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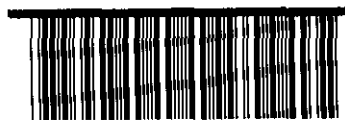
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Cinque Ports Leisure Limited

FINANCIAL STATEMENTS

for the period ended

31 December 2002



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Company Registration No. 2432151

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 period from 1 May 2002 to 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity is the operation of caravan parks and holiday villages.

REVIEW OF THE BUSINESS

The results for the year and the financial position at the year end were considered satisfactory by the directors, who expect continued growth in the foreseeable future.

FUTURE DEVELOPMENTS

The directors are pursuing a strategy of growth by acquisition as can be seen by acquisitions made in the year.

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

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

	Ordinary Shares of £1 each	
	31 Dec 2002	1 May 2002
A J Watson	825	825
D P Bull	825	825

HEALTH AND SAFETY

The group has a structured health and safety policy and provides the relevant financial and human resources to ensure the fulfilment 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.

Cinque Ports Leisure Limited

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

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

Information of 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.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts

AUDITORS

Our auditors, BDO Stoy Hayward, Brighton office merged with Baker Tilly with effect from 31 March 2003 and have signed their audit report in their new name. A resolution to reappoint Baker Tilly as auditors to the group will be proposed at the Annual General Meeting.

On behalf of the board

A J Watson

Director

.....

19 September 2003

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 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 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 requirements of 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 CINQUE PORTS LEISURE LIMITED

We have audited the financial statements on pages 6 to 28.

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

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 and other members of the group 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 company's and 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 the group and the company's affairs at 31 December 2002 and of the group's profit for the period 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

Date: 19 September 2003

Cinque Ports Leisure Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period from 1 May 2002 to 31 December 2002

		31 Dec 2002	Year to 30 Apr 2002
	Notes	£	£
TURNOVER	1		
Continuing operations		25,371,793	27,330,645
Acquisitions		1,834,120	-
		<u>27,205,913</u>	<u>27,330,645</u>
Cost of sales		14,730,120	13,845,641
		<u>12,475,793</u>	<u>13,485,004</u>
Gross profit			
Net operating expenses	2	5,465,906	6,935,034
		<u>6,791,063</u>	<u>6,549,970</u>
OPERATING PROFIT			
Continuing operations		6,791,063	6,549,970
Acquisitions		218,824	140,272
		<u>7,009,887</u>	<u>6,549,970</u>
Profit on sale of property	3	-	1,894,648
Interest receivable		58,451	71,404
Interest payable and similar charges	6	(1,615,518)	(2,423,876)
		<u>5,452,820</u>	<u>6,092,146</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Taxation	7	1,511,710	1,297,684
		<u>3,941,110</u>	<u>4,794,462</u>
RETAINED PROFIT FOR THE FINANCIAL PERIOD			

The operating profit for the period 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.

There are no movements in shareholders' funds in the current period and prior year apart from the profit for the period.

Cinque Ports Leisure Limited

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period from 1 May 2002 to 31 December 2002

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Profit for the financial period	3,941,110	4,794,462
Unrealised surplus on revaluation of tangible fixed assets	—	4,709,359
Total recognised gains and losses relating to the period	<u>3,941,110</u>	<u>9,503,821</u>

Cinque Ports Leisure Limited

GROUP BALANCE SHEET

31 December 2002

	Notes	31 Dec 2002 £	30 Apr 2002 £
FIXED ASSETS			
Intangible assets	9	2,024,554	144,000
Tangible assets	10	67,238,021	60,652,942
Investments	11	-	100
		<u>69,272,595</u>	<u>60,797,042</u>
CURRENT ASSETS			
Stocks	12	3,456,492	3,292,013
Debtors	13	5,393,292	2,025,867
Cash at bank and in hand		1,915,522	954,067
		<u>10,765,306</u>	<u>6,271,947</u>
CREDITORS			
Amounts falling due within one year	14	16,416,669	12,432,275
NET CURRENT LIABILITIES		<u>(5,651,363)</u>	<u>(6,160,328)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		63,621,232	54,636,714
Creditors: amounts falling due after more than one year	15	26,101,660	24,690,162
Provisions for liabilities and charges	17	161,915	-
Accruals and deferred income		10,321,308	6,851,313
NET ASSETS		<u>27,036,349</u>	<u>23,095,239</u>
CAPITAL AND RESERVES			
Called up equity share capital	18	1,650	1,650
Revaluation reserve	19	14,379,022	14,379,022
Profit and loss account	19	12,655,677	8,714,567
EQUITY SHAREHOLDERS' FUNDS	20	<u>27,036,349</u>	<u>23,095,239</u>

