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Cinque Ports Leisure Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2004



Cinque Ports Leisure Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A J Watson
D P Bull

SECRETARY

D P Bull

REGISTERED OFFICE

Coghurst Hall
Ivyhouse Lane
Ore
Hastings
East Sussex
TN35 2NP

AUDITORS

Baker Tilly
Chartered Accountants
International House
Queens Road
Brighton
East Sussex
BN1 3XE

Cinque Ports Leisure Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of the group for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the group is the operation of caravan parks and holiday villages. Certain subsidiaries are engaged in pier and arcade activities and the operation of weighing machines.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year and the financial position at the year end were considered satisfactory by the directors. The directors are confident that the strengthening of the sales team during the year will assist the group to grow in the short to medium term.

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 December 2004	At 1 January 2004
A J Watson	825	825
D P Bull	<u>825</u>	<u>825</u>

No right to subscribe for shares in or debentures of the company or any of its subsidiaries were granted or exercised during the year.

HEALTH AND SAFETY

The group has a structured health and safety policy and provides the relevant financial and human resources to ensure the fulfillment of the policy. Adequate training is provided for those employees directly involved with the implementation of the policy. The directors continue to prioritise health and safety issues across all areas of the group's activities.

DISABLED EMPLOYEES

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

EMPLOYEE INVOLVEMENT

The group's policy is to consult and discuss with employees at meetings, as required, matters likely to affect employees' interests.

Information on matters of concern to employees is provided to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

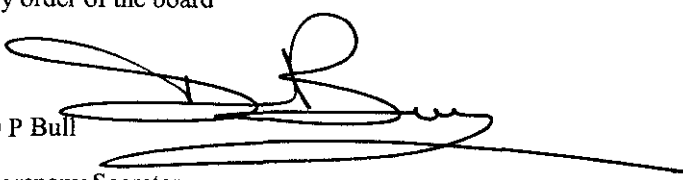
Cinque Ports Leisure Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board


D P Bull

Company Secretary

26 May 2015

Cinque Ports Leisure Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CINQUE PORTS LEISURE LIMITED

We have audited the financial statements on pages 6 to 24.

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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

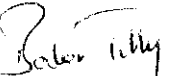
Basis of opinion

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 group'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 and of the group at 31 December 2004 and of the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BAKER TILLY

Registered Auditor
Chartered Accountants
International House
Queens Road
Brighton
East Sussex BN1 3XE

26 May 2005

Cinque Ports Leisure Limited
GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
TURNOVER	1	46,332,458	43,112,564
Cost of sales		23,711,220	22,210,211
Gross profit		22,621,238	20,902,353
Administrative expenses		12,439,913	11,058,999
Other operating income	2	(171,601)	(23,921)
OPERATING PROFIT	3	10,352,926	9,867,275
Profit on disposal of fixed assets		543,714	1,026,800
		10,896,640	10,894,075
Interest receivable		36,552	64,703
		10,933,192	10,958,778
Interest payable and similar charges	6	(2,973,022)	(2,599,780)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,960,170	8,358,998
Taxation	7	2,564,448	2,298,711
RETAINED PROFIT FOR THE FINANCIAL YEAR	24	5,395,722	6,060,287

The operating profit for the year arises from the group's continuing operations.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own profit and loss account.

Cinque Ports Leisure Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2004

	2004 £	2003 £
Profit for the financial year attributable to the shareholders of the parent company	5,395,722	6,060,287
Unrealised surplus on revaluation of certain fixed assets	<u>19,242,817</u>	<u>33,227,952</u>
Total recognised gains and losses since the last financial statements	<u>24,638,539</u>	<u>39,288,239</u>

