

**Skegness Pier Company Limited**

**Directors' report and financial  
statements**

**Registered number 00012745**

**31 December 2003**



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## **Company information**

<b>Financial statements</b>	for the year ended 31 December 2003
<b>Directors</b>	WRC Mitchell CSL Wilkinson
<b>Secretary</b>	CSL Wilkinson
<b>Registered office</b>	Skegness Pier Grand Parade Skegness Lincolnshire PE25 2UE  Registered in England and Wales number 00012745
<b>Auditor</b>	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

### **Principal activity**

The principal activity of the company is the provision of entertainment to members of the public.

### **Business review**

The business traded at an acceptable level during the year.

### **Dividend**

The directors do not propose the payment of a dividend (2002: £nil).

### **Market value of land and buildings**

The directors consider that the market value of the company's freehold property is in excess of the amount at which it is stated in the financial statements.

### **Directors and directors' interests**

The directors who were in office during the year were:

WRC Mitchell  
CSL Wilkinson

No director had any interest in the share capital of the company. The interests of the directors in the share capital of the parent undertaking, UK Piers Limited, are shown in that undertakings financial statements.

### **Auditor**

A resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



CSL Wilkinson  
Secretary

6 August 2004

## **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 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

St Nicholas House  
Park Row  
NOTTINGHAM  
NG1 6FQ

**Independent auditors' report to the members of Skegness Pier Company Limited**

We have audited the financial statements on pages 5 to 12.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

**Basis of audit 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 as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Chartered Accountants  
Registered Auditor

6 August 2004

**Profit and loss account**  
*for the year ended 31 December 2003*

	<i>Note</i>	2003 £	2002 £
Turnover	2	1,810,892	1,905,885
Cost of sales		(252,570)	(308,461)
<b>Gross profit</b>		<b>1,558,322</b>	<b>1,597,424</b>
Administrative expenses		(1,453,009)	(1,392,323)
<b>Profit on ordinary activities before taxation</b>	4	<b>105,313</b>	<b>205,101</b>
Tax on profit on ordinary activities	6	(14,434)	(65,999)
<b>Profit on ordinary activities after taxation</b>		<b>90,879</b>	<b>139,102</b>
Retained profit brought forward		1,663,221	1,524,119
<b>Retained profit carried forward</b>		<b>1,754,100</b>	<b>1,663,221</b>


In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

**Balance sheet**  
*as at 31 December 2003*

	<i>Note</i>	2003	2002
		£	£
<b>Fixed assets</b>			
Tangible assets	7	1,641,218	1,631,172
<b>Current assets</b>			
Stocks	8	28,258	30,504
Debtors	9	128,609	105,000
Cash at bank and in hand		68,444	61,222
		<u>225,311</u>	<u>196,726</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(33,253)</u>	<u>(74,575)</u>
<b>Net current assets</b>		192,058	122,151
<b>Total assets less current liabilities</b>		1,833,276	1,753,323
<b>Provisions for liabilities and charges</b>	11	<u>(14,634)</u>	<u>(25,560)</u>
<b>Net assets</b>		<u>1,818,642</u>	<u>1,727,763</u>
<b>Capital and reserves</b>			
Called up share capital	12	60,718	60,718
Share premium account		3,572	3,572
Other reserves		252	252
Profit and loss account		1,754,100	1,663,221
<b>Equity shareholders' funds</b>	13	<u>1,818,642</u>	<u>1,727,763</u>

These financial statements were approved by the board of directors on 6 August 2004 and were signed on its behalf by:



**WRC Mitchell**  
*Director*



## **Notes**

*(forming part of the financial statements)*

### **1 Principal 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.

#### ***Basis of preparation***

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards.

#### ***Cash flow statement***

Under Financial Reporting Standard Number 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

#### ***Tangible fixed assets and depreciation***

Fixed assets are stated at cost. Depreciation has been provided at rates appropriate to write off the cost of the assets over their estimated useful lives as follows:

Freehold property	2%
Plant and machinery:	
Fixtures, fittings and sundry equipment	5% - 33.3%
Amusement machines and game equipment	25%

Freehold land is not depreciated.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value.

#### ***Deferred taxation***

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

#### ***Turnover***

Turnover represents amounts receivable in respect of goods and services supplied to customers, excluding value added tax.

### **2 Turnover**

Turnover is all attributable to the provision of entertainment in the United Kingdom.

## Notes (continued)

### 3 Staff numbers and costs

	2003 Number	2002 Number
<i>The average number of persons employed by the company (including directors) during the year was as follows:</i>		
Management	1	1
Administration	2	2
General operatives	36	46
	<hr/> 39	<hr/> 49
	<hr/> <hr/> £000	<hr/> <hr/> £000
<i>The aggregate payroll costs of these persons were as follows:</i>		
Wages and salaries	404	464
Social security costs	29	31
	<hr/> 433	<hr/> 495
	<hr/> <hr/>	<hr/> <hr/>

### 4 Profit on ordinary activities before taxation

	2003 £	2002 £
<i>Profit before taxation is stated after charging/(crediting) the following:</i>		
Depreciation	378,401	367,553
Auditors' remuneration - for audit work	2,500	2,500
(Profit)/loss on disposal of tangible fixed assets	(1,845)	3,801
	<hr/> 379,056	<hr/> 373,854
	<hr/> <hr/>	<hr/> <hr/>

### 5 Emoluments of directors

The emoluments of the directors, including benefits in kind and pension contributions, were £nil (2002: £nil). The remuneration of all directors is shown in the financial statements of the parent undertaking, Mitchell Leisure Investments Limited.

