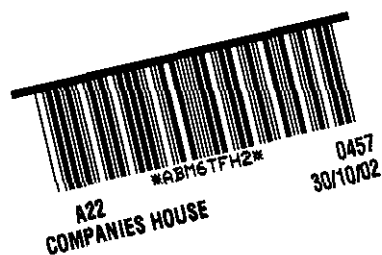


Skegness Pier Company Limited

**Directors' report and financial
statements**

Registered number 12745

31 December 2001



Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Report of the independent auditor 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 2001
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 2001.

Principal activity

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

Business review

The business had an extremely good year assisted partly by the closure of much countryside due to the foot and mouth epidemic resulting in more visitors in Skegness. The directors forecast a return to more usual trading patterns in the next year.

Dividend

The directors proposed and paid of a dividend of £511,429 (2000: £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:

RG Mitchell - resigned 9 January 2001
Mrs BA Mitchell - resigned 9 January 2001
WRC Mitchell
CSL Wilkinson

No director had any interest in the share capital of the company.

Auditors

KPMG were re-appointed auditors at the AGM. However, since that date their business has been transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 23 May 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. 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

21 October 2002

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 independent auditor to the members of Skegness Pier Company Limited

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

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 2001 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*

21 October 2002

Profit and loss account

for the year ended 31 December 2001

	<i>Notes</i>	2001 £	2000 £
Turnover	2	1,913,793	1,724,474
Cost of sales		(288,167)	(283,459)
Gross profit		1,625,626	1,441,015
Administrative expenses		(1,296,972)	(1,549,885)
Operating profit/(loss) and profit/(loss) on ordinary activities before taxation	4	328,654	(108,870)
Tax on profit/(loss) on ordinary activities	6	(98,271)	1,206
Profit/(loss) on ordinary activities after taxation		230,383	(107,664)
Dividend paid	7	(511,429)	-
Loss for the financial year		(281,046)	(107,664)
Retained profit brought forward		1,805,165	1,912,829
Retained profit carried forward		1,524,119	1,805,165

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 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	8	1,665,011	1,658,700
Current assets			
Stocks	9	37,513	59,543
Debtors	10	18,580	136,294
Cash at bank and in hand		80,508	53,143
		<u>136,601</u>	<u>248,980</u>
Creditors: amounts falling due within one year	11	<u>(186,081)</u>	<u>(9,374)</u>
Net current (liabilities)/assets		<u>(49,480)</u>	<u>239,606</u>
Total assets less current liabilities		<u>1,615,531</u>	<u>1,898,306</u>
Provisions for liabilities and charges	12	<u>(26,870)</u>	<u>(28,599)</u>
Net assets		<u>1,588,661</u>	<u>1,869,707</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		1,524,119	1,805,165
Equity shareholders' funds	14	<u>1,588,661</u>	<u>1,869,707</u>

These financial statements were approved by the board of directors on 21 October 2002 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.

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.

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.

Notes (continued)

3 Staff numbers and costs

	2001	2000
<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	49	45
	<u>52</u>	<u>48</u>
	<u>£000</u>	<u>£000</u>
<i>The aggregate payroll costs of these persons were as follows:</i>		
Wages and salaries	477	423
Social security costs	29	29
	<u>506</u>	<u>452</u>

4 Profit/(loss) on ordinary activities before taxation

	£	£
<i>Profit/(loss) before taxation is stated after charging/(crediting) the following:</i>		
Depreciation	330,349	300,275
Auditors' remuneration - for audit work	1,500	1,300
Profit on disposal of tangible fixed assets	(4,526)	(7,116)
	<u> </u>	<u> </u>

5 Emoluments of directors

The emoluments of the directors, including benefits in kind and pension contributions, were £nil (2000: £nil). The remuneration of all directors is shown in the financial statements of the parent undertaking.

6 Tax on profit/(loss) on ordinary activities

	2001 £	2000 £
<i>Taxation based on the profit/(loss) on ordinary activities for the year:</i>		
Corporation tax at 30% (1999: 30%)	100,000	-
Deferred taxation - current year (see note 12)	(1,729)	-
	<u>98,271</u>	<u>-</u>
Corporation tax overprovision in prior years	-	(1,206)
	<u>98,271</u>	<u>(1,206)</u>

7 Dividends

	£	£
Paid and proposed	511,429	-
	<u> </u>	<u> </u>

Notes (continued)

8 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost:</i>			
At 1 January 2001	982,895	3,115,760	4,098,655
Transfers from group companies	-	(5,203)	(5,203)
Additions	44,707	318,374	363,081
Disposals	-	(116,046)	(116,046)
At 31 December 2001	1,027,602	3,312,885	4,340,487
<i>Accumulated depreciation:</i>			
At 1 January 2001	279,605	2,160,350	2,439,955
Transfers from group companies	-	8,296	8,296
Charge in the year	19,480	310,869	330,349
Disposals	-	(103,124)	(103,124)
At 31 December 2001	299,085	2,376,391	2,675,476
<i>Net book value:</i>			
At 31 December 2001	728,517	936,495	1,665,011
At 31 December 2000	703,290	955,410	1,658,700

9 Stocks

	2001 £	2000 £
Raw materials and consumables	12,159	19,439
Prize stock	25,354	40,104
	37,513	59,543

10 Debtors

	£	£
Amounts owed by parent undertaking	-	110,724
Prepayments and accrued income	18,580	25,570
	18,580	136,294

Notes (continued)

11 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to parent undertaking	70,439	-
Corporation tax	100,000	-
Sundry creditors	94	94
Accruals and deferred income	15,548	9,280
	<u>186,081</u>	<u>9,374</u>

12 Provisions for liabilities and charges

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

	2001		2000
	Amount provided £	Amount unprovided £	Amount Provided £
			Amount unprovided £
Provision based on difference between accumulated depreciation and capital allowances	26,870	-	28,599
	<u>26,870</u>	<u>-</u>	<u>28,599</u>

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

	2001 £	2000 £
Balance at 1 January	28,599	28,599
Movement in the year (see note 6)	(1,729)	-
Balance at 31 December	<u>26,870</u>	<u>28,599</u>

13 Share capital

	Number of shares	2001 £	2000 £
<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>

Notes (continued)

14 Reconciliation of movements in equity shareholders' funds

	2001 £	2000 £
Profit/(loss) for the financial year	230,383	(107,664)
Dividend paid	(511,429)	-
Net reduction in equity shareholders' funds	(281,046)	(107,664)
Opening equity shareholders' funds	1,869,707	1,977,371
Closing equity shareholders' funds	1,588,661	1,869,707

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 2001 the total liability under this registration amounted to £28,822 (2000: £6,489).

The company has given guarantees in respect of the parent undertaking's borrowings as at 31 December 2001 of £2,089,941 (2000: £2,632,646).

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 a commitment for capital expenditure at 31 December 2001 of £12,418 (2000: £nil).

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 Parent company

The ultimate parent company 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.