.

4. **CREDITORS**: amounts falling due after more than one year

	1997 £	1996 £
Obligations under hire purchase contracts	2,700	5,733

5. **SHARE CAPITAL**

Authorised and allotted share capital

	Authorised		Allotted, called up and fully paid	
	1997 Number	1996 Number	1997 £	1996 £
£1 Ordinary	10,000	10,000	500	500