Cinque Ports Leisure Limited

GROUP BALANCE SHEET

31 December 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Intangible assets	9	1,531,035	1,736,835
Tangible assets	10	123,062,929	102,172,530
		<u>124,593,964</u>	<u>103,909,365</u>
CURRENT ASSETS			
Stocks	12	4,051,093	3,896,890
Debtors	13	17,606,506	6,889,532
Cash at bank and in hand		305,378	1,053,012
		<u>21,962,977</u>	<u>11,839,434</u>
CREDITORS			
Amounts falling due within one year	14	9,882,004	15,824,663
NET CURRENT ASSETS/(LIABILITIES)		<u>12,080,973</u>	<u>(3,985,229)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>136,674,937</u>	<u>99,924,136</u>
CREDITORS			
Amounts falling due after more than one year	15	32,029,691	21,194,266
		<u>104,645,246</u>	<u>78,729,870</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	18	151,827	157,014
		<u>104,493,419</u>	<u>78,572,856</u>
ACCRUALS AND DEFERRED INCOME			
	19	13,530,312	12,248,288
		<u>90,963,107</u>	<u>66,324,568</u>
CAPITAL AND RESERVES			
Called up equity share capital	22	1,650	1,650
Revaluation reserve	23	66,152,343	46,909,526
Profit and loss account	23	24,809,114	19,413,392
SHAREHOLDERS' FUNDS	24	<u>90,963,107</u>	<u>66,324,568</u>

These financial statements were approved by the directors on the 26th May 2005 and are signed on their behalf by:

D P Bull
Director

Cinque Ports Leisure Limited

COMPANY BALANCE SHEET

31 December 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Intangible assets	9	50,000	60,500
Tangible assets	10	113,838,820	93,519,795
Investments	11	6,859,412	6,859,412
		<u>120,748,232</u>	<u>100,439,707</u>
CURRENT ASSETS			
Stocks	12	3,753,887	3,592,946
Debtors	13	17,984,230	7,429,913
Cash at bank and in hand		191,389	963,103
		<u>21,929,506</u>	<u>11,985,962</u>
CREDITORS			
Amounts falling due within one year	14	10,846,665	16,362,259
NET CURRENT ASSETS/(LIABILITIES)		<u>11,082,841</u>	<u>(4,376,297)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>131,831,073</u>	<u>96,063,410</u>
CREDITORS			
Amounts falling due after more than one year	15	32,021,959	21,168,060
		<u>99,809,114</u>	<u>74,895,350</u>
ACCRUALS AND DEFERRED INCOME			
	19	12,844,413	11,579,097
		<u>86,964,701</u>	<u>63,316,253</u>
CAPITAL AND RESERVES			
Called up equity share capital	22	1,650	1,650
Revaluation reserve	23	63,337,202	44,579,976
Profit and loss account	23	23,625,849	18,734,627
SHAREHOLDERS' FUNDS		<u>86,964,701</u>	<u>63,316,253</u>

These financial statements were approved by the directors on the 26 May 2005 and are signed on their behalf by:

D P Bull
Director

Cinque Ports Leisure Limited
GROUP CASH FLOW CASH FLOW STATEMENT
for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
Net cash flow from operating activities	25.a	1,680,342	9,522,876
Returns on investments and servicing of finance	25.b	(2,936,470)	(2,535,077)
Taxation	25.b	(3,427,445)	(2,110,865)
Capital expenditure and financial investment	25.b	(2,200,257)	(1,423,333)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(6,883,830)</u>	<u>3,453,601</u>
Financing	25.b	7,203,959	(6,095,630)
INCREASE/(DECREASE) IN CASH IN THE PERIOD		<u>320,129</u>	<u>(2,642,029)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2004 £	2003 £
Increase/(decrease) in cash in the period		320,129	(2,642,029)
Net cash (inflow)/outflow in respect of bank loans		(7,431,623)	6,319,140
Cash inflow/(outflow) in respect of hire purchase		303,361	(220,408)
Net cash (inflow) from other long-term creditors		(75,697)	(3,102)
CHANGE IN NET DEBT	25.c	<u>(6,883,830)</u>	<u>3,453,601</u>
NET DEBT AT 1 JANUARY 2004	25.c	<u>(29,103,017)</u>	<u>(32,556,618)</u>
NET DEBT AT 31 DECEMBER 2004	25.c	<u>(35,986,847)</u>	<u>(29,103,017)</u>

Cinque Ports Leisure Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced and retail sales during the year, exclusive of Value Added Tax.

GOODWILL

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 10 years straight line
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FIXED ASSETS

All fixed assets are initially recorded at cost.

