

Skegness Pier Company Limited

Financial statements

31 December 1996

Registered number 12745



Skegness Pier Company Limited

Financial statements

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Skegness Pier Company Limited

Company information

Financial statements for the year ended 31 December 1996

Directors
RG Mitchell
Mrs BA Mitchell
WRC Mitchell
Mrs CSL Wilkinson

Secretary
Mrs CSL Wilkinson

Registered office
The Pier
Grand Parade
Skegness
Lincolnshire
PE25 2UE

Registered in England and Wales number 12745

Auditors
KPMG
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Skegness Pier Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activity

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

Business review

A satisfactory performance was achieved in the year after adjusting for the rate refund in 1995. The directors anticipate a comparable result for the coming year.

Proposed dividend

The directors do not recommend the payment of a dividend (1995: £nil).

Significant changes in fixed assets

The movements in fixed assets during the year are shown in note 7 to the financial statements.

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:

RG Mitchell
Mrs BA Mitchell
WRC Mitchell
Mrs CSL Wilkinson

No director had any interest in the share capital of the company. The interests of Mr RG and Mrs BA Mitchell in the share capital of the parent undertaking, Mitchell Leisure Investments Limited, are shown in that undertaking's financial statements.

Skegness Pier Company Limited

Directors' report *(continued)*

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Mrs CSL Wilkinson
Secretary

25th September 1997

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.



St Nicholas House
Park Row
NOTTINGHAM
NG1 6FQ

Report of the auditors to the members of Skegness Pier Company Limited

We have audited the financial statements on pages 5 to 11.

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 as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'KPMG' in a stylized, cursive script.

25 September 1997

*Chartered Accountants
Registered Auditors*

Skegness Pier Company Limited

Profit and loss account

for the year ended 31 December 1996

	Notes	1996 £	1995 £
Turnover	2	1,699,719	1,564,997
Cost of sales		(215,128)	(190,116)
Gross profit		1,484,591	1,374,881
Administrative expenses		(1,277,889)	(1,002,572)
Operating profit and profit on ordinary activities before taxation	4	206,702	372,309
Tax on profit on ordinary activities	6	(33,642)	(65,768)
Profit on ordinary activities after taxation	13	173,060	306,541
Retained profit brought forward		1,129,293	822,752
Retained profit carried forward		1,302,353	1,129,293

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

Statement of total recognised gains and losses

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

Note of historical cost profits and losses

In both the current and the preceding years, there was no material difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis.

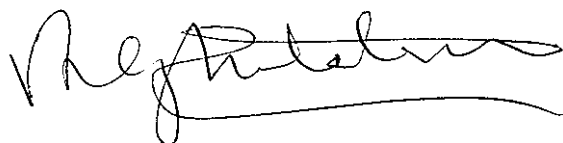
Skegness Pier Company Limited

Balance sheet
at 31 December 1996

	Notes	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	7		1,468,299		1,486,052
Current assets					
Stocks	8	59,234		66,287	
Debtors	9	14,717		23,585	
Cash at bank and in hand		41,870		51,388	
			<u>115,821</u>	<u>141,260</u>	
Creditors: amounts falling due within one year	10	(174,269)		(383,067)	
Net current liabilities			<u>(58,448)</u>	<u>(241,807)</u>	
Total assets less current liabilities			<u>1,409,851</u>	<u>1,244,245</u>	
Provisions for liabilities and charges	11		<u>(42,956)</u>	<u>(50,410)</u>	
Net assets			<u><u>1,366,895</u></u>	<u><u>1,193,835</u></u>	
Capital and reserves					
Called up share capital	12		60,718		60,718
Share premium account			3,572		3,572
Other reserves			252		252
Profit and loss account			<u>1,302,353</u>		<u>1,129,293</u>
Equity shareholders' funds	13		<u><u>1,366,895</u></u>		<u><u>1,193,835</u></u>

These financial statements were approved by the board of directors on 25th September 1997 and were signed on its behalf by:

RG Mitchell
Director



Skegness Pier Company Limited

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 accounting:

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, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

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%

Stock:

Stock is valued at the lower of cost or net realisable value.

Deferred taxation:

Provision is made for deferred taxation using the liability method to the extent that it is expected to fall due for payment in the foreseeable future.

Pensions:

The company contributes to a defined contribution scheme. Contributions are charged as part of staff costs as they are incurred.

2 Turnover

Turnover represents amounts receivable in respect of goods and services supplied to customers, excluding value added tax. It is all attributable to the provision of entertainment in the United Kingdom.