These financial statements were approved by the Board on 19 September 2003

A J Watson
Director

D P Bull
Director

Cinque Ports Leisure Limited
GROUP CASH FLOW STATEMENT
for the period from 1 May 2002 to 31 December 2002

	<i>Notes</i>	31 Dec 2002 £	30 Apr 2002 £
Net cash flow from operating activities	21	9,543,504	8,777,091
Returns on investments and servicing of finance	21	(1,556,967)	(2,352,473)
Taxation paid		(2,526,014)	(669,140)
Capital expenditure and financial investment	21	(1,057,307)	(3,884,888)
		4,403,216	1,870,590
Acquisition of shares in group undertakings	25	(6,859,212)	—
NET CASH OUTFLOW BEFORE FINANCING		(2,455,996)	(1,870,590)
Financing	21	3,417,451	(3,918,851)
INCREASE/(DECREASE) IN CASH IN THE PERIOD		961,455	(2,048,261)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		31 Dec 2002 £	30 Apr 2002 £
Increase/(decrease) in cash in the period		961,455	(2,048,262)
Net cash outflow from bank loans		(3,023,194)	3,889,063
Cash outflow in respect of hire purchase		(168,878)	29,788
Net cash outflow from other long-term creditors		(225,379)	12,003
CHANGE IN NET DEBT	21	(2,455,996)	1,882,592
NET DEBT AT 1 MAY 2002	21	(30,300,622)	(32,183,214)
NET DEBT AT 31 DECEMBER 2002	21	(32,756,618)	(30,300,622)

Cinque Ports Leisure Limited

COMPANY BALANCE SHEET

31 December 2002

	Notes	31 Dec 2002 £	30 Apr 2002 £
FIXED ASSETS			
Intangible assets	9	126,333	144,000
Tangible assets	10	61,089,142	60,652,942
Investments	11	6,859,412	200
		<u>68,074,887</u>	<u>60,797,142</u>
CURRENT ASSETS			
Stocks	12	3,168,794	3,292,013
Debtors	13	6,143,890	2,024,327
Cash at bank and in hand		1,338,385	950,596
		<u>10,651,069</u>	<u>6,266,936</u>
CREDITORS			
Amounts falling due within one year	14	15,833,337	12,431,363
NET CURRENT LIABILITIES		<u>(5,182,268)</u>	<u>(6,164,427)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		62,892,619	54,632,715
Creditors: amounts falling due after more than one year	15	26,046,174	24,690,163
Accruals and deferred income		9,980,095	6,847,313
NET ASSETS		<u>26,866,350</u>	<u>23,095,239</u>
CAPITAL AND RESERVES			
Called up equity share capital	18	1,650	1,650
Revaluation reserve	19	14,379,022	14,379,022
Profit and loss account	19	12,485,678	8,714,567
EQUITY SHAREHOLDERS' FUNDS	20	<u>26,866,350</u>	<u>23,095,239</u>

These financial statements were approved by the Board on 19 September 2003

A J Watson
Director

D P Bull
Director

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 results of Cinque Ports Leisure Limited and all of its subsidiary undertakings as at 31 December 2002. Inter-company sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

TURNOVER

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

GOODWILL

Purchased goodwill and goodwill arising on consolidation, being the excess of the purchase consideration over the fair value of the assets acquired, is capitalised and amortised over ten years, its useful economic life.

Impairment of purchased goodwill is reviewed on an annual basis with reference to expected future profits and cash flows.

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:

Leasehold property	-	Straight line over the length of the lease
Plant & machinery	-	25% reducing balance
Fixtures & fittings	-	10-15% reducing balance
Motor vehicles	-	25% reducing balance
Hire fleet	-	25% straight line

No depreciation is provided on freehold buildings as, in the opinion of the directors, such depreciation would not be material as the net residual value of the buildings at the end of their useful economic life is at least equal to the values shown in these financial statements, taking into account planned levels of continued maintenance and refurbishment.

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 cost. 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.