Freehold and leasehold property are subject to a policy of revaluation and are carried at their current value at the balance sheet date.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold land	- Nil
Leasehold property	- Straight line over the period of the lease
Plant & machinery	- 25% reducing balance
Fixtures & fittings	- 10-15% reducing balance
Motor vehicles	- 25% reducing balance
Caravan hire fleet	- 25% straight line

Freehold property comprises the caravan sites owned by the group and is constituted of two elements, land, which is not depreciated, and buildings. The directors are of the opinion that the buildings element is immaterial, and therefore no depreciation is charged. The directors also consider that the residual value of the property is not materially different from its carrying value and therefore any depreciation charge would be immaterial to the results for the year, and accumulated depreciation immaterial to the carrying value of freehold property.

Cinque Ports Leisure Limited

ACCOUNTING POLICIES

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Stock on consignment from manufacturers or other third party financiers, where the group carries commercially significant risks relating to that stock, are included at the lower of cost and net realisable value. The associated liability is recorded in creditors.

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

VALUATION OF INVESTMENTS

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Cinque Ports Leisure Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

1 TURNOVER

The turnover and profit before tax are attributable to the principal activity of the group.

An analysis of turnover is given below:

	2004	2003
	£	£
United Kingdom	<u>46,332,458</u>	<u>43,112,564</u>

2 OTHER OPERATING INCOME

	2004	2003
	£	£
Rent receivable	24,119	5,000
Other operating income	<u>147,482</u>	<u>18,921</u>
	<u>171,601</u>	<u>23,921</u>

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Amortisation	205,801	207,801
Depreciation of owned fixed assets	872,327	783,207
Depreciation of assets held under hire purchase agreements	247,502	51,280
Surplus on disposal of other assets	—	(993)
Auditors' remuneration		
- as auditors	45,000	32,500
- other services	7,500	7,500
Operating lease costs:		
Land and buildings	168,039	130,133
Plant and equipment	<u>51,243</u>	<u>33,777</u>

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2004	2003
	No	No
Administrative staff	68	81
Caravan site operations	250	227
Directors	2	2
Other staff	<u>31</u>	<u>30</u>
	<u>351</u>	<u>340</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	6,392,892	5,501,265
Social security costs	454,387	465,226
Other pension costs	48,940	66,000
	<u>6,896,219</u>	<u>6,032,491</u>

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

5 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
Emoluments receivable	467,510	634,176
Value of company pension contributions to money purchase schemes	48,940	66,000
	<u>516,450</u>	<u>700,176</u>

Emoluments of highest paid director:

	2004	2003
	£	£
Total emoluments (excluding pension contributions)	200,000	321,843
Value of company pension contributions to money purchase schemes	24,940	42,000
	<u>224,940</u>	<u>363,843</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2004	2003
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Interest payable on bank loans and overdrafts	2,818,689	2,455,528
Finance charges	59,008	36,590
Other similar charges	95,325	107,662
	<u>2,973,022</u>	<u>2,599,780</u>

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004	2003
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2003 -- 30%)	2,428,000	2,278,250
Under provision in prior year	141,635	25,362
Total current tax	<u>2,569,635</u>	<u>2,303,612</u>
Deferred tax:		
Origination and reversal of timing differences (note 18)		
Capital allowances	(5,187)	(4,901)
Tax on profit on ordinary activities	<u>2,564,448</u>	<u>2,298,711</u>

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

7 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before taxation	<u>7,960,170</u>	<u>8,358,998</u>
Profit on ordinary activities multiplied by the standard rate of tax	2,388,051	2,507,699
Expenses not deductible for tax purposes	85,437	80,502
Depreciation in excess of capital allowances	128,794	21,303
Tax on revalued asset disposal	(165,600)	(324,113)
Adjustment in respect of prior period	141,635	25,362
Small companies relief	(10,813)	(8,729)
Rounding adjustments	<u>2,131</u>	<u>1,588</u>
Total current tax (note 7(a))	<u>2,569,635</u>	<u>2,303,612</u>

8 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £4,891,222 (2003 - £5,551,502).

