Lightwater Valley Attractions Limited

Report and Accounts

31 January 2004

Ernst & Young

Registered No: 4091902

Directors
T M Belgrove
A J S Leech
P M Treherne
D C S Westgate

Secretary
P Cushion

Auditors
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Directors' report

The directors present their report and the audited financial statements for the year ended 31 January 2004.

Principal activities

The principal activity of the company is the operation of Lightwater Valley Theme Park, situated in North Yorkshire.

Review of the business and future developments

The Directors are pleased to report increased profitability.

Results and dividends

The profit for the year, after taxation, amounted to £195,179 (2003: £135,699 loss). The directors are unable to recommend the payment of a dividend.

Directors and their interests

The directors of the company during the year were as follows:

T M Belgrove
A J S Leech
P M Treherne
D C S Westgate

Mr A J S Leech is a discretionary beneficiary of a Jersey Trust, which through Cherberry Limited, a Jersey company, owns the entire share capital of Ball Investments, the immediate holding company of Lightwater Valley Attractions Limited. None of the other directors have interests in the shares of the company.

Political and charitable donations

There were no political donations made during the period. Charitable donations amounted to £75.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board

P Cushion
Secretary

2.7.04

Statement of directors' responsibilities in respect of the financial statements

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 of the company 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; 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Independent auditors' report

to the members of Lightwater Valley Attractions Limited

We have audited the company's financial statements for the year ended 31 January 2004, which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, and the related notes 1 to 22. These financial statements have been prepared on the basis of 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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

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 United Kingdom 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 affairs of the company as at 31 January 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Liverpool

8 July 2004

Profit and loss account

for the year ended 31 January 2004

	Notes	2004 £	2003 £
Turnover	2	4,360,688	3,836,776
Cost of sales		(610,282)	(518,353)
Gross profit		3,750,406	3,318,423
Administrative expenses		(3,333,785)	(3,312,846)
Operating profit		416,621	5,577
Interest receivable and similar income	3	27,099	19,064
Interest payable and similar charges	4	(90,173)	(86,560)
Profit/ (loss) on ordinary activities before taxation	5	353,547	(61,919)
Taxation	8	(158,368)	(73,780)
Retained Profit/(loss) for the year	17	195,179	(135,699)

All operations are continuing.

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

Balance sheet
at 31 January 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	9	5,322,066	5,278,913
Intangible assets	10	38,055	63,940
		5,360,121	5,342,853
Current assets			
Stocks	11	53,719	46,853
Debtors	12	251,085	194,240
Cash at bank and in hand		31,537	183,768
		336,341	424,861
Creditors: amounts falling due within one year	13	(423,089)	(742,047)
Net current liabilities		(86,748)	(317,186)
Total assets less current liabilities		5,273,373	5,025,667
Creditors: amounts falling due after more than one year	14	(298,301)	(345,184)
Provision for liabilities and charges	15	(379,710)	(280,300)
		4,595,362	4,400,183
Capital and reserves			
Called up share capital	16	4,750,002	4,750,002
Profit and loss account	17	(154,640)	(349,819)
Equity shareholders' funds	18	4,595,362	4,400,183

The financial statements were approved by the Board of Directors on 30 April 2004 and were signed on its behalf by:

P M Treherne
Director

7.7.04

Cash flow statement

for the period ended 31 January 2004

	Notes	2004 £	2003 £
Net cash inflow from continuing operating activities	19a	508,891	462,496
Returns on investments and servicing of finance			
Interest received and similar income		27,099	19,064
Interest paid		(16,245)	(13,235)
Interest element of finance lease rental payments		(73,929)	(73,325)
		(63,075)	(67,496)
Taxation			
Corporation tax recovered		-	33,000
		-	33,000
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(177,324)	(139,311)
Proceeds on sale of tangible fixed assets		15,000	59,484
		(162,324)	(79,827)
Net cash inflow before financing		283,492	348,173
Financing			
Repayment of capital element of finance lease rentals	19b	(142,285)	(110,251)
Increase in cash in the year	19b	141,207	237,922

Notes to the financial statements

for the period ended 31 January 2004

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting and Financial Reporting Standards in the United Kingdom and the Companies Act 1987 s256. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Turnover

Turnover represents amounts (excluding value added tax) derived from provision of goods and services rendered during the period.

