

**Skegness Pier Company Limited**

**Directors' report and financial  
statements**

Registered number 00012745

31 December 2006

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## **Company information**

### **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 2006

### **Principal activity**

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

### **Business review**

The result for the year was acceptable taking account of the weather and sport factors. The directors expect a similar result for 2007

### **Dividend**

The directors do not propose the payment of a dividend (2005 £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

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### **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*

14 September 2007

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 of Skegness Pier Company Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

  
Chartered Accountants  
Registered Auditor

14 September 2007

**Profit and loss account**  
*for the year ended 31 December 2006*

	<i>Note</i>	2006 £	2005 £
Turnover	2	1,929,067	2,013,975
Cost of sales		(266,733)	(276,595)
<b>Gross profit</b>		<b>1,662,334</b>	<b>1,737,380</b>
Administrative expenses		(1,511,748)	(1,512,564)
<b>Profit on ordinary activities before taxation</b>	4	<b>150,586</b>	<b>224,816</b>
Tax on profit on ordinary activities	6	(37,689)	(69,268)
<b>Profit on ordinary activities after taxation</b>	13	<b>112,897</b>	<b>155,548</b>
Retained profit brought forward		2,071,735	1,916,187
<b>Retained profit carried forward</b>		<b>2,184,632</b>	<b>2,071,735</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 2006*

	<i>Note</i>	2006	2005
		£	£
<b>Fixed assets</b>			
Tangible assets	7	1,463,422	1,496,850
<b>Current assets</b>			
Stocks	8	21,419	39,856
Debtors	9	696,212	579,084
Cash at bank and in hand		94,590	73,960
		<u>812,221</u>	<u>692,900</u>
<b>Creditors, amounts falling due within one year</b>	10	<u>(26,469)</u>	<u>(53,473)</u>
<b>Net current assets</b>		<u>785,752</u>	<u>639,427</u>
<b>Total assets less current liabilities</b>		<u>2,249,174</u>	<u>2,136,277</u>
<b>Net assets</b>		<u>2,249,174</u>	<u>2,136,277</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		2,184,632	2,071,735
<b>Shareholders' funds</b>	13	<u>2,249,174</u>	<u>2,136,277</u>

These financial statements were approved by the board of directors on 14 September 2007 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 FRS 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

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 FRS 19

#### ***Classification of financial instruments issued by the company***

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

## Notes (continued)

### 1 Principal accounting policies (continued)

#### *Turnover*

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

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

### 2 Turnover

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

### 3 Staff numbers and costs

	2006 Number	2005 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	41	42
	<hr/> 44	<hr/> 45
	<hr/> <hr/>	<hr/> <hr/>
	£	£
<i>The aggregate payroll costs of these persons were as follows</i>		
Wages and salaries	477,606	476,698
Social security costs	36,113	35,819
	<hr/> 513,719	<hr/> 512,517
	<hr/> <hr/>	<hr/> <hr/>

### 4 Profit on ordinary activities before taxation

	2006 £	2005 £
<i>Profit on ordinary activities before taxation is stated after charging the following</i>		
Depreciation	337,807	360,656
Loss on disposal of tangible fixed assets	9,630	5,187
<i>Auditors' remuneration</i>		
- audit of these financial statements	<hr/> 5,275	<hr/> 4,800
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 5 Emoluments of directors

The emoluments of the directors, including benefits in kind and pension contributions, were £nil (2005 £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

	2006 £	2005 £
<i>Taxation based on the profit on ordinary activities is as follows</i>		
Corporation tax at 19% (2005 30%)	35,438	72,590
Adjustments in respect of prior periods	2,670	-
	<hr/>	<hr/>
Total current tax charge	38,108	72,590
Deferred taxation - current year (see note 11)	(419)	(3,322)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>37,689</u>	<u>69,268</u>

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

The current tax charge for the year is higher (2005 higher) than the rate of corporation tax in the UK for small companies of 19% (2005 standard rate of corporation tax in the UK of 30%). The differences are explained below.

	2006 £	2005 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	150,586	224,816
	<hr/>	<hr/>
Current tax at 19% (2005 30%)	28,611	67,445
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	805	1,607
Depreciation for the year in excess of capital allowances and loss on disposal of assets	6,022	12,110
Marginal relief	-	(8,572)
Adjustments to tax charge in respect of previous periods	2,670	-
	<hr/>	<hr/>
Total current tax charge	<u>38,108</u>	<u>72,590</u>

## Notes (continued)

### 7 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost</i>			
At 1 January 2006	1,195,556	3,910,039	5,105,595
Additions	73,107	312,645	385,752
Disposals	-	(191,959)	(191,959)
Transfers	-	9,390	9,390
	<hr/>	<hr/>	<hr/>
At 31 December 2006	1,268,663	4,040,115	5,308,778
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 1 January 2006	388,200	3,220,545	3,608,745
Charge in the year	25,077	312,730	337,807
Disposals	-	(110,489)	(110,489)
Transfers	-	9,293	9,293
	<hr/>	<hr/>	<hr/>
At 31 December 2006	413,277	3,432,079	3,845,356
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2006	<b>855,386</b>	<b>608,036</b>	<b>1,463,422</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2005	807,356	689,494	1,496,850
	<hr/>	<hr/>	<hr/>

### 8 Stocks

	2006 £	2005 £
Raw materials and consumables	12,102	27,709
Prize stock	9,317	12,147
	<hr/>	<hr/>
	<b>21,419</b>	39,856
	<hr/>	<hr/>

### 9 Debtors

	2006 £	2005 £
Amounts owed by parent undertaking	666,883	555,409
Prepayments and accrued income	24,771	19,536
Deferred tax (see note 11)	4,558	4,139
	<hr/>	<hr/>
	<b>696,212</b>	579,084
	<hr/>	<hr/>

## Notes (continued)

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

	2006 £	2005 £
Corporation tax	16,295	47,915
Sundry creditors	94	94
Accruals and deferred income	10,080	5,464
	<u>26,469</u>	<u>53,473</u>

### 11 Deferred tax

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

	2006 £	2005 £
Balance at 1 January	4,139	817
Credit to the profit and loss account in the year (see note 6)	419	3,322
	<u>4,558</u>	<u>4,139</u>

The elements of deferred taxation are as follows

	2006 £	2005 £
Difference between accumulated depreciation and capital allowances	<u>4,558</u>	<u>4,139</u>

### 12 Called up share capital

	Number of shares	2006 £	2005 £
<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
Shares classified in shareholders' funds		<u>60,718</u>	<u>60,718</u>

## Notes (continued)

### 13 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	112,897	155,548
Opening shareholders' funds	2,136,277	1,980,729
	<hr/>	<hr/>
Closing shareholders' funds	2,249,174	2,136,277
	<hr/>	<hr/>

### 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 2006 the total liability under this registration amounted to £44,780 (2005 £25,009)

The company has secured the bank overdraft and the bank loan of the group via a cross guarantee between all members of the group, with the potential liability being £1,541,944 (2005 £1,501,223)

### 15 Capital commitments

There was a commitment for capital expenditure at 31 December 2006 of £nil (2005 £67,522)

### 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 FRS 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