9 INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 January 2004 and 31 December 2004	<u>2,132,263</u>
Amortisation	
At 1 January 2004	395,427
Charge for the year	<u>205,801</u>
At 31 December 2004	<u>601,228</u>
Net book value	
At 31 December 2004	<u>1,531,035</u>
At 31 December 2003	<u>1,736,836</u>

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

9 INTANGIBLE FIXED ASSETS *(continued)*

Company	Goodwill £
Cost	
At 1 January 2004 and 31 December 2004	<u>179,250</u>
Amortisation	
At 1 January 2004	118,750
Charge for the year	<u>10,500</u>
At 31 December 2004	<u>129,250</u>
Net book value	
At 31 December 2004	<u>50,000</u>
At 31 December 2003	<u>60,500</u>

10 TANGIBLE FIXED ASSETS

Group	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Other Assets £	Total £
Cost or valuation						
At 1 Jan 2004	96,189,950	2,500,000	2,706,845	4,384,715	2,133,180	107,914,690
Additions	1,807,835	202	36,009	556,383	456,731	2,857,160
Disposals	—	—	(4,850)	(275)	(102,245)	(107,370)
Revaluation	19,194,164	(202)	—	—	—	19,193,962
At 31 Dec 2004	<u>117,191,949</u>	<u>2,500,000</u>	<u>2,738,004</u>	<u>4,940,823</u>	<u>2,487,666</u>	<u>129,858,442</u>
Depreciation						
At 1 Jan 2004	—	—	1,424,119	2,947,314	1,370,727	5,742,160
Charge for the year	—	48,855	324,609	339,816	406,549	1,119,829
On disposals	—	—	—	—	(17,621)	(17,621)
Revaluation	—	(48,855)	—	—	—	(48,855)
At 31 Dec 2004	<u>—</u>	<u>—</u>	<u>1,748,728</u>	<u>3,287,130</u>	<u>1,759,655</u>	<u>6,795,513</u>
Net book value						
At 31 Dec 2004	<u>117,191,949</u>	<u>2,500,000</u>	<u>989,276</u>	<u>1,653,693</u>	<u>728,011</u>	<u>123,062,929</u>
At 31 Dec 2003	<u>96,189,950</u>	<u>2,500,000</u>	<u>1,282,726</u>	<u>1,437,401</u>	<u>762,453</u>	<u>102,172,530</u>

Hire purchase agreements

Included within the net book value of £123,062,929 is £742,505 (2003 - £259,260) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £247,502 (2003 - £51,280).

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

10 TANGIBLE FIXED ASSETS *(continued)*

Company	Freehold Property £	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Other Assets £	Total £
Cost or valuation						
At 1 Jan 2004	88,750,000	2,500,000	2,706,845	656,360	2,014,863	96,628,068
Additions	1,791,427	202	36,009	329,907	437,611	2,595,156
Disposals	—	—	(4,850)	(276)	(102,245)	(107,371)
Revaluation	18,708,573	(202)	—	—	—	18,708,371
At 31 Dec 2004	<u>109,250,000</u>	<u>2,500,000</u>	<u>2,738,004</u>	<u>985,991</u>	<u>2,350,229</u>	<u>117,824,224</u>
Depreciation						
At 1 Jan 2004	—	—	1,424,119	380,861	1,303,293	3,108,273
Charge for the year	—	48,855	324,609	179,900	390,243	943,607
On disposals	—	—	—	—	(17,621)	(17,621)
Revaluation	—	(48,855)	—	—	—	(48,855)
At 31 Dec 2004	<u>—</u>	<u>—</u>	<u>1,748,728</u>	<u>560,761</u>	<u>1,675,915</u>	<u>3,985,404</u>
Net book value						
At 31 Dec 2004	<u>109,250,000</u>	<u>2,500,000</u>	<u>989,276</u>	<u>425,230</u>	<u>674,314</u>	<u>113,838,820</u>
At 31 Dec 2003	<u>88,750,000</u>	<u>2,500,000</u>	<u>1,282,726</u>	<u>275,499</u>	<u>711,570</u>	<u>93,519,795</u>

Hire purchase agreements

Included within the net book value of £113,838,820 is £682,310 (2003 - £179,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £227,437 (2003 - £41,775).

