

Skegness Pier Company Limited

**Directors' report and financial
statements**

Registered number 00012745

31 December 2004



Contents

| | |
|--|---|
| Company information | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities | 3 |
| Independent auditors' report to the members of Skegness Pier Company Limited | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes | 7 |

Company information

| | |
|-----------------------------|--|
| Financial statements | for the year ended 31 December 2004 |
| Directors | WRC Mitchell CSL Wilkinson |
| Secretary | CSL Wilkinson |
| Registered office | Skegness Pier Grand Parade Skegness Lincolnshire PE25 2UE Registered in England and Wales number 00012745 |
| Auditor | 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 2004.

Principal activity

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

Business review

The business traded well in 2004 and is expected to have a similar result in the current year.

Dividend

The directors do not propose the payment of a dividend (2003: *£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 undertaking's 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



28 September 2005

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 2004 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

28 September 2005

Profit and loss account
for the year ended 31 December 2004

| | <i>Note</i> | 2004 £ | 2003 £ |
|--|-------------|-------------------------|-------------------------|
| Turnover | 2 | 1,905,470 | 1,810,892 |
| Cost of sales | | (244,565) | (252,570) |
| Gross profit | | <u>1,660,905</u> | <u>1,558,322</u> |
| Administrative expenses | | (1,505,610) | (1,453,009) |
| Profit on ordinary activities before taxation | 4 | 155,295 | 105,313 |
| Tax on profit on ordinary activities | 6 | 6,792 | (14,434) |
| Profit on ordinary activities after taxation | | <u>162,087</u> | <u>90,879</u> |
| Retained profit brought forward | | <u>1,754,100</u> | <u>1,663,221</u> |
| Retained profit carried forward | | <u><u>1,916,187</u></u> | <u><u>1,754,100</u></u> |


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 2004

| | <i>Note</i> | 2004 | 2003 |
|---|-------------|------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 7 | 1,581,963 | 1,641,218 |
| Current assets | | | |
| Stocks | 8 | 45,323 | 28,258 |
| Debtors | 9 | 332,738 | 128,609 |
| Cash at bank and in hand | | 56,458 | 68,444 |
| | | <u>434,519</u> | <u>225,311</u> |
| Creditors: amounts falling due within one year | 10 | <u>(35,753)</u> | <u>(33,253)</u> |
| Net current assets | | 398,766 | 192,058 |
| Total assets less current liabilities | | 1,980,729 | 1,833,276 |
| Provisions for liabilities and charges | 11 | - | (14,634) |
| Net assets | | <u>1,980,729</u> | <u>1,818,642</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 | | 1,916,187 | 1,754,100 |
| Equity shareholders' funds | 13 | <u>1,980,729</u> | <u>1,818,642</u> |

These financial statements were approved by the board of directors on 28 September 2005 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 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% |

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

| | 2004 Number | 2003 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 | 40 | 36 |
| | <hr/> 43 <hr/> | <hr/> 39 <hr/> |
| | £000 | £000 |
| <i>The aggregate payroll costs of these persons were as follows:</i> | | |
| Wages and salaries | 442 | 404 |
| Social security costs | 29 | 29 |
| | <hr/> 471 <hr/> | <hr/> 433 <hr/> |

4 Profit on ordinary activities before taxation

| | 2004 £ | 2003 £ |
|---|---------------------|---------------------|
| <i>Profit before taxation is stated after charging/(crediting) the following:</i> | | |
| Depreciation | 367,815 | 378,401 |
| Auditors' remuneration - for audit work | 3,400 | 2,500 |
| Loss/(profit) on disposal of tangible fixed assets | 756 | (1,845) |
| | <hr/> 371,971 <hr/> | <hr/> 379,056 <hr/> |

5 Emoluments of directors

The emoluments of the directors, including benefits in kind and pension contributions, were £nil (2003: £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

| | 2004 £ | 2003 £ |
|---|---------------------|--------------------|
| <i>Taxation based on the profit on ordinary activities is as follows:</i> | | |
| Corporation tax at 19% (2003: 30%) | 16,482 | 25,360 |
| Adjustments in respect of prior periods | (7,823) | - |
| | <hr/> 8,659 <hr/> | <hr/> 25,360 <hr/> |
| Deferred taxation – current year (see note 11) | (15,451) | (10,926) |
| | <hr/> (6,792) <hr/> | <hr/> 14,434 <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 (2003: lower) than the standard rate of corporation tax in the UK for small companies of 19% (2003: 30%). The differences are explained below:

| | 2004 £ | 2003 £ |
|--|-----------|-----------|
| <i>Current tax reconciliation:</i> | | |
| Profit on ordinary activities before tax | 155,295 | 105,313 |
| | <hr/> | <hr/> |
| Current tax at 19% (2003: 30%) | 29,506 | 31,593 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 625 | 2,435 |
| Depreciation for the year in excess of capital allowances and profit on disposal of assets | 8,859 | 10,926 |
| Group relief | (22,508) | (4,359) |
| Marginal relief | - | (15,235) |
| Adjustments to tax charge in respect of previous periods | (7,823) | - |
| | <hr/> | <hr/> |
| Total current tax charge | 8,659 | 25,360 |
| | <hr/> | <hr/> |