Cinque Ports Leisure Limited

ACCOUNTING POLICIES

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 company's taxable profits and its results as stated 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 period from 1 May 2002 to 31 December 2002

1 TURNOVER

The turnover and profit before tax are attributable to the principal activities of the group and arises solely within the United Kingdom.

2 ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	Continuing Operations	Acquired Operations	31 Dec 2002 Total	30 Apr 2002 Total
	£	£	£	£
Cost of sales	14,248,917	481,203	14,730,120	13,845,004
Administrative expenses	4,660,967	876,492	5,537,459	6,935,034
Other operating income	(71,553)	-	(71,553)	-
Net operating expenses	4,589,414	876,492	5,465,906	6,935,034

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Amortisation of goodwill	99,043	26,500
Depreciation of tangible fixed assets	663,762	819,706
Profit on disposal of fixed assets	(127,858)	(71,634)
Auditors' remuneration:		
- audit services	35,175	20,500
- other services	-	19,558
Operating lease costs:		
- land and buildings	58,808	138,037
- plant and machinery	8,997	17,936

4 PARTICULARS OF EMPLOYEES

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

	31 Dec 2002	Year to 30 Apr 2002
	No	No
Administrative staff	76	60
Caravan site operations	223	238
Other staff	35	-
Directors	2	2
	336	300

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period from 1 May 2002 to 31 December 2002

4 PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Wages and salaries	2,388,380	2,880,539
Social security costs	256,808	253,255
Other pension costs	16,000	46,000
	<u>2,661,188</u>	<u>3,179,794</u>

5 DIRECTORS' EMOLUMENTS

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

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Emoluments receivable	253,141	352,166
Value of company pension contributions to money purchase schemes	16,000	46,000
	<u>269,141</u>	<u>398,166</u>

Emoluments of highest paid director:

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Total emoluments (excluding pension contributions):	126,571	176,083
Value of company pension contributions to money purchase schemes	16,000	24,000
	<u>142,571</u>	<u>200,083</u>

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

	31 Dec 2002	Year to 30 Apr 2002
	No	No
Money purchase schemes	<u>1</u>	<u>2</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Interest payable on bank loans and overdrafts	1,573,682	2,361,309
Finance charges	5,167	30,918
Other similar charges	36,669	31,649
	<u>1,615,518</u>	<u>2,423,876</u>

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period from 1 May 2002 to 31 December 2002

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	31 Dec 2002 £	Year to 30 Apr 2002 £
Current tax:		
In respect of the period:		
UK Corporation tax based on the results for the period at 30% (Apr 2002 - 30%)	1,604,907	1,271,909
Under provision in prior year	—	25,775
Total current tax	<u>1,604,907</u>	<u>1,297,684</u>
Deferred tax:		
Origination and reversal of timing differences	(93,197)	—
Tax on profit on ordinary activities	<u>1,511,710</u>	<u>1,297,684</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (Apr 2002 - 30%).

	31 Dec 2002 £	Year to 30 Apr 2002 £
Profit on ordinary activities before taxation	<u>5,452,820</u>	<u>6,092,146</u>
Profit on ordinary activities by the standard rate of tax	1,635,846	1,827,644
Expenses not deductible for tax purposes	30,371	144
Capital allowances for period in excess of depreciation	(20,099)	27,651
Utilisation of tax losses	(43,529)	—
Adjustments to tax charge in respect of previous periods	—	25,775
Tax rate differences at company level	(1,503)	—
Other tax adjustments	—	(583,530)
Rounding adjustments	3,821	—
Total current tax (note 7(a))	<u>1,604,907</u>	<u>1,297,684</u>

(c) Factors that may affect future tax charges

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 £3,122,714.

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 based on the company's acquisition programme. On this basis it is unlikely that such a liability will arise in the foreseeable future.

Cinque Ports Leisure Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from 1 May 2002 to 31 December 2002

8 PROFIT FOR THE FINANCIAL PERIOD

The company has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the period includes a profit after tax of £3,771,111 (Apr 2002 - £4,000,178) which is dealt with in the financial statements of the company.

