

Company registration number 01120626 (England and Wales)

HOWLETTS AND PORT LYMPNE ESTATES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

HOWLETTS AND PORT LYMPNE ESTATES LIMITED

COMPANY INFORMATION

Directors	J Aspinall A B Kelly
Secretary	C Morrissey
Company number	01120626
Registered office	Port Lympne Hotel & Reserve Port Lympne Lympne Hythe Kent United Kingdom CT21 4PD
Auditor	Azets Audit Services 5th Floor Ashford Commercial Quarter 1 Dover Place Ashford Kent United Kingdom TN23 1FB
Bankers	Barclays Bank PLC 1 Churchill Place London United Kingdom E14 5HP
Solicitors	Girlings Fourth Floor Stourside Place Station Road Ashford Kent United Kingdom TN23 1PP DLA Piper UK LLP 3 Noble Street London United Kingdom EC2V 7EE

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

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HOWLETTS AND PORT LYMPNE ESTATES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

The company's objectives are to continue to improve the offering of short breaks, events, catering, and souvenir sales to visitors to the two wild animal parks owned by the parent charity The Howletts Wild Animal Trust.

The Directors were pleased with the results for the year and the financial position at the year-end.

The company's principle activities remain as that of undertaking the trading activities of the group deemed to be non-charitable, including the short breaks accommodation, catering, souvenir trading, weddings and functions with the intention of any profits generated being donated to the parent charitable company for the furtherance of its charitable activities.

Principal risks and uncertainties

The directors perceive the company's risks as:

- Closure of the Parks
 - The 2020/21 Coronavirus pandemic resulted in the parks being closed to the public for significant periods of time, with all related trading activities also ceasing entirely or being severely impacted. Although the parks have remained open and operational for the whole of 2022, the directors remain aware of the potential risk closures may have.
- Animal Disease Outbreaks
 - Outbreaks of animal disease and viruses such as Foot & Mouth or Avian Influenza could result in restriction of traffic into or through the animal parks in which the company operates, resulting in limitations of trade and potentially short-term closures.
- Reputational Damage
 - The reputation of the parent charity can directly impact visitor numbers, limiting the guest numbers with which the company can trade, and therefore adverse press coverage could significantly affect the company's performance.

A full list of the risks considered by the directors are contained within the accounts of the parent company, The Howletts Wild Animal Trust.

Development and performance

Whilst the difficulties of managing through a pandemic are now behind us, they have been replaced with a new set of challenges. These include rising energy costs, significant increases in wages through a 10% rise in the minimum wage bill, rising inflation and rising interest costs. These all impact on consumer confidence and make it challenging to meet our targets.

We are, however, continuing to invest in the customer experience at both of our parks. At Port Lympne this has included the building and successful opening of our Orangery and Wedding Pergola in mid- 2022. A beautiful space for weddings and events which is proving exceptionally popular. We have also invested in the refurbishment of many of our accommodation facilities and the customer facing areas of both parks.

We continue to look to build out our long-term strategic plans for Port Lympne with additional luxury and family accommodation, and when funds allow we will commence the Giraffe Hall development. Further planning applications are being prepared in order to meet this objective.

HOWLETT'S AND PORT LYMPNE ESTATES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

Financial risk management

It is the company's objective to manage its financial risks so as to minimise any adverse fluctuations and maximise cash flow whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Liquidity

The company continues to tightly manage its cash flows and as a consequence the company had cash of £178k at the end of December 2022, with access to a group overdraft facility of £1.5m available from the parent charity.

Financial position

We consider the key financial performance indicators of the company to be turnover, gross profit margin, short breaks occupancy and average room rate.

Following the extreme impact of the pandemic, the financial position continues to recover well and is in line with the directors' expectations. Net assets have increased from £4.6m as at 31 December 2021 to £5.7m as at 31 December 2022. The turnover of the company has also increased from £15.4m in 2021 to £17.1m in 2022.

Profits before tax are reported for the year ended 31 December 2022 at £4.4m (2021: £4.7m).

Turnover on our core short breaks business has increased by 17.9% on the previous financial year and the overall gross profit margin has improved slightly to 49.8% for 2022 compared with 49.2% in 2021.

Occupancy for 2022 was 80.7%, although comparisons to previous years are unhelpful due to closure periods impacting availability in 2021. The rate of VAT also materially impacted 2021's performance, but only marginally impacted 2022, however the achieved average room rate despite this impact was £447.33 (2021: £462.30).

On behalf of the board

A B Kelly
Director

25 September 2023

HOWLETT'S AND PORT LYMPNE ESTATES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of trading activities of the group deemed to be non-charitable, such as catering, souvenir trading and functions with the intention of any profits generated being donated to the parent company for the furtherance of its charitable activities. The company is a wholly owned subsidiary of The Howletts Wild Animal Trust (a registered charitable company).