7 Tangible assets

| | Freehold land and buildings £ | Plant and machinery £ | Total £ |
|-------------------------------------|--|-----------------------------|------------|
| <i>Cost:</i> | | | |
| At 1 January 2004 | 1,115,244 | 3,666,045 | 4,781,289 |
| Additions | 49,756 | 299,525 | 349,281 |
| Disposals | - | (108,349) | (108,349) |
| Transfers (to)/from group companies | - | (9,390) | (9,390) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2004 | 1,165,000 | 3,847,831 | 5,012,831 |
| | <hr/> | <hr/> | <hr/> |
| <i>Accumulated depreciation:</i> | | | |
| At 1 January 2004 | 341,716 | 2,798,355 | 3,140,071 |
| Charge in the year | 23,146 | 344,669 | 367,815 |
| Disposals | - | (75,258) | (75,258) |
| Transfers (to)/from group companies | - | (1,760) | (1,760) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2004 | 364,862 | 3,066,006 | 3,430,868 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value:</i> | | | |
| At 31 December 2004 | 800,138 | 781,825 | 1,581,963 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2003 | 773,528 | 867,690 | 1,641,218 |
| | <hr/> | <hr/> | <hr/> |

Notes (continued)

8 Stocks

| | 2004 £ | 2003 £ |
|-------------------------------|--------------------|--------------------|
| Raw materials and consumables | 34,440 | 15,079 |
| Prize stock | 10,883 | 13,179 |
| | <hr/> 45,323 <hr/> | <hr/> 28,258 <hr/> |

9 Debtors

| | 2004 £ | 2003 £ |
|------------------------------------|---------------------|---------------------|
| Amounts owed by parent undertaking | 315,292 | 112,706 |
| Prepayments and accrued income | 16,629 | 15,903 |
| Deferred tax (note 11) | 817 | - |
| | <hr/> 332,738 <hr/> | <hr/> 128,609 <hr/> |

10 Creditors: amounts falling due within one year

| | 2004 £ | 2003 £ |
|------------------------------|--------------------|--------------------|
| Corporation tax | 16,482 | 25,360 |
| Sundry creditors | 94 | 97 |
| Accruals and deferred income | 19,177 | 7,796 |
| | <hr/> 35,753 <hr/> | <hr/> 33,253 <hr/> |

Notes (continued)

11 Provisions for liabilities and charges

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

| | 2004 £ | 2003 £ |
|-------------------------------|-----------|-----------|
| Balance at 1 January | 14,634 | 25,560 |
| Movement in the year (note 6) | (15,451) | (10,926) |
| | <hr/> | <hr/> |
| Balance at 31 December | (817) | 14,634 |
| | <hr/> | <hr/> |

The elements of deferred taxation are as follows:

| | 2004 £ | 2003 £ |
|--|-----------|-----------|
| Difference between accumulated depreciation and capital allowances | (817) | 14,634 |
| | <hr/> | <hr/> |
| Deferred tax (asset)/liability | (817) | 14,634 |
| | <hr/> | <hr/> |

12 Called up share capital

| | Number of shares | 2004 £ | 2003 £ |
|---|---------------------|-----------|-----------|
| <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 |
| | | <hr/> | <hr/> |
| | | 75,005 | 75,005 |
| | | <hr/> | <hr/> |
| <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 |
| | | <hr/> | <hr/> |
| | | 60,718 | 60,718 |
| | | <hr/> | <hr/> |

13 Reconciliation of movements in equity shareholders' funds

| | 2004 £ | 2003 £ |
|------------------------------------|-----------|-----------|
| Profit for the financial year | 162,087 | 90,879 |
| Opening equity shareholders' funds | 1,818,642 | 1,727,763 |
| | <hr/> | <hr/> |
| Closing equity shareholders' funds | 1,980,729 | 1,818,642 |
| | <hr/> | <hr/> |

Notes *(continued)*

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 2004 the total liability under this registration amounted to £24,178 (2003: £36,654).

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 £1,749,658 (2003: £1,928,611).

15 Capital commitments

There was a commitment for capital expenditure at 31 December 2004 of £nil (2003: £46,733).

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 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.

17 Ultimate parent company

The ultimate controlling parent is 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.