Skegness Pier Company Limited

Notes (continued)

3 Staff number and costs

	1996	1995
<i>The average number of persons employed by the company (including directors) during the year was as follows:</i>		
Management	2	2
Administration	2	2
General operatives	45	36
	<u>49</u>	<u>40</u>
	<u>£000</u>	<u>£000</u>
<i>The aggregate payroll costs of these persons were as follows:</i>		
Wages and salaries	348	298
Social security costs	24	21
Other pension costs	-	-
	<u>372</u>	<u>319</u>
	<u>£000</u>	<u>£000</u>

4 Profit on ordinary activities before taxation

<i>Profit before taxation is stated after charging/(crediting) the following:</i>	£	£
Depreciation	289,277	262,160
Auditors' remuneration - for audit work	1,000	1,000
(Profit)/loss on disposal of tangible fixed assets	(1,377)	(2,406)
	<u>288,899</u>	<u>260,754</u>

5 Emoluments of directors

The emoluments of the directors, including benefits in kind and pension contributions, were £nil (1995: £nil). The remuneration of all directors is shown in the financial statements of the parent undertaking.

6 Tax on profit on ordinary activities

	1996 £	1995 £
<i>Taxation based on the profit on ordinary activities for the year:</i>		
Corporation tax at 24.25% (1995: 25%)	18,188	52,134
Deferred taxation - current year (see note 11)	(7,454)	(423)
	<u>10,734</u>	<u>51,711</u>
Corporation tax under/(over) provision in prior years	22,908	14,057
	<u>33,642</u>	<u>65,768</u>

Group relief has been accounted for in the year's corporation tax charge.

Skegness Pier Company Limited

Notes (continued)

7 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost:</i>			
At 1 January 1996	802,560	2,192,110	2,994,670
Transfers from group companies	-	1,395	1,395
Additions	-	273,622	273,622
Disposals	-	(27,006)	(27,006)
At 31 December 1996	802,560	2,440,121	3,242,681
<i>Depreciation:</i>			
At 1 January 1996	196,490	1,312,128	1,508,618
Transfers from group companies	-	87	87
Charge in the year	16,050	273,227	289,277
Disposals	-	(23,600)	(23,600)
At 31 December 1996	212,540	1,561,842	1,774,382
<i>Net book value:</i>			
At 31 December 1996	590,020	878,279	1,468,299
At 31 December 1995	606,070	879,982	1,486,052

8 Stocks

	1996 £	1995 £
Raw materials and consumables	17,410	11,220
Prize stock	41,824	55,067
	59,234	66,287

9 Debtors

	£	£
Prepayments and accrued income	14,717	23,585

All of the debtors fall due within one year.

Skegness Pier Company Limited

Notes (continued)

10 Creditors: amounts falling due within one year

	1996 £	1995 £
Amounts owed to parent undertaking	106,139	340,645
Corporation tax	41,096	28,691
Accruals and deferred income	27,034	13,731
	<u>174,269</u>	<u>383,067</u>

11 Provisions for liabilities and charges

The amounts provided for deferred taxation and the full potential liability, calculated on the liability method, are set out below:

	1996		1995	
	Amount provided £	Full potential liability £	Amount provided £	Full potential liability £
Provision based on difference between accumulated depreciation and capital allowances	42,956	42,956	50,410	50,410
	<u>42,956</u>	<u>42,956</u>	<u>50,410</u>	<u>50,410</u>

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

	1996 £	1995 £
Balance at 1 January	50,410	50,833
Movement in the year (see note 6)	(7,454)	(423)
Balance at 31 December	<u>42,956</u>	<u>50,410</u>

12 Share capital

	Number of shares	1996 £	1995 £
<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>

Skegness Pier Company Limited

Notes (continued)

13 Reconciliation of movements in equity shareholders' funds

	1996 £	1995 £
Profit for the financial year	173,060	306,541
Net addition to equity shareholders' funds	173,060	306,541
Opening equity shareholders' funds	1,193,835	887,294
Closing equity shareholders' funds	1,366,895	1,193,835

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 1996 the total liability under this registration amounted to £48,609 (1995: £19,396).

The company has given guarantees in respect of the parent undertaking's borrowings as at 31 December 1996 of £1,760,330 (1995: £1,608,396).

15 Pensions

The Mitchell Leisure Investments Group of Companies operated a contracted out contributory pension scheme that all monthly paid employees, over the age of 25 years and who have twelve months continuous service were entitled to join. The scheme is purchased from Sun Alliance Life and Pensions with assets invested in a Growth Fund Policy of Phoenix Assurance p.l.c. The pension cost for the company was £nil (1995: £nil). The operation of this scheme was ceased in a previous year.

The details of the current scheme are shown in the notes to Mitchell Leisure Investments Limited's financial statements.

16 Capital commitments

There are no commitments or liabilities for capital expenditure at 31 December 1996 (1995: £nil).

17 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 Mitchell Leisure Investments Limited within which this company is included can be obtained from the address given in note 18.

18 Parent company

The ultimate parent company is Mitchell Leisure Investments Limited which is incorporated in Great Britain and registered in England and Wales. Copies of group financial statements are available from Skegness Pier, Skegness.