Tangible fixed assets

The cost of tangible fixed assets is their purchase or construction cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold buildings	-	2%
Plant and machinery	-	10%
Attractions	-	15%
Motor vehicles	-	25%
Computer equipment	-	33%

The long leasehold premises are depreciated over 50 years or the length of the lease, whichever is shorter.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives and the term of the lease.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Finance leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred in bringing each item to its present location and condition.

Pensions

The company operates a defined contribution pension scheme for certain employees. The costs are charged to the profit and loss account as incurred. The charge for the year was £7,205 (2003: £8,677). There were no unpaid contributions outstanding at the year end.

Notes to the financial statements

for the period ended 31 January 2004

1. Accounting policies (continued)

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Deferred taxation

Full provision has been made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in tax computations.

Deferred tax is calculated at the rates at which it is estimated the tax will arise. The deferred tax provision has not been discounted to net present values.

2. Turnover

Turnover, which is stated net of value added tax, consists entirely of sales made in the United Kingdom can be analysed as follows:

	2004	*2003*
	£	£
By activity:		
Attractions and admissions	2,748,888	2,534,664
Retailing	674,848	571,877
Catering	885,562	702,179
Other revenues	51,390	28,056
	4,360,688	3,836,776

3. Interest receivable and similar income

	2004	*2003*
	£	£
Bank interest receivable	10,027	4,231
Rent receivable	17,072	14,833
	27,099	19,064

4. Interest payable and similar charges

	2004	*2003*
	£	£
Bank loans and overdrafts	8,221	13,235
Finance charges payable under finance leases and hire purchase contracts	73,929	73,325
Other interest	8,023	-
	90,173	86,560

Notes to the financial statements

for the period ended 31 January 2004

5. Profit/(loss) on ordinary activities before taxation

		2004	2003
		£	£
Profit/(loss) on ordinary activities before taxation is stated after charging:			
Depreciation on tangible fixed assets	- owned	128,354	151,120
	- leased	80,817	47,272
Amortisation of goodwill		2,822	3,552
Operating lease rentals	- plant and machinery	3,127	3,127
	- land and buildings	111,054	117,881
Auditors' remuneration	- audit services	7,000	4,000
	- non-audit services	-	2,000

Auditors' remuneration for non-audit services for the year ended 31 January 2003 comprised fees for tax advice, compliance and advisory work.

6. Emoluments of directors

	2004	2003
	£	£
Aggregate emoluments (including benefits in kind)	24,000	24,000
	24,000	24,000

7. Employee information

The average monthly number of persons (including paid executive directors) employed by the company during the period was:

	2004	2003
	No.	No.
By activity:		
Management and administration	4	4
Retail, catering and other	146	160
	150	164

	2004	2003
	£	£
Staff costs for the above persons:		
Wages and salaries	1,178,815	1,072,991
Social security costs	73,200	60,475
Pension costs	7,205	8,677
	1,259,220	1,142,143

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Notes to the financial statements

for the period ended 31 January 2004

8. Taxation

a) Analysis of tax charge in the year

	2004	2003
	£	£
Current tax:		
UK corporation tax on profit for the year (note 8b)	76,817	-
Deferred tax	81,551	73,780
	158,368	73,780

b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004	2003
	£	£
Profit/(loss) on ordinary activities before tax	353,547	(61,919)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	106,064	(18,576)
Effects of:		
Expenses not deductible for tax purposes	46,519	24,069
Movements in provisions not allowed for tax purposes	-	10,500
Capital allowances in excess of depreciation	(75,766)	(99,164)
Group relief given	-	77,387
Unrelieved losses	-	5,784
	76,817	-

