

LIGHTWATER VALLEY ATTRACTIONS LIMITED

Report and Accounts

31 January 2002

Registered No. 4091902



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**DIRECTORS' REPORT**

**DIRECTORS**

T M Belgrove  
P M Treherne  
D C S Westgate

**SECRETARY**

P M Treherne

**AUDITORS**

Ernst & Young LLP  
Silkhouse Court  
Tithebarn Street  
Liverpool  
L2 2LE

**BANKERS**

Barclays Bank plc  
PO Box 230  
15-33 Moorfields  
Liverpool  
L69 2RU

**SOLICITORS**

Richard Saleh & Co  
748 Wilmslow Road  
Didsbury  
Manchester  
M20 6WF

**REGISTERED OFFICE**

Suite 33  
The Colonnades  
Albert Dock  
Liverpool  
L3 4AA

# Lightwater Valley Attractions Limited

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 31 January 2002.

### PRINCIPAL ACTIVITIES

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

The company was incorporated on 12 October 2000 and began to trade on 1 February 2001 following the acquisition of the business, as set out in note 22.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year are disappointing although they are in common with other businesses within the tourism industry as the Theme Park was adversely affected by the Foot & Mouth crisis in the UK.

On 20 June 2001 an accident occurred at the park, which led to the closure of a new ride until the 2002 season.

The Directors are confident that the 2002 operating season will see significantly improved results. Investment in new family rides, the infrastructure and the development of the retail village will further enhance the experiences available to visitors.

### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £214,120. The directors do not recommend the payment of a dividend.

### DIRECTORS AND THEIR INTERESTS

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

R P Bradshaw	(appointed 31 January 2001, resigned 8 March 2002)
T M Belgrove	(appointed 31 January 2001)
S T Last	(appointed 12 October 2000, resigned 31 January 2001)
P Mason	(appointed 12 October 2000, resigned 31 January 2001)
P M Treherne	(appointed 31 January 2001)
D C S Westgate	(appointed 31 January 2001)

None of the 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 £30.

### 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 M Treherne  
Secretary

30 April 2002

## Lightwater Valley Attractions Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF LIGHTWATER VALLEY ATTRACTIONS LIMITED**

We have audited the company's financial statements for the period ended 31 January 2002 which comprise Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

**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**

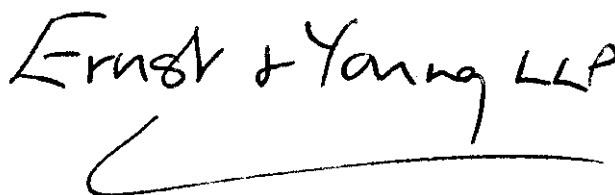
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditor  
Liverpool  
Date



28 May 2002

# Lightwater Valley Attractions Limited

## PROFIT AND LOSS ACCOUNT

for the period 12 October 2000 (date of incorporation) to 31 January 2002

	Notes	2002 £
<b>TURNOVER</b>	2	3,297,834
Cost of sales		(422,674)
<b>GROSS PROFIT</b>		<u>2,875,160</u>
Administrative expenses		(3,024,011)
<b>OPERATING LOSS</b>		<u>(148,851)</u>
Interest receivable and similar income	3	11,659
Interest payable and similar charges	4	(76,928)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<u>(214,120)</u>
Taxation	8	-
<b>RETAINED LOSS FOR THE PERIOD</b>	17	<u><u>(214,120)</u></u>

All operations are continuing and relate entirely to the acquisition in the period (see note 22).

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

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

The notes on pages 9 to 19 form an integral part of these financial statements.

# Lightwater Valley Attractions Limited

## BALANCE SHEET

at 31 January 2002

	Notes	2002 £
<b>FIXED ASSETS</b>		
Tangible assets	9	5,397,478
Intangible assets	10	67,492
		<u>5,464,970</u>
<b>CURRENT ASSETS</b>		
Stocks	11	40,624
Debtors	12	297,990
Cash at bank and in hand		41,209
		<u>379,823</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(793,704)
<b>NET CURRENT LIABILITIES</b>		<u>(413,881)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,051,089</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	(455,207)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	15	(60,000)
		<u>4,535,882</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	16	4,750,002
Profit and loss account	17	(214,120)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	18	<u>4,535,882</u>

The notes on pages 9 to 19 form an integral part of these financial statements.