Comparable historical costs for land and buildings included at a valuation are as follows:

	Group	Company
Historical cost		
At 1 January 2004	51,237,125	46,163,310
Additions	1,806,038	1,791,629
At 31 December 2004	<u>53,043,163</u>	<u>47,954,939</u>
Depreciation on historical cost		
At 1 January 2004	162,448	162,448
At 31 December 2004	<u>162,448</u>	<u>162,448</u>
Historical cost net book value		
At 31 December 2004	<u>52,880,715</u>	<u>47,792,491</u>
At 31 December 2003	<u>51,074,677</u>	<u>46,000,862</u>

The properties were valued on 25 January 2005 by Sanderson Weatherall, Chartered Surveyors, on the basis of open market value as defined in PS3 of the RICS Appraisal and Valuation Standards. The directors consider that there would have been no significant movement in value between the year end and the date of valuation.

During the year a number of small parcels of land adjacent to existing caravan parks were sold to the directors at a valuation of £552,000. There is no separable original cost or valuation, but in the opinion of the directors this was negligible and therefore the attributable profit in the profit and loss account is £552,000.

Cinque Ports Leisure Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

11 INVESTMENTS

Company	Group companies
	£
Cost	
At 1 January 2004 and 31 December 2004	<u>6,859,412</u>
Net book value	
At 31 December 2004	<u>6,859,412</u>
At 31 December 2003	<u>6,859,412</u>

The company has a 100% interest in the ordinary share capital of the following companies, all of which are registered in England and Wales:

Held directly:

Absper (Developments) Limited
Coghurst Hall Holiday Village Limited
Frenchmans Beach Holiday Village Limited
Harts Holiday Village Limited
Marlie Farm Holiday Village Limited
Cinque Ports Leisure Homes Limited
Harts Holiday Camps Limited
Evengain Limited

Held indirectly:

Sotuta Limited
The New Walton Pier Company Limited
WSG Operating Company Limited

All the directly controlled subsidiaries of the company were dormant throughout the year with the exception of Evengain Limited whose principal activity is that of a holding company for a group involved in caravan parks (Sotuta Limited), pier and arcade activities (The New Walton Pier Company Limited) and weighing machines (WSG Operating Company Limited).

12 STOCKS

	2004	Group 2003	2004	Company 2003
	£	£	£	£
Caravan consignment stock (see note 14)	1,337,404	1,492,102	1,241,131	1,368,435
Caravan and other stocks	<u>2,713,689</u>	<u>2,404,788</u>	<u>2,512,756</u>	<u>2,224,511</u>
	<u>4,051,093</u>	<u>3,896,890</u>	<u>3,753,887</u>	<u>3,592,946</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

13 DEBTORS

	2004	Group 2003	2004	Company 2003
	£	£	£	£
Trade debtors	5,610,624	5,634,731	5,237,907	5,331,224
Amounts owed by group undertakings	—	—	878,303	937,566
Other debtors	240,112	85,539	170,504	87,766
Directors' current accounts	10,613,182	—	10,613,182	—
Deferred tax (Note 18)	—	—	74,008	71,851
Prepayments and accrued income	1,142,588	1,169,262	1,010,326	1,001,506
	<u>17,606,506</u>	<u>6,889,532</u>	<u>17,984,230</u>	<u>7,429,913</u>

All amounts shown under debtors fall due for payment within one year.

The balances due from D P Bull and A J Watson (the directors) respectively, were £5,329,329 and £5,283,853. The maximum amounts outstanding during the year were the year end balances.

14 CREDITORS amounts falling due within one year

	2004	Group 2003	2004	Company 2003
	£	£	£	£
Bank loans and overdrafts	3,755,543	8,666,999	3,755,543	8,177,794
Payments received on account	148,176	352,788	148,176	352,788
Trade creditors	2,393,274	2,469,287	2,265,144	2,411,296
Amounts owed to group undertakings	—	—	1,491,373	1,468,831
Hire purchase agreements	506,991	294,764	475,638	269,613
Directors' loan accounts	—	242,108	—	242,108
Corporation tax	1,343,146	2,200,956	1,045,646	1,923,706
PAYE and social security	223,255	133,507	195,375	117,630
VAT	1,332,841	1,421,861	1,310,080	1,322,572
Other creditors	178,778	42,393	159,690	75,921
	<u>9,882,004</u>	<u>15,824,663</u>	<u>10,846,665</u>	<u>16,362,259</u>

The bank loans (above and Note 15) are held with the Royal Bank of Scotland Plc and National Westminster Bank Plc and are secured by fixed and floating charges over the assets of the group.