Notes to the financial statements

for the period ended 31 January 2004

9. Tangible fixed assets

	Land and buildings	*Plant and machinery*	*Motor vehicles*	*Attractions*	*Total*
	£	*£*	*£*	*£*	*£*
Cost:					
At 1 February 2003	3,810,702	55,596	5,100	1,787,490	5,658,888
Additions	67,651	-	2,500	197,173	267,324
Disposals	-	-	-	(15,000)	(15,000)
At 31 January 2004	3,878,353	55,596	7,600	1,969,663	5,911,212
Depreciation:					
At 1 February 2003	152,209	9,529	1,521	216,716	379,975
Charge for the year	75,998	5,560	1,587	126,026	209,171
At 31 January 2004	228,207	15,089	3,108	342,742	589,146
Net book value:					
At 31 January 2004	3,650,146	40,507	4,492	1,626,921	5,322,066
At 31 January 2003	3,658,493	46,067	3,579	1,570,774	5,278,913

Fixed assets with a net book value of £660,744 that are held under finance leases are included above. The net book value of land and buildings consists solely of long leaseholds.

10. Intangible fixed assets

	Goodwill
	£
Cost:	
At 1 February 2003	71,044
Written down during the year	(23,063)
At 31 January 2004	47,981
Amortisation:	
At 1 February 2003	7,104
Amortised in the year	2,822
At 31 January 2004	9,926
Net book value:	
At 31 January 2004	38,055
At 31 January 2003	63,940

Goodwill arising on the acquisition of businesses is being amortised evenly over the directors' estimate of its useful economic life of 20 years.

Notes to the financial statements

for the period ended 31 January 2004

11. Stocks

	2004	2003
	£	£
Goods for resale	39,908	27,653
Catering and bar stocks	13,811	19,200
	53,719	46,853

12. Debtors

	2004	2003
	£	£
Trade debtors	4,125	4,054
Other debtors	27,587	61,918
Prepayments and accrued income	219,373	128,268
	251,085	194,240

13. Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	99,350	205,150
Bank overdraft – secured	78,396	371,834
Corporation tax payable	76,817	-
Other taxation and Social Security	14,643	12,239
Other creditors	5,324	8,246
Accruals and deferred income	29,624	20,241
Obligations under finance leases and HP contracts (note 14)	118,935	124,337
	423,089	742,047

The company's overdraft and certain finance lease facilities are secured by fixed and floating charge over the company's assets.

Notes to the financial statements

for the period ended 31 January 2004

14. **Creditors:** amounts falling due after more than one year

	2004	*2003*
	£	*£*
Obligations under finance leases and HP contracts	298,301	345,184

Obligations under finance leases and HP contracts:

	2004	*2003*
	£	*£*
Amounts payable:		
Within one year	192,762	183,572
In two to five years	440,686	507,172
	633,448	690,744
Less: finance charges allocated to future periods	(216,212)	(221,223)
	417,236	469,521

Finance leases and HP contracts are analysed as follows:

	2004	*2003*
	£	*£*
Current obligations	118,935	124,337
Non-current obligations	298,301	345,184
	417,236	469,521

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Notes to the financial statements

for the period ended 31 January 2004

15. Provisions for liabilities and charges

	Deferred taxation	*Other provisions*	*Total*
	£	*£*	*£*
At 1 February 2003	73,780	206,520	280,300
Charge for year	81,551	24,009	105,560
Released to profit and loss during the year	-	(6,150)	(6,150)
At 31 January 2004	155,331	224,379	379,710

Deferred taxation

Deferred taxation provided in the accounts is as follows:

	2004	*2003*
	£	*£*
Differences between accumulated depreciation and capital allowances	155,331	79,564
Other timing differences	-	(5,784)
Other timing differences	155,331	73,780

Other provisions

As a result of an accident which occurred at the Theme Park on 20 June 2001, the company has regrettably been notified of injuries to three individuals and the death of one individual. Based on advice given to the company by its professional advisers, the current estimate of outstanding claims and costs is £160,370.