9 INTANGIBLE FIXED ASSETS

Group

	Purchased goodwill £	Goodwill on consolidation £	Total £
Cost			
At 1 May 2002	279,250	-	279,250
On acquisition	-	1,953,013	1,953,013
At 31 Dec 2002	279,250	1,953,013	2,232,263
Amortisation			
At 1 May 2002	135,250	-	135,250
Charge for the period	17,667	81,376	99,043
At 31 Dec 2002	152,917	81,376	234,293
Net book value			
At 31 Dec 2002	126,333	1,871,637	2,024,554
At 30 Apr 2002	144,000	-	144,000

Company

	Goodwill £
Cost	
At 1 May 2002 and 31 Dec 2002	279,250
Amortisation	
At 1 May 2002	135,250
Charge for the period	17,667
At 31 Dec 2002	152,917
Net book value	
At 31 Dec 2002	126,333
At 30 Apr 2002	144,000

Cinque Ports Leisure Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from 1 May 2002 to 31 December 2002

10 TANGIBLE FIXED ASSETS

Group

	Freehold property £	Leasehold property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Hire fleet £	Total £
Cost or valuation							
At 1 May 2002	56,990,000	1,564,721	2,127,716	537,206	255,192	1,524,268	62,999,103
On acquisition	4,925,648	-	-	3,595,483	111,768	-	8,632,899
Additions	627,471	-	183,510	155,691	64,980	145,707	1,177,359
Disposals	-	-	-	(161,600)	-	-	(161,600)
At 31 Dec 2002	62,543,119	1,564,721	2,311,226	4,126,780	431,940	1,669,975	72,647,761
Depreciation							
At 1 May 2002	-	64,721	867,241	350,675	134,814	928,709	2,346,160
On acquisition	-	9,916	-	2,365,219	54,683	-	2,429,818
Charge for the period	-	40,489	240,387	98,465	39,219	245,202	663,762
Disposals	-	-	-	(30,000)	-	-	(30,000)
At 31 Dec 2002	-	115,126	1,107,628	2,784,359	228,716	1,173,911	5,409,740
Net book value							
At 31 Dec 2002	62,543,119	1,449,595	1,203,598	1,342,421	203,224	496,064	67,238,201
At 30 Apr 2002	56,990,000	1,500,000	1,260,475	186,531	120,378	595,559	60,652,942

Company

	Freehold property £	Leasehold property £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Hire fleet £	Total £
Cost or valuation							
At 1 May 2002	56,990,000	1,564,721	2,127,716	537,206	255,192	1,524,268	62,999,103
Additions	619,971	-	183,510	19,989	52,595	145,707	1,021,772
At 31 Dec 2002	57,609,971	1,564,721	2,311,226	557,195	307,787	1,669,975	64,020,875
Depreciation							
At 1 May 2002	-	64,721	867,242	350,676	134,813	928,709	2,346,161
Charge for the period	-	50,405	240,387	21,318	28,260	245,202	585,572
At 31 Dec 2002	-	115,126	1,107,629	371,994	163,073	1,173,911	2,931,733
Net book value							
At 31 Dec 2002	58,350,276	1,449,595	1,203,597	185,201	144,714	496,064	61,089,142
At 30 Apr 2002	56,990,000	1,500,000	1,260,474	186,530	120,379	595,559	60,652,942

The last valuation of the company's freehold and leasehold land and buildings was carried out on 30 April 2002 by Fleury Manico and Weatherall, Green and Smith, professional external valuers at an open market value. The valuation of properties purchased as part of the acquisition in the period was performed on the same basis, also by Weatherall, Green and Smith on 31 May 2002. The directors have not updated the valuation because they are not aware of any material change in value.

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period from 1 May 2002 to 31 December 2002

10 TANGIBLE FIXED ASSETS (*continued*)

Comparable historical cost for the land and buildings included at valuation as follows:

	Group £	Company £
Historical cost		
At 1 May 2002	44,175,699	44,175,699
On acquisition	4,925,648	-
Additions	627,471	619,971
At 31 Dec 2002	49,728,818	44,795,670
Depreciation on historic cost		
At 1 May 2002	64,721	64,721
Charge for the period	50,405	50,405
At 31 Dec 2002	115,126	115,126
Net book value		
At 31 Dec 2002	49,613,692	44,680,544
At 30 Apr 2002	44,110,978	44,110,978

Hire purchase agreements

The figures stated above include plant and machinery held under finance leases and hire purchase contracts as follows:

	Group £	Company £
Net book value		
At 31 Dec 2002	207,514	125,834
At 30 Apr 2002	114,000	114,000
Depreciation	34,737	27,500

Cinque Ports Leisure Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from 1 May 2002 to 31 December 2002

11 INVESTMENTS

	Group £	Company £
Cost or valuation		
At 1 May 2002	100	200
Adjustments	(100)	-
Additions	-	6,859,212
At 31 Dec 2002	-	6,859,412
Net book value		
At 31 Dec 2002	-	6,859,412
At 30 Apr 2002	100	200

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 period with the exception of Evengain Limited which was acquired in July 2002 and whose principal activity is that of a holding company for a group involved in the operation of caravan parks (Sotuta Limited), pier and arcade activities (The New Walton Pier Company Limited) and weighing machines (WSG Operating Company Limited).