The financial statements on pages 6 to 19 were approved by the Board of Directors on 30 April 2002 and were signed on its behalf by:



P M Treherne  
Director

# Lightwater Valley Attractions Limited

## CASH FLOW STATEMENT

for the period ended 31 January 2002

	Notes	2002 £
<b>NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES</b>	19a	20,738
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received and similar income		11,659
Interest paid		(3,329)
Interest element of finance lease rental payments		(73,599)
		(65,269)
<b>TAXATION</b>		
Corporation tax paid		(33,000)
		(33,000)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Payments to acquire tangible fixed assets		(123,985)
		(123,985)
<b>ACQUISITIONS AND DISPOSALS</b>		
Purchase of business	22	(4,849,170)
		(4,849,170)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		(5,050,686)
<b>FINANCING</b>		
Issue of ordinary share capital		4,750,002
Repayment of capital element of finance lease rentals	19c	(125,304)
<b>DECREASE IN CASH IN THE YEAR</b>		(425,988)

The notes on pages 9 to 19 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2002

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 £4,854.

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2002

### 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*

FRS 19 - Deferred tax has been adopted for these accounts. The standard requires full provision to be 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 and relates to the activities acquired on 31 January 2001 which can be analysed as follows:

	2002 £
By activity:	
Attractions and admissions	2,321,384
Retailing	369,853
Catering	556,048
Other revenues	50,549
	<u>3,297,834</u>

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £
Bank interest receivable	9,393
Rent receivable	2,266
	<u>11,659</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £
Bank loans and overdrafts	3,329
Finance charges payable under finance leases and hire purchase contracts	73,599
	<u>76,928</u>

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2002

### 5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £
Loss on ordinary activities before taxation is stated after charging/(crediting):	
Depreciation on tangible fixed assets - owned	152,560
- leased	29,023
Amortisation of goodwill	3,552
Operating lease rentals - plant and machinery	7,022
- land and buildings	98,287
Auditors' remuneration – audit services	4,000
- non-audit services	11,500

Auditors' remuneration for non-audit services comprises fees for tax advice, compliance and advisory work.

### 6. EMOLUMENTS OF DIRECTORS

	2002 £
Aggregate emoluments (including benefits in kind)	24,000
	<u>24,000</u>

### 7. EMPLOYEE INFORMATION

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

	2002 No.
By activity:	
Management and administration	8
Retail, catering and other	177
	<u>185</u>

	2002 £
Staff costs for the above persons:	
Wages and salaries	907,190
Social security costs	48,657
Pension costs	4,854
	<u>960,701</u>

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2002

### 8. TAXATION

Based on the result for the period, no corporation tax is payable. The company has tax losses of £200,000 to carry forward and set against future taxable profits of the trade.

### 9. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i> £	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Attractions</i> £	<i>Total</i> £
Cost:					
At 12 October 2000	-	-	-	-	-
Additions	3,808,001	45,146	2,950	1,722,964	5,579,061
At 31 January 2002	3,808,001	45,146	2,950	1,722,964	5,579,061
Depreciation:					
Charge for the period	76,040	4,515	246	100,782	181,583
At 31 January 2002	76,040	4,515	246	100,782	181,583
Net book value:					
At 31 January 2002	3,731,961	40,631	2,704	1,622,182	5,397,478

Fixed assets with a net book value of £677,775 which 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

	<i>Goodwill</i> £
Cost:	
Additions – on acquisition of business (note 22)	71,044
Amortisation:	
At 12 October 2000	-
Amortised in the period	3,552
At 31 January 2002	3,552
Net book value:	
At 31 January 2002	67,492

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

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 January 2002

### 11. STOCKS

	2002 £
Goods for resale	29,609
Catering and bar stocks	11,015
	<u>40,624</u>

### 12. DEBTORS

	2002 £
Trade debtors	5,139
Corporation tax recoverable	33,000
Other debtors	34,685
Prepayments and accrued income	225,166
	<u>297,990</u>

### 13. CREDITORS: amounts falling due within one year

	2002 £
Trade creditors	181,410
Bank overdraft – secured	467,197
Other taxation and Social Security	10,467
Other creditors	5,649
Accruals and deferred income	4,416
Obligations under finance leases and HP contracts	124,565
	<u>793,704</u>

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

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 January 2002

### 14. CREDITORS: amounts falling due after more than one year

	2002 £
Obligations under finance leases and HP contracts	455,207
Obligations under finance leases and HP contracts:	
	2002 £
Amounts payable:	
Within one year	183,597
In two to five years	690,723
	874,320
Less: finance charges allocated to future periods	(294,548)
	579,772
Finance leases and HP contracts are analysed as follows:	
	2002 £
Current obligations	124,565
Non-current obligations	455,207
	579,772

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 January 2002

### 15. PROVISIONS FOR LIABILITIES AND CHARGES

#### *Deferred taxation*

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	<i>Provided</i> £	<i>Not provided</i> £
Capital allowances in advance of depreciation	35,014	-
Other timing difference	(35,014)	(51,455)
	-	(51,455)

#### *Other provisions*

At 12 October 2000

Charge for period

At 31 January 2002

-  
60,000  
60,000

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 claims and costs is £60,000.