The interest rates on fixed interest loans range between 8.43% and 10.625%. The interest on variable interest loans ranges between 1.625% and 3.5% above Libor.

In addition to the above, Capital Bank plc, who supply caravans to the company on consignment, hold a fixed and floating charge over the assets of the company, ranking below the Royal Bank of Scotland Plc and National Westminster Bank Plc. At the year end £1,281,445 (2003: £937,166) was owed to Capital Bank plc for caravan consignment stock.

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

15 CREDITORS amounts falling due after more than one year

	2004	Group 2003	2004	Company 2003
	£	£	£	£
Bank loans and overdrafts	31,296,513	20,596,637	31,296,513	20,596,637
Hire purchase agreements	240,473	180,621	232,741	154,415
Other creditors	492,705	417,008	492,705	417,008
	<u>32,029,691</u>	<u>21,194,266</u>	<u>32,021,959</u>	<u>21,168,060</u>

Disclosed as other creditors above is the amount due from the Cinque Ports Retirement Scheme, see note 21 for further details.

16 ANALYSIS OF DEBT MATURITY

	2004	Group 2003	2004	Company 2003
	£	£	£	£
Bank loans and overdrafts are repayable:				
In one year or less or on demand	3,755,543	8,666,999	3,755,543	8,177,794
In more than one year but not more than two years	3,619,227	3,884,806	3,619,227	3,884,806
In more than two years but not more than five years	10,857,681	10,366,883	10,857,681	10,366,883
In more than five years	16,819,605	6,344,498	16,819,605	6,344,498
	<u>35,052,056</u>	<u>29,263,186</u>	<u>35,052,056</u>	<u>28,773,981</u>

17 OBLIGATIONS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2004	Group 2003	2004	Company 2003
	£	£	£	£
Amounts payable within 1 year	506,991	294,764	475,638	269,613
Amounts payable between 1 and 2 years	203,189	166,142	197,483	139,936
Amounts payable between 3 and 5 years	37,284	14,479	35,258	14,479
	<u>747,464</u>	<u>475,385</u>	<u>708,379</u>	<u>424,028</u>

18 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group 2004	2003	Company 2004	2003
	£	£	£	£
Provision/(asset) brought forward	157,014	161,915	(71,851)	(93,197)
Transfer (to)/from profit and loss account	(5,187)	(4,901)	(2,157)	21,346
Provision/(asset) carried forward	<u>151,827</u>	<u>157,014</u>	<u>(74,008)</u>	<u>(71,851)</u>

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

18 DEFERRED TAXATION *(continued)*

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>151,827</u>	<u>157,014</u>	<u>(74,008)</u>	<u>(71,851)</u>

If provision were to be made for deferred taxation on the basis of the full potential liability, the tax charge for the year would increase by £19,124,155 (2003: £13,351,310).

The potential liability above relates to estimated tax payable if the freehold and leasehold properties were sold at the values shown in the financial statements. The company has no plans to sell any of the properties in the foreseeable future. If any of the properties were sold it is probable that rollover relief would be available. On this basis it is unlikely that such a liability will arise in the foreseeable future.

19 ACCRUALS AND DEFERRED INCOME

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Falling due within one year:				
Accruals and deferred income	<u>13,530,312</u>	<u>12,248,288</u>	<u>12,844,413</u>	<u>11,579,097</u>

20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2004 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings	
	2004	2003
	£	£
Operating leases which expire:		
Within 1 year	-	13,250
After more than 5 years	<u>154,314</u>	<u>131,384</u>
	<u>154,314</u>	<u>144,634</u>

21 RELATED PARTY TRANSACTIONS

The group is under the control of the directors, A J Watson and D P Bull, who between them, own all of the share capital.

During the year the group paid rent of £37,500 (2003 - £13,250) and interest of £17,102 (2003 - £27,895) to the Cinque Ports Retirement Scheme, a scheme set up for the benefit of the directors. At the balance sheet date, the group owed £492,705 (2003 - £457,051) to the scheme.