Cinque Ports Leisure Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period from 1 May 2002 to 31 December 2002

11 INVESTMENTS (continued)

Unless otherwise stated, the following figures have been extract from audited financial statements for the period ended 31 December 2002;

		Aggregate share capital and reserves	
		31 Dec 2002 £	30 Apr 2002 £
SUBSIDIARY UNDERTAKINGS			
Absper (Developments) Limited		100	100
Coghurst Hall Holiday Village Limited		1,000	1,000
Frenchmans Beach Holiday Village Limited		1,000	1,000
Hart Holiday Village Limited		1,000	1,000
Marlie Farm Holiday Village Limited		1,000	1,000
Cinque Ports Leisure Homes Limited		100	100
Harts Holiday Camp Limited		2	2
Evengain Limited	*	197,891	233,445
Sotuta Limited	*	4,677,794	333,517
The New Walton Pier Company Limited	*	463,517	383,220
WSG Operating Company Limited	*	443,152	376,763

		Profit/(loss) for the period	
		31 Dec 2002 £	30 Apr 2002 £
SUBSIDIARY UNDERTAKINGS			
Absper (Developments) Limited		-	2,063,368
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	*	187,781	1,233,209
Sotuta Limited	*	151,434	54,813
The New Walton Pier Company Limited	*	80,297	252,410
WSG Operating Company Limited*	*	66,389	(18,760)

* the previous audited financial statements related to the year ended 31 January 2002.

Cinque Ports Leisure Limited
NOTES TO THE FINANCIAL STATEMENTS
for the period from 1 May 2002 to 31 December 2002

12 STOCKS

	Group		Company	
	31 Dec	30 Apr	31 Dec	30 Apr
	2002	2002	2002	2002
	£	£	£	£
Consignment stock	674,896	-	674,896	-
Caravan and other stocks	2,781,596	3,292,013	2,493,898	3,292,013
	<u>3,456,492</u>	<u>3,292,013</u>	<u>3,168,794</u>	<u>3,292,013</u>

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

13 DEBTORS

	Group		Company	
	31 Dec	30 Apr	31 Dec	30 Apr
	2002	2002	2002	2002
	£	£	£	£
Trade debtors	4,861,394	1,240,119	4,846,682	1,240,119
Amounts owed by group undertakings	-	-	897,049	-
Deferred tax asset	-	-	93,197	-
Other debtors	231,293	39,124	6,357	37,583
Prepayments and accrued income	300,605	746,625	300,605	746,625
	<u>5,393,292</u>	<u>2,025,867</u>	<u>6,143,890</u>	<u>2,024,327</u>

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

Cinque Ports Leisure Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT for the period from 1 May 2002 to 31 December 2002

14 CREDITORS: Amounts falling due within one year

	Group		Company	
	31 Dec 2002	30 Apr 2002	31 Dec 2002	30 Apr 2002
	£	£	£	£
Bank loans and overdrafts (secured)	8,209,856	6,517,271	8,156,768	6,517,271
Payments received on account	683,083	128,369	683,083	128,369
Trade creditors	2,838,567	3,325,075	2,580,077	3,308,877
Amounts owed to group undertakings	-	-	4,102	85,892
Corporation tax	2,008,209	1,324,409	1,921,909	1,289,798
PAYE and social security	417,667	398,042	381,985	398,042
VAT	880,435	294,672	863,475	294,597
Hire purchase agreements	160,624	47,256	44,681	47,256
Other creditors	218,268	43,922	197,297	8,002
Other loans	200,000	-	200,000	-
Directors current accounts	799,960	353,259	799,960	353,259
	<u>16,416,669</u>	<u>12,432,275</u>	<u>15,833,337</u>	<u>12,431,363</u>

The bank loans (above and Note 15) are held with the Royal Bank of Scotland, Bank of Scotland 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 the Libor rate.