Skegness Pier Company Limited

Trading and profit and loss account - Amusements for the year ended 31 December 1996

The following information does not form part of the audited statutory financial statements and is included solely for the information of management

	1996	1995
£	£	£
<i>Sales:</i>		
Arcades	1,194,321	1,162,741
Rents receivable	36,945	34,289
	<u>1,231,266</u>	<u>1,197,030</u>
<i>Direct costs:</i>		
Purchases (adjusted for opening and closing stock)	(111,982)	(128,845)
	<u>1,119,284</u>	<u>1,068,185</u>
Gross profit		
<i>Overheads and expenses:</i>		
Wages and salaries	236,438	217,536
Rates	28,093	(110,818)
Power, light and heat	18,052	33,821
Repairs and maintenance	103,383	68,071
Licences	33,819	36,191
Motor expenses	390	60
Telephone	605	951
Stationery and advertising	13,235	15,343
Sundry expenses and cleaning	45,952	65,086
Depreciation	227,664	203,413
(Profit)/loss on disposal of fixed assets	(1,402)	(2,406)
Management charge	206,400	200,400
	<u>(912,629)</u>	<u>(727,648)</u>
Net trading profit for the year	<u><u>206,655</u></u>	<u><u>340,537</u></u>

Skegness Pier Company Limited

Trading and profit and loss account - Ten Pin Bowling for the year ended 31 December 1996

The following information does not form part of the audited statutory financial statements and is included solely for the information of management.

	1996	1995
£	£	£
<i>Sales:</i>		
Bowling	168,151	164,977
Kiosks and bar	112,832	118,247
Amusements	26,501	26,111
	<u>307,484</u>	<u>309,335</u>
<i>Direct costs:</i>		
Purchases (adjusted for stocks)	(50,322)	(55,154)
	<u>257,162</u>	<u>254,181</u>
Gross profit		
<i>Overheads and expenses:</i>		
Wages and salaries	89,532	87,345
Rates	14,820	14,280
Power, light and heat	15,600	15,120
Repairs and maintenance	8,904	15,045
Licences	1,932	2,107
Post and telephone	2,365	1,306
Stationery	256	199
Advertising and marketing	8,503	8,510
Sundry expenses	6,913	7,171
Depreciation	38,352	39,225
Loss on disposal of fixed assets	25	-
Management charges	24,000	24,000
	<u>(211,202)</u>	<u>(214,308)</u>
Net trading profit for the year	<u><u>45,960</u></u>	<u><u>39,873</u></u>

Skegness Pier Company Limited

Trading and profit and loss account - Laser Quest for the year ended 31 December 1996

The following information does not form part of the audited statutory financial statements and is included solely for the information of management.

	£	1996 £	£	1995 £
<i>Sales:</i>				
Games		45,332		52,403
Sundries		-		-
		<hr/>		<hr/>
		45,332		52,403
<i>Direct costs:</i>				
Purchases (adjusted for stocks)		(2,441)		(2,960)
		<hr/>		<hr/>
Gross profit		42,891		49,443
<i>Overheads and expenses:</i>				
Wages and salaries	10,928		10,720	
Rates	3,480		3,517	
Power, heat and light	2,400		2,400	
Repairs, maintenance and renewals	2,882		5,096	
Licences	-		-	
Telephone	442		633	
Stationery	526		507	
Advertising and marketing	951		1,868	
Sundry expenses and cleaning	274		649	
Depreciation	19,410		19,410	
Management charges	6,000		6,000	
		<hr/>		<hr/>
		(47,293)		(50,800)
		<hr/>		<hr/>
Net trading loss		(4,402)		(1,357)
		<hr/>		<hr/>

Skegness Pier Company Limited

Trading and profit and loss account - Dinos Family Restaurant for the year ended 31 December 1996

The following information does not form part of the audited statutory financial statements and is included solely for the information of management.

	£	1996 £	£	1995 £
<i>Sales:</i>				
Food income		115,638		6,228
		<u>115,638</u>		<u>6,228</u>
<i>Direct costs:</i>				
Purchases (adjusted for stocks)		(50,383)		(3,157)
		<u>(50,383)</u>		<u>(3,157)</u>
Gross profit		65,255		3,071
<i>Overheads and expenses:</i>				
Wages and salaries	34,924		3,703	
Rates	4,800		-	
Power, heat and light	8,521		1,500	
Repairs, maintenance and renewals	32,976		2,346	
Telephone	93		-	
Stationery	265		76	
Advertising and marketing	4,282		87	
Sundry expenses and cleaning	5,054		1,992	
Depreciation	3,851		111	
Management charges	12,000		-	
		<u>(106,766)</u>		<u>(9,815)</u>
Net trading loss		(41,511)		(6,744)
		<u><u>(41,511)</u></u>		<u><u>(6,744)</u></u>