

Skegness Pier Company Limited

**Directors' report and financial
statements**

Registered number 12745

31 December 2002



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Company information

Financial statements for the year ended 31 December 2002

Directors WRC Mitchell
CSL Wilkinson

Secretary CSL Wilkinson

Registered office Skegness Pier
Grand Parade
Skegness
Lincolnshire
PE25 2UE

Registered in England and Wales number 12745

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 2002.

Principal activity

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

Business review

The business traded well and achieved a good result for the year.

Dividend

The directors proposed and paid a dividend of £nil (2001: £511,429).

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.

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

5 August 2003

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

Report of the independent auditor 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 2002 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

5 August 2003

Profit and loss account
for the year ended 31 December 2002

	<i>Notes</i>	2002 £	2001 £
Turnover	2	1,905,885	1,913,793
Cost of sales		(308,461)	(288,167)
		<hr/>	<hr/>
Gross profit		1,597,424	1,625,626
Administrative expenses		(1,392,323)	(1,296,972)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	205,101	328,654
Tax on profit on ordinary activities	6	(65,999)	(98,271)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		139,102	230,383
Dividend paid	7	-	(511,429)
		<hr/>	<hr/>
Profit/(loss) for the financial year		139,102	(281,046)
Retained profit brought forward		1,524,119	1,805,165
		<hr/>	<hr/>
Retained profit carried forward		1,663,221	1,524,119
		<hr/> <hr/>	<hr/> <hr/>

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

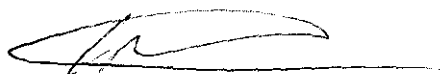
There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

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

Balance sheet
as at 31 December 2002

	<i>Notes</i>	2002	2001
		£	£
Fixed assets			
Tangible assets	8	1,631,172	1,665,011
Current assets			
Stocks	9	30,504	37,513
Debtors	10	105,000	18,580
Cash at bank and in hand		61,222	80,508
		<u>196,726</u>	<u>136,601</u>
Creditors: amounts falling due within one year	11	<u>(74,575)</u>	<u>(186,081)</u>
Net current assets/(liabilities)		122,151	(49,480)
Total assets less current liabilities		<u>1,753,323</u>	<u>1,615,531</u>
Provisions for liabilities and charges	12	<u>(25,560)</u>	<u>(26,870)</u>
Net assets		<u><u>1,727,763</u></u>	<u><u>1,588,661</u></u>
Capital and reserves			
Called up share capital	13	60,718	60,718
Share premium account		3,572	3,572
Other reserves		252	252
Profit and loss account		1,663,221	1,524,119
Equity shareholders' funds	14	<u><u>1,727,763</u></u>	<u><u>1,588,661</u></u>

These financial statements were approved by the board of directors on 5 August 2003 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 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 (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 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.

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.

Pensions

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

Turnover

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

2 Segmental information

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

Notes (continued)

3 Staff numbers and costs

	2002 Number	2001 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	46	49
	<hr/> 49	<hr/> 52
	<hr/> <hr/> £000	<hr/> <hr/> £000
<i>The aggregate payroll costs of these persons were as follows:</i>		
Wages and salaries	464	477
Social security costs	31	29
	<hr/> 495	<hr/> 506
	<hr/> <hr/>	<hr/> <hr/>

4 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit before taxation is stated after charging/(crediting) the following:</i>		
Depreciation	367,553	330,349
Auditors' remuneration - for audit work	2,500	1,500
Loss/(profit) on disposal of tangible fixed assets	3,801	(4,526)
	<hr/> 367,553	<hr/> 330,349
	<hr/> <hr/>	<hr/> <hr/>

5 Emoluments of directors

The emoluments of the directors, including benefits in kind and pension contributions, were £nil (2001: £nil). The remuneration of all directors is shown in the financial statements of the parent undertaking.

6 Tax on profit on ordinary activities

	2002 £	2001 £
<i>Taxation based on the profit on ordinary activities for the year:</i>		
Corporation tax at 30% (2001: 30%)	67,349	100,000
Corporation tax overprovision in prior years	(40)	-
	<hr/> 67,309	<hr/> 100,000
Deferred taxation - current year (see note 12)	(1,310)	(1,729)
	<hr/> 65,999	<hr/> 98,271
	<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 higher (2001: higher) than the standard rate of corporation tax in the UK for small companies of 30% (2001: 30%). The differences are explained below:

	2002 £	2001 £
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	205,101	328,654
	<hr/>	<hr/>
Current tax at 30% (2001: 30%)	61,530	98,596
<i>Effects of:</i>		
Expenses not deductible for tax purposes	314	1,357
Depreciation for the period in excess of capital allowances	4,365	47
Loss on disposal	1,140	-
Adjustments to tax charge in respect of previous periods	(40)	-
	<hr/>	<hr/>
Total current tax charge	67,309	100,000
	<hr/>	<hr/>

7 Dividends

	2002 £	2001 £
Paid and proposed	-	511,429
	<hr/>	<hr/>

8 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost:</i>			
At 1 January 2002	1,027,602	3,312,885	4,340,487
Transfers from group companies	-	5,906	5,906
Additions	12,418	404,306	416,724
Disposals	-	(166,970)	(166,970)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	1,040,020	3,556,127	4,596,147
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation:</i>			
At 1 January 2002	299,085	2,376,391	2,675,476
Charge in the year	20,790	346,763	367,553
Disposals	-	(78,054)	(78,054)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	319,875	2,645,100	2,964,975
	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>			
At 31 December 2002	720,145	911,027	1,631,172
	<hr/>	<hr/>	<hr/>
At 31 December 2001	728,517	936,494	1,665,011
	<hr/>	<hr/>	<hr/>

Notes (continued)

9 Stocks

	2002 £	2001 £
Raw materials and consumables	18,771	12,159
Prize stock	11,733	25,354
	<hr/> 30,504	<hr/> 37,513

10 Debtors

	2002 £	2001 £
Amounts owed by parent undertaking	91,397	-
Prepayments and accrued income	13,603	18,580
	<hr/> 105,000	<hr/> 18,580

11 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts owed to parent undertaking	-	70,439
Corporation tax	67,349	100,000
Sundry creditors	97	94
Accruals and deferred income	7,129	15,548
	<hr/> 74,575	<hr/> 186,081

12 Provisions for liabilities and charges

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

	2002 £	2001 £
Balance at 1 January	26,870	28,599
Movement in the year (note 6)	(1,310)	(1,729)
	<hr/> 25,560	<hr/> 26,870

Notes (continued)

12 Provisions for liabilities and charges (continued)

The elements of deferred taxation are as follows:

	2002 £000	2001 £000
Difference between accumulated depreciation and amortisation and capital allowances	25,560	26,870
Deferred tax liability	25,560	26,870

13 Called up share capital

	Number of shares	2002 £	2001 £
<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
		75,005	75,005
<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
		60,718	60,718

14 Reconciliation of movements in equity shareholders' funds

	2002 £	2001 £
Profit for the financial year	139,102	230,383
Dividend paid	-	(511,429)
Net addition to/(reduction in) equity shareholders' funds	139,102	(281,046)
Opening equity shareholders' funds	1,588,661	1,869,707
Closing equity shareholders' funds	1,727,763	1,588,661

Notes (continued)

15 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 2002 the total liability under this registration amounted to £36,800 (2001: £28,822).

The company has given guarantees in respect of the parent undertaking's borrowings as at 31 December 2002 of £1,904,525 (2001: £2,089,941).

16 Pensions

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

17 Capital commitments

There was no commitment for capital expenditure at 31 December 2002 (2001: £12,418).

18 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 19.

19 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.