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, Bank of Scotland and National Westminster Bank plc. At the period end £674,896 (Apr 2002 - £Nil) was owed to Capital Bank plc for consignment stock.

15 CREDITORS: amounts falling due after more than one year

	Group		Company	
	31 Dec 2002	30 Apr 2002	31 Dec 2002	30 Apr 2002
	£	£	£	£
Bank loans and overdrafts (secured)	25,593,401	24,262,792	25,593,401	24,262,792
Hire purchase agreements	94,353	38,843	38,867	38,843
Other creditors	413,906	388,527	413,906	388,529
	<u>26,101,660</u>	<u>24,690,162</u>	<u>26,046,174</u>	<u>24,690,164</u>

Cinque Ports Leisure Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT for the period from 1 May 2002 to 31 December 2002

16 MATURITY OF BANK LOANS

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	31 Dec	30 Apr	31 Dec	30 Apr
	2002	2002	2002	2002
	£	£	£	£
Amounts repayable:				
In one year or less or on demand	8,209,856	6,517,271	8,156,766	6,517,271
In more than one year but not more than two years	4,793,167	5,685,165	4,793,167	5,685,165
In more than two years but not more than five years	10,760,128	9,659,824	10,760,128	9,659,824
In more than five years	10,040,106	8,917,803	10,040,106	8,917,803
	33,803,257	30,780,063	33,750,167	30,780,063

17 DEFERRED TAXATION

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

	Group		Company	
	31 Dec	30 Apr	31 Dec	30 Apr
	2002	2002	2002	2002
	£	£	£	£
On acquisition of subsidiaries	307,303	-	-	-
Decrease in provision	(145,388)	-	(93,197)	-
Provision/ (asset) carried forward	161,915	-	(93,197)	-

	Group		Company	
	31 Dec	30 Apr	31 Dec	30 Apr
	2002	2002	2002	2002
	£	£	£	£
Accelerated capital allowances	161,915	-	-	-
Depreciation in excess of capital allowances	-	-	(93,197)	-

18 SHARE CAPITAL

	31 Dec	30 Apr
	2002	2002
	£	£
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
	37,400	37,400
Allotted, called up and fully paid:		
1,650 Ordinary shares of £1 each	1,650	1,650

Cinque Ports Leisure Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT for the period from 1 May 2002 to 31 December 2002

19 RESERVES

Group

	Revaluation reserve £	Profit and loss account £
Balance brought forward	14,379,022	8,714,567
Retained profit for the financial period	-	3,941,110
At 31 Dec 2002	14,379,022	12,655,677

Company

	Revaluation reserve £	Profit and loss account £
Balance brought forward	14,379,022	8,714,567
Retained profit for the period	-	3,771,111
At 31 Dec 2002	14,379,022	12,485,678

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	31 Dec 2002 £	30 Apr 2002 £
Profit for the financial period	3,941,110	4,794,462
Other recognised gains and losses	-	4,709,359
Net addition to shareholders' funds	3,941,110	9,503,821
Opening shareholders' funds	23,095,239	13,591,418
Closing shareholders' funds	27,036,349	23,095,239

Company

	31 Dec 2002 £	30 Apr 2002 £
Profit for the financial period	3,771,111	4,000,178
Unrealised surplus on revaluation of properties	-	6,618,357
Net addition to funds	3,771,111	10,618,535
Opening shareholders' equity funds	23,095,239	12,476,704
Closing shareholders' equity funds	26,866,350	23,095,239

Cinque Ports Leisure Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT for the period from 1 May 2002 to 31 December 2002

21 CASH FLOWS

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

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Operating profit	6,833,641	6,549,972
Amortisation	275,269	26,500
Depreciation	663,762	819,706
Loss/(profit) on disposal of fixed assets	11,548	(71,634)
Increase in stocks	(14,089)	(535,108)
(Increase)/decrease in debtors	(2,242,889)	1,337,669
Increase in creditors	369,021	664,440
Decrease in provision for liabilities and charges	-	(14,454)
Net cash inflow from operating activities	9,543,504	8,777,091

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

Returns on investment and servicing of finance

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Interest received	58,452	71,404
Interest paid	(1,610,351)	(2,392,959)
Interest element of hire purchase	(5,068)	(30,918)
Net cash outflow from returns on investments and servicing of finance	(1,556,967)	(2,352,473)

