

Skegness Pier Company Limited

Directors' report and financial statements

31 December 1998

Registered number 12745



Financial statements

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Company information

Financial statements

for the year ended 31 December 1998

Directors

RG Mitchell
Mrs BA Mitchell
WRC Mitchell
CSL Wilkinson

Secretary

CSL Wilkinson

Registered office

Skegness Pier
Grand Parade
Skegness
Lincolnshire
PE25 2UE

Registered in England and Wales number 12745

Auditors

KPMG
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 1998.

Principal activity

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

Business review

An acceptable performance was achieved across the business units. The directors anticipate a similar result for the coming year.

Proposed dividend

The directors do not recommend the payment of a dividend (1997: £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
Mrs BA Mitchell
WRC Mitchell
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.

Year 2000

The directors recognise the potential problems which could arise in connection with the move into the next millennium. A programme has been put in place to address the issue within a suitable time frame.

It is not anticipated that the costs involved with ensuring Year 2000 compliance will have a material impact on the company.

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

A handwritten signature in black ink, appearing to be 'CSL Wilkinson', with a stylized flourish at the end.

CSL Wilkinson
Secretary

20 July 1999

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 6 to 12.

Respective responsibilities of directors and auditors

As described on page 4, 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

20 July 1999

Profit and loss account

for the year ended 31 December 1998

	<i>Notes</i>	1998 £	1997 £
Turnover	2	1,776,996	1,818,420
Cost of sales		(253,794)	(254,386)
Gross profit		<u>1,523,202</u>	<u>1,564,034</u>
Administrative expenses		(1,240,010)	(1,246,313)
Operating profit and profit on ordinary activities before taxation	4	283,192	317,721
Tax on profit on ordinary activities	6	(89,442)	(74,735)
Profit on ordinary activities after taxation	13	<u>193,750</u>	<u>242,986</u>
Retained profit brought forward		1,545,339	1,302,353
Retained profit carried forward		<u><u>1,739,089</u></u>	<u><u>1,545,339</u></u>

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.

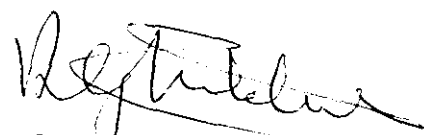
Note of historical cost profits and losses

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.

Balance sheet
at 31 December 1998

	Notes	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	7		1,263,880		1,364,250
Current assets					
Stocks	8	38,917		46,041	
Debtors	9	589,220		277,785	
Cash at bank and in hand		47,923		47,670	
		<u>676,060</u>		<u>371,496</u>	
Creditors: amounts falling due within one year	10	<u>(100,586)</u>		<u>(93,351)</u>	
Net current assets			<u>575,474</u>		<u>278,145</u>
Total assets less current liabilities			<u>1,839,354</u>		<u>1,642,395</u>
Provisions for liabilities and charges	11		<u>(35,723)</u>		<u>(32,514)</u>
Net assets			<u>1,803,631</u>		<u>1,609,881</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>1,739,089</u>		<u>1,545,339</u>
Equity shareholders' funds	13		<u>1,803,631</u>		<u>1,609,881</u>

These financial statements were approved by the board of directors on 20 July 1999 and were signed on its behalf by:



RG 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%

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.

Notes (continued)

3 Staff numbers and costs

	1998	1997
<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	40	38
	<u>44</u>	<u>42</u>
	<u>£000</u>	<u>£000</u>
<i>The aggregate payroll costs of these persons were as follows:</i>		
Wages and salaries	361	333
Social security costs	26	24
Other pension costs	-	-
	<u>387</u>	<u>357</u>

4 Profit on ordinary activities before taxation

	£	£
<i>Profit before taxation is stated after charging/(crediting) the following:</i>		
Depreciation	280,428	289,859
Auditors' remuneration - for audit work	1,100	1,000
Profit on disposal of tangible fixed assets	(753)	(1,423)
	<u>280,775</u>	<u>289,436</u>

5 Emoluments of directors

The emoluments of the directors, including benefits in kind and pension contributions, were £nil (1997: £nil). The remuneration of all directors is shown in the financial statements of the parent undertaking.

6 Tax on profit on ordinary activities

	1998 £	1997 £
<i>Taxation based on the profit on ordinary activities for the year:</i>		
Corporation tax at 31% (1997: 31.5%)	89,747	85,177
Deferred taxation - current year (see note 11)	3,209	(10,442)
	<u>92,956</u>	<u>74,735</u>
Corporation tax overprovision in prior years	(3,514)	-
	<u>89,442</u>	<u>74,735</u>

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

Notes (continued)

7 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost:</i>			
At 1 January 1998	802,560	2,586,736	3,389,296
Transfers to group companies	-	(17,002)	(17,002)
Additions	-	188,192	188,192
Disposals	-	(165,402)	(165,402)
At 31 December 1998	802,560	2,592,524	3,395,084
<i>Depreciation:</i>			
At 1 January 1998	228,593	1,796,453	2,025,046
Transfers to group companies	-	(18,197)	(18,197)
Charge in the year	16,051	264,377	280,428
Disposals	-	(156,073)	(156,073)
At 31 December 1998	244,644	1,886,560	2,131,204
<i>Net book value:</i>			
At 31 December 1998	557,916	705,964	1,263,880
At 31 December 1997	573,967	790,283	1,364,250

8 Stocks

	1998 £	1997 £
Raw materials and consumables	16,933	20,833
Prize stock	21,984	25,208
	38,917	46,041

9 Debtors

	£	£
Amounts owed by parent undertaking	581,083	258,355
Prepayments and accrued income	8,137	19,430
	589,220	277,785

All of the debtors fall due within one year.

Notes (continued)

10 Creditors: amounts falling due within one year

	1998 £	1997 £
Corporation tax	89,747	85,177
Accruals and deferred income	10,839	8,174
	<u>100,586</u>	<u>93,351</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:

	1998	Full potential liability £	1997	Full potential liability £
	Amount provided £		Amount provided £	
Provision based on difference between accumulated depreciation and capital allowances	35,723	35,723	32,514	32,514

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

	1998 £	1997 £
Balance at 1 January	32,514	42,956
Movement in the year (see note 6)	3,209	(10,442)
Balance at 31 December	<u>35,723</u>	<u>32,514</u>

12 Share capital

	Number of shares	1998 £	1997 £
<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)

13 Reconciliation of movements in equity shareholders' funds

	1998 £	1997 £
Profit for the financial year	193,750	242,986
Net addition to equity shareholders' funds	193,750	242,986
Opening equity shareholders' funds	1,609,881	1,366,895
Closing equity shareholders' funds	1,803,631	1,609,881

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 1998 the total liability under this registration amounted to £55,849 (1997: £49,505).

The company has given guarantees in respect of the parent undertaking's borrowings as at 31 December 1998 of £1,162,930 (1997: £1,570,523).

15 Pensions

The details of the current pension 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 1998 (1997: £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.