During the year the group paid interest of £nil (2003 - £62,061) to P Bull, a director, in respect of the director's loan.

During the year small parcels of land were sold to the directors at a valuation of £552,000. The directors each have a 50% interest in the land.

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

22 SHARE CAPITAL

	2004 £	2003 £
Authorised:		
12,000 Ordinary shares of £1 each	12,000	12,000
400 Preference shares of £1 each	400	400
25,000 Redeemable preference shares of £1 each	25,000	25,000
	<u>37,400</u>	<u>37,400</u>
	2004 £	2003 £
Allotted, called up and fully paid:		
1,650 Ordinary shares of £1 each	<u>1,650</u>	<u>1,650</u>

23 RESERVES

Group	Revaluation reserve £	Profit and loss account £
Balance brought forward	46,909,526	19,413,392
Retained profit for the year	—	5,395,722
Revaluation of fixed assets	19,242,817	—
Balance carried forward	<u>66,152,343</u>	<u>24,809,114</u>
Company	Revaluation reserve £	Profit and loss account £
Balance brought forward	44,579,976	18,734,627
Retained profit for the year	—	4,891,222
Revaluation of fixed assets	18,757,226	—
Balance carried forward	<u>63,337,202</u>	<u>23,625,849</u>

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	5,395,722	6,060,287
Other net recognised gains and losses	19,242,817	33,227,952
Net addition to shareholders' equity funds	24,638,539	39,288,239
Opening shareholders' equity funds	66,324,568	27,036,329
Closing shareholders' equity funds	<u>90,963,107</u>	<u>66,324,568</u>

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2004

25 CASH FLOWS

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

	2004	2003
	£	£
Operating profit	10,352,926	9,867,275
Amortisation	205,801	207,801
Depreciation	1,119,829	834,487
Surplus on disposal of other assets	—	(993)
Increase in stocks	(154,203)	(440,398)
Increase in debtors	(10,164,974)	(1,496,241)
Increase in creditors	320,963	550,945
Net cash inflow from operating activities	<u>1,680,342</u>	<u>9,522,876</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2004	2003
	£	£
Interest received	36,552	64,703
Interest and other similar charges paid	(2,914,014)	(2,563,190)
Interest element of hire purchase	(59,008)	(36,590)
Net cash outflow from returns on investments and servicing of finance	<u>(2,936,470)</u>	<u>(2,535,077)</u>

Taxation

	2004	2003
	£	£
Taxation	<u>(3,427,445)</u>	<u>(2,110,865)</u>

Capital expenditure

	2004	2003
	£	£
Payments to acquire tangible fixed assets	(2,281,720)	(5,427,812)
Receipts from sale of fixed assets	81,463	4,004,479
Net cash outflow from capital expenditure	<u>(2,200,257)</u>	<u>(1,423,333)</u>

Financing

	2004	2003
	£	£
Repayment of bank loans (net)	7,431,623	(6,319,140)
Capital element of hire purchase (net)	(303,361)	220,408
Net inflow from other long-term creditors	75,697	3,102
Net cash inflow/(outflow) from financing	<u>7,203,959</u>	<u>(6,095,630)</u>

Cinque Ports Leisure Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2004

25 CASH FLOWS *(continued)*

c Analysis of net debt

	At 1 Jan 2004	Cash flows	At 31 Dec 2004
	£	£	£
Cash in hand and at bank	1,053,012	(747,634)	305,378
Overdrafts	(1,779,519)	1,643,203	(136,316)
	<u>(726,507)</u>	<u>895,569</u>	<u>169,062</u>
Debt due within 1 year	(6,887,480)	3,268,253	(3,619,227)
Debt due after 1 year	(21,013,645)	(10,775,573)	(31,789,218)
Hire purchase agreements	(475,385)	(272,079)	(747,464)
	<u>(28,376,510)</u>	<u>(7,779,399)</u>	<u>(36,155,909)</u>
Total	<u>(29,103,017)</u>	<u>(6,883,830)</u>	<u>(35,986,847)</u>

d Major non-cash transactions

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £575,440.

The consideration for the purchases of land by the directors referred to in note 10 was settled by way of a charge to their respective current accounts.