The company has agreed to accept a high level of aggregate excess on its insurance programme. Based on advice given by professional advisors a provision of £64,009 has been made for a range of incidents, incurred over a number of years, which fall within this excess. The claims are expected to be settled within one year of the balance sheet date.

16. Share capital

	2004	*2003*
	£	*£*
Authorised:		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
Allotted, called up and fully paid:		
4,750,002 ordinary shares of £1 each	4,750,002	4,750,002

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Notes to the financial statements

for the period ended 31 January 2004

17. Profit and loss account

	£
At 1 February 2003	(349,819)
Retained profit for the year	195,179
At 31 January 2004	(154,640)

18. Reconciliation of movements in Equity shareholders' funds

	2004 £	*2003* £
Profit/(loss) for the year	195,179	(135,699)
Opening equity shareholders' funds	4,400,183	4,535,882
Closing equity shareholders' funds	4,595,362	4,400,183

19. Notes to the statement of cash flows

a) Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	*2003* £
Operating profit	416,621	5,577
Depreciation	209,171	198,392
Amortisation of goodwill	25,885	3,552
(Increase) in stocks	(6,866)	(6,229)
(Increase)/decrease in debtors	(56,845)	70,750
(Decrease)/Increase in creditors	(96,934)	43,934
Increase in other provisions	17,859	146,520
Net cash inflow from operating activities	508,891	462,496

b) Reconciliation of net cash flow to movement in net debt

	2004 £	*2003* £
Increase in cash in the year	141,207	237,922
Repayments of capital element of finance lease rentals	142,285	110,251
Change in net debt arising from cash flows	283,492	348,173
New finance leases	(90,000)	-
Movement in the year	193,492	348,173
Net debt at 1 February 2003	(657,587)	(1,005,760)
Net debt at 31 January 2004 (note 19c)	(464,095)	(657,587)

Notes to the financial statements

for the period ended 31 January 2004

19. Notes to the statement of cash flows (continued)

c) Analysis of changes in net debt

	At 1 February 2003	*Cash flows*	*Other movements*	*At 31 January 2004*
		£	*£*	*£*
Cash at bank and in hand	183,768	(152,231)	-	31,537
Bank overdraft	(371,834)	293,438	-	(78,396)
Liquid resources	(188,066)	141,207	-	(46,859)
Finance leases	(469,521)	142,285	(90,000)	(417,236)
	(657,587)	283,492	(90,000)	(464,095)

20. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004		*2003*	
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£	*£*	*£*	*£*
Operating leases which expire:				
Within one year	-	-	-	-
In two to five years	-	3,127	13,720	3,127
Over five years	108,900	-	108,900	-
	108,900	3,127	122,620	3,127

21. Related party transactions

Significant related party transactions are detailed below.

1) The company received certain management and accounting services from Heritage Great Britain PLC during the year amounting to £162,000 (on normal commercial terms). There was no balance outstanding at the year end. Mr A J S Leech and Mr P M Treherne are both directors of Heritage Great Britain PLC.

2) Heritage Attractions Limited holds a finance lease for £23,450 in relation to a Theme Park ride located at Lightwater Valley Theme Park. The liability for the finance lease remains with Heritage Attractions Limited however, all payments are recharged to Lightwater Valley Attractions Limited and thus there is no net cost within Heritage Attractions Limited. Mr A J S Leech and Mr P M Treherne are both directors of Heritage Attractions Limited.

3) The company acquired advertising and marketing services from Centrix Marketing and Advertising Limited during the year amounting to £62,281 (on normal commercial terms). A balance of £4,853 remained outstanding at the year end and has subsequently been paid. Mr A J S Leech and Mr P M Treherne are both directors of Centrix Marketing and Advertising Limited.

Notes to the financial statements

for the period ended 31 January 2004

22. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Ball Investments Limited, which is registered and incorporated in Jersey. The entire share capital of Ball Investments Limited is wholly owned by Cherberry Limited, a Jersey company, which is wholly owned by the Trustees of a settlement. In the opinion of the directors, there is no single individual or entity that can or does exercise ultimate control, as defined under FRS 8, over that Trust.

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