### 6 Tax on profit on ordinary activities

	2003 £	2002 £
<i>Taxation based on the profit on ordinary activities is as follows:</i>		
Corporation tax at 30% (2002: 30%)	25,360	67,349
Adjustments in respect of prior periods	-	(40)
	<hr/> 25,360	<hr/> 67,309
Deferred taxation -- current year (see note 11)	(10,926)	(1,310)
	<hr/> 14,434	<hr/> 65,999
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 6 Tax on profit on ordinary activities (continued)

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is lower (2002: higher) than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below:

	2003 £	2002 £
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	105,313	205,101
	<hr/>	<hr/>
Current tax at 30% (2002: 30%)	31,593	61,530
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,435	314
Depreciation for the year in excess of capital allowances and profit on disposal of assets	10,926	4,365
Other	-	1,140
Group relief	(4,359)	-
Marginal relief	(15,235)	-
Adjustments to tax charge in respect of previous periods	-	(40)
	<hr/>	<hr/>
Total current tax charge	25,360	67,309
	<hr/>	<hr/>

### 7 Tangible assets

	Freehold land and buildings £	Plant and Machinery £	Total £
<i>Cost:</i>			
At 1 January 2003	1,040,020	3,556,127	4,596,147
Additions	75,224	344,549	419,773
Disposals	-	(255,826)	(255,826)
Transfers from group companies	-	21,195	21,195
	<hr/>	<hr/>	<hr/>
At 31 December 2003	1,115,244	3,666,045	4,781,289
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation:</i>			
At 1 January 2003	319,875	2,645,100	2,964,975
Charge in the year	21,841	356,560	378,401
Disposals	-	(218,904)	(218,904)
Transfers from group companies	-	15,599	15,599
	<hr/>	<hr/>	<hr/>
At 31 December 2003	341,716	2,798,355	3,140,071
	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>			
At 31 December 2003	773,528	867,690	1,641,218
	<hr/>	<hr/>	<hr/>
At 31 December 2002	720,145	911,027	1,631,172
	<hr/>	<hr/>	<hr/>

**Notes (continued)**

**8 Stocks**

	2003 £	2002 £
Raw materials and consumables	15,079	18,771
Prize stock	13,179	11,733
	<u>28,258</u>	<u>30,504</u>

**9 Debtors**

	2003 £	2002 £
Amounts owed by parent undertaking	112,706	91,397
Prepayments and accrued income	15,903	13,603
	<u>128,609</u>	<u>105,000</u>

**10 Creditors: amounts falling due within one year**

	2003 £	2002 £
Corporation tax	25,360	67,349
Sundry creditors	97	97
Accruals and deferred income	7,796	7,129
	<u>33,253</u>	<u>74,575</u>

**11 Provisions for liabilities and charges**

Movements on the deferred taxation provision during the year were as follows:

	2003 £	2002 £
Balance at 1 January	25,560	26,870
Movement in the year (note 6)	(10,926)	(1,310)
	<u>14,634</u>	<u>25,560</u>

The elements of deferred taxation are as follows:

	2003 £	2002 £
Difference between accumulated depreciation and capital allowances	14,634	25,560
	<u>14,634</u>	<u>25,560</u>

## Notes (continued)

### 12 Called up share capital

	Number of shares	2003 £	2002 £
<i>Authorised:</i>			
Ordinary shares of £1 each	42,860	42,860	42,860
'A' ordinary shares of 25p each	71,432	17,858	17,858
Convertible preferred ordinary shares of 50p each	28,574	14,287	14,287
		<u>75,005</u>	<u>75,005</u>
<i>Allotted, called up and fully paid:</i>			
Ordinary shares of £1 each	42,860	42,860	42,860
'A' ordinary shares of 25p each	71,432	17,858	17,858
		<u>60,718</u>	<u>60,718</u>

### 13 Reconciliation of movements in equity shareholders' funds

	2003 £	2002 £
Profit for the financial year	90,879	139,102
Opening equity shareholders' funds	<u>1,727,763</u>	<u>1,588,661</u>
Closing equity shareholders' funds	<u>1,818,642</u>	<u>1,727,763</u>

### 14 Contingencies

Under a group registration for value added tax the company is jointly and severally liable for value added tax due by other undertakings within the group. At 31 December 2003 the total liability under this registration amounted to £36,654 (2002: £36,800).

The company has secured the bank overdraft and the bank loan of the group via a cross guarantee between all related companies, with the potential liability being £1,928,611.

### 15 Capital commitments

There was a commitment for capital expenditure at 31 December 2003 of £46,733 (2002: £nil).

### 16 Related party transactions

As the company is a wholly owned subsidiary of Mitchell Leisure Investments Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard Number 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of UK Piers Limited within which this company is included can be obtained from the address given in note 17.

**Notes** *(continued)*

**17**      **Ultimate parent company**

The ultimate controlling parent is the company UK Piers Limited which is incorporated in Great Britain and registered in England and Wales. Copies of group financial statements are available from Skegness Pier, Skegness, Lincolnshire, PE25 2UE.