### 16. SHARE CAPITAL

	2002 £
Authorised: 5,000,000 ordinary shares of £1 each	5,000,000
Allotted, called up and fully paid: 4,750,002 ordinary shares of £1 each	4,750,002

On 12 October 2000, 2 ordinary shares of £1 each were issued at par. On 31 January 2001, a further 4,750,000 ordinary shares of £1 each were issued at par to enable the acquisition of the business as detailed in note 22.

### 17. PROFIT AND LOSS ACCOUNT

	£
At 12 October 2000	-
Retained loss for the period	(214,120)
At 31 January 2002	(214,120)

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2002

### 18. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2002 £
Shares issued in the period	4,750,002
Loss for the financial period	(214,120)
Opening equity shareholders' funds	-
Closing equity shareholders' funds	<u>4,535,882</u>

### 19. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2002 £
Operating loss	(148,851)
Depreciation	181,583
Amortisation of goodwill	3,552
Increase in stocks	(12,498)
Increase in debtors	(264,990)
Increase in creditors	201,942
Increase in other provisions	60,000
Net cash inflow from operating activities	<u>20,738</u>

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

	2002 £
Decrease in cash in the period	(425,988)
Cash decrease from increase in net debt and lease financing	125,304
Change in net debt arising from cash flows	(300,684)
New finance leases	(705,076)
Movement in the period	(1,005,760)
Net debt at 12 October 2000	-
Net debt at 31 January 2002	<u>(1,005,760)</u>

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 January 2002

### 19. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

#### c) Analysis of changes in net debt

	<i>At 12 October 2000</i>	<i>Cash flows £</i>	<i>Other movements £</i>	<i>At 31 January 2002 £</i>
Cash at bank and in hand	-	41,209	-	41,209
Bank overdraft	-	(467,197)	-	(467,197)
Liquid resources	-	(425,988)	-	(425,988)
Finance leases	-	125,304	(705,076)	(579,772)
	-	(300,684)	(705,076)	(1,005,760)

### 20. OPERATING LEASE COMMITMENTS

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

	<i>2002</i>	
	<i>Land and buildings £</i>	<i>Other £</i>
Operating leases which expire:		
Within one year	-	1,623
In two to five years	27,247	-
Over five years	100,000	3,127
	127,247	4,750

**NOTES TO THE FINANCIAL STATEMENTS**  
for the period ended 31 January 2002

**21. RELATED PARTY TRANSACTIONS**

Significant related party transactions are detailed below.

- 1) As described in note 22, the company acquired the trade and assets of Lightwater Valley Theme Park and Retail Village from Queensborough Holdings plc, of which Mr K R Leech was chairman and a significant shareholder. The consideration was determined on an arm's length basis.
- 2) The company purchased printing services from Twenty Four Seven Colour Limited. Twenty Four Seven Colour Limited is ultimately controlled by TPN Holdings PLC, of which Mr K R Leech, the ultimate controlling party of Lightwater Valley Attractions Limited, is a significant shareholder. The purchases were on normal commercial terms with a value of £42,284. There was no balance outstanding at the year end.
- 3) The company received certain management and accounting services from Heritage Great Britain Plc during the year amounting to £180,000 (on normal commercial terms). There was £35,250 balance outstanding at the year end. Mr R P Bradshaw and Mr K R Leech are both directors of Heritage Great Britain Plc.
- 4) From 1 August 2001, certain classic motor vehicles owned by Mr K R Leech were loaned to this company for future use in its trade. Consideration for the loan of these vehicles is given by virtue of their storage, insurance and maintenance.
- 5) During the year, a finance lease for £68,000 was accepted by Heritage Attractions Limited 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 costs within Heritage Attractions Limited.

Heritage Attractions Limited is a subsidiary of Heritage Great Britain PLC, the relationship between the two companies is explained in paragraph 3 above.

# Lightwater Valley Attractions Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2002

### 22. ACQUISITION OF BUSINESS

On 31 January 2001, the company acquired the trade and assets of Lightwater Valley Theme Park and Retail Village from Queensborough Holdings plc. The consideration was £4,778,126.

Analysis of the acquisition of Lightwater Valley:

	<i>Fair value at acquisition £</i>
Tangible fixed assets	4,750,000
Stocks	28,126
Net assets acquired	4,778,126
Goodwill arising on acquisition	71,044
	4,849,170
Satisfied by:	
Cash	4,778,126
Costs associated with the acquisition	71,044
	4,849,170

The fair adjustment relates to a directors' valuation of fixed assets carried out on 31 January 2001 and is based on a professional valuation performed in November 2001.

### 23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Ball Investments Limited which is registered and incorporated in Jersey. Mr K R Leech owns the entire share capital of Ball Investments Limited and is therefore considered to be the controlling party.