Capital expenditure

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Payments to acquire intangible fixed assets	-	(100,000)
Payments to acquire tangible fixed assets	(1,177,359)	(7,019,496)
Receipts from sale of fixed assets	120,052	3,234,608
Net cash outflow from capital expenditure	(1,057,307)	(3,884,888)

Financing

	31 Dec 2002	Year to 30 Apr 2002
	£	£
Increase in bank loans	6,950,000	4,500,000
Repayment of bank loans	(3,589,051)	(7,839,257)
Capital element of hire purchase	(168,878)	(29,788)
Repayment of other loans	-	(549,806)
Increase in other loans	225,379	-
Net cash inflow from financing	3,417,451	(3,918,851)

Cinque Ports Leisure Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT for the period from 1 May 2002 to 31 December 2002

21 CASH FLOWS (*continued*)

c Analysis of net debt

	At 1 May 2002 £	Cash flows £	At 31 Dec 2002 £
Cash in hand and at bank	954,067	961,455	1,915,522
Debt due within one year	(6,517,271)	(1,692,585)	(8,209,856)
Debt due after one year	(24,262,792)	(1,330,609)	(25,593,401)
Hire purchase agreements	(86,099)	(168,878)	(254,977)
Other loans	(388,527)	(225,379)	(613,906)
	<u>(31,254,689)</u>	<u>(3,417,451)</u>	<u>(34,672,140)</u>
Total	<u>(30,300,622)</u>	<u>(2,455,996)</u>	<u>(32,756,618)</u>

22 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	31 Dec 2002 £	30 Apr 2002 £	31 Dec 2002 £	30 Apr 2002 £
Amounts repayable:				
Within one year	160,624	47,256	44,681	47,256
Between two and five years	94,353	38,843	38,867	38,843
	<u>254,977</u>	<u>86,099</u>	<u>83,548</u>	<u>86,099</u>

23 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the group had annual commitments under non-cancellable operating leases for land and buildings as set out below:

	31 Dec 2002 £	30 Apr 2002 £
Operating leases which expire:		
Within one year	13,250	—
Within two to five years	—	13,250
After more than five years	110,178	110,178
	<u>123,428</u>	<u>123,428</u>

24 CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £492,000 (Apr 2002 - £Nil).

Cinque Ports Leisure Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT for the period from 1 May 2002 to 31 December 2002

25 ACQUISITION

On 16 July 2002 the group acquired the entire issued share capital of Evengain Limited for cash. Evengain Limited wholly owns three subsidiaries: Sotuta Limited, The New Walton Pier Limited and WSG Operating Company Limited.

In calculating the goodwill under the acquisition method of accounting, the fair value of net assets of £4,906,199 has been assessed as being the same as the book value.

Fair value to the group	£
Tangible fixed assets	6,239,666
Stocks	150,390
Debtors	1,124,536
Cash	319,241
Creditors	(2,672,522)
Provisions for deferred tax	(255,112)
Net assets	<u>4,906,199</u>
Satisfied by:	
Professional costs	125,697
Cash	6,733,515
	<u>6,859,212</u>
Goodwill	<u>1,953,013</u>

Prior to acquisition the last full set of financial statements of Evengain Limited were prepared for the year ended 31 January 2002 and showed a profit after taxation of £1,233,209. These accounts were unconsolidated.

The pre-acquisition unconsolidated and unaudited results for Evengain Limited for the period from 1 February 2002 to 16 July 2002 prepared under Evengain Limited's accounting policies and principles prevailing prior to acquisition were as follows:

	£
Turnover	<u>272,727</u>
Operating profit	87,445
Net interest payable	<u>(33,498)</u>
Profit before and after taxation	<u>53,947</u>

Other than the profit for the period, there were no other gains or losses.

26 RELATED PARTY TRANSACTIONS

During the period, the group paid rent of £8,833 (Apr 2002 - £13,250) and interest of £18,544 (Apr 2002 - £42,563) to the Cinque Ports Retirement Scheme. At the balance sheet date, the group owed £413,906 (Apr 2002 - £388,528) to the scheme.

D P Bull, a director of the company, is a trustee of the scheme.

Cinque Ports Leisure Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
for the period from 1 May 2002 to 31 December 2002

27 ULTIMATE CONTROLLING PARTY

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.