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Aspinall
A B Kelly

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors believe that the company has sufficient resources to continue in operational existence for the foreseeable future. The directors believe this to be the case as the company has positive reserves and cash balances. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the board

A B Kelly
Director

25 September 2023

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

HOWLETTS AND PORT LYMPNE ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HOWLETTS AND PORT LYMPNE ESTATES LIMITED

Opinion

We have audited the financial statements of Howletts and Port Lympe Estates Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

HOWLETTS AND PORT LYMPNE ESTATES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HOWLETTS AND PORT LYMPNE ESTATES LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Michelle Wilkes FCA
Senior Statutory Auditor
For and on behalf of Azets Audit Services

27 September 2023

Chartered Accountants
Statutory Auditor

5th Floor
Ashford Commercial Quarter
1 Dover Place
Ashford
Kent
United Kingdom
TN23 1FB

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	17,110,650	15,357,159
Cost of sales		(8,591,717)	(7,798,504)
Gross profit		8,518,933	7,558,655
Administrative expenses		(4,073,975)	(3,508,095)
Other operating income		-	645,164
Operating profit	4	4,444,958	4,695,724
Interest payable and similar expenses	6	(84,601)	(41,896)
Profit before taxation		4,360,357	4,653,828
Tax on profit	7	-	-
Profit for the financial year		4,360,357	4,653,828
Retained earnings brought forward		1,950,043	1,396,215
Distributions to parent charity under gift aid	8	(3,305,000)	(4,100,000)
Retained earnings carried forward		3,005,400	1,950,043

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		42,184		30,933
Tangible assets	9		9,541,617		8,169,731
			<u>9,583,801</u>		<u>8,200,664</u>
Current assets					
Stocks	11	154,378		127,814	
Debtors	12	3,689,523		4,367,704	
Cash at bank and in hand		178,450		712,982	
		<u>4,022,351</u>		<u>5,208,500</u>	
Creditors: amounts falling due within one year	13	(5,611,842)		(6,069,566)	
Net current liabilities			<u>(1,589,491)</u>		<u>(861,066)</u>
Total assets less current liabilities			<u>7,994,310</u>		<u>7,339,598</u>
Creditors: amounts falling due after more than one year	14		(2,294,674)		(2,695,319)
Net assets			<u>5,699,636</u>		<u>4,644,279</u>
Capital and reserves					
Called up share capital	18	2,390,029		2,390,029	
Share premium account		304,207		304,207	
Profit and loss reserves		3,005,400		1,950,043	
Total equity			<u>5,699,636</u>		<u>4,644,279</u>

The financial statements were approved by the board of directors and authorised for issue on 25 September 2023 and are signed on its behalf by:

A B Kelly
Director

Company Registration No. 01120626

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Howletts and Port Lympne Estates Limited is a private company limited by shares incorporated in England and Wales. The registered office is Port Lympne Hotel & Reserve, Port Lympne, Lympne, Hythe, Kent, United Kingdom, CT21 4PD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 3 Financial Statement Presentation paragraph 3.17(d);
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of The Howletts Wild Animal Trust. These consolidated financial statements are available from its registered office at Port Lympne Wild Animal Park, Lympne, Kent, CT21 4PD.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
 - it is probable that the Company will receive the consideration due under the contract;
 - the stage of completion of the contract at the end of the reporting period can be measured reliably; and
 - the costs incurred and the costs to complete the contract can be measured reliably.
- the revenue for short breaks is included within the period the break is taken.

Income from the sale of gift vouchers is recognised when the gift vouchers are redeemed.

Therefore, amounts received in respect of gift vouchers that have not been redeemed by the year end are deferred to future accounting periods. Gift vouchers that have not been redeemed six months from the year end in which they were purchased are released to the profit and loss account at that point.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
Website development costs	3 years straight line
Trade mark	10 years straight line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% reducing balance
Motor vehicles	25% reducing balance
Property improvements	4 - 20% straight line

Assets in the course of construction are not depreciated until they are in use.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.17 Gift aid payments

The gift aid donation to the parent charity is accounted for in the year that the donation is paid.

HOWLETT'S AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The company has recognised tangible fixed assets with a carrying value of £9,541,617 at the year end as disclosed in note 9. These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out at note 1.5 the approach to calculating depreciation for these assets. For property improvements, the group determines at construction reliable estimates for the useful life of the asset. These estimates are based upon such factors as the expected use of the asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as changes in market conditions that indicate a need to reconsider the estimates used.

Bad and doubtful debts

The value of trade debtors is sensitive to the recoverability in full of any invoices issued to each customer. Once the debt becomes overdue it is chased and periodically reviewed to ensure it is recoverable in full. If a provision is deemed necessary this is included on an annual basis. No provision for bad and doubtful debts is currently included in the accounts.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Shortbreaks	9,781,860	8,299,533
Refreshment sales	4,610,847	4,098,384
Souvenir sales	802,206	1,428,964
Mansion hire and function income	618,706	913,832
Experiences and encounters income	1,289,663	554,156
Other income	7,368	62,290
	<u>17,110,650</u>	<u>15,357,159</u>
	2022	2021
	£	£
Other revenue		
Grants received	-	645,164
	<u>-</u>	<u>645,164</u>

HOWLETT'S AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(645,164)
Fees payable to the company's auditor for the audit of the company's financial statements	16,478	13,103
Depreciation of owned tangible fixed assets	1,247,162	858,981
(Profit)/loss on disposal of tangible fixed assets	(758)	70,984
Amortisation of intangible assets	22,898	15,467
Profit on disposal of intangible assets	(11,857)	-
	<u> </u>	<u> </u>

5 Employees

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

2022	2021
Number	Number
314	299
<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	6,316,045	5,864,587
Social security costs	335,828	287,263
Pension costs	95,997	95,291
	<u> </u>	<u> </u>
	6,747,870	6,247,141
	<u> </u>	<u> </u>

During the period, directors received emoluments of £369,911 (2021: £385,712).

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021 - 0).

The directors are considered to be the key management personnel of the company.

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	20,285	39,667
Other interest on financial liabilities	63,560	-
Interest on finance leases and hire purchase contracts	756	2,229
	<u> </u>	<u> </u>
	84,601	41,896
	<u> </u>	<u> </u>

HOWLETT'S AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	4,360,357	4,653,828
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	828,468	884,227
Impact of capital allowances in excess of depreciation	66,763	70,668
Expenses not deductible for tax purposes	(2,607)	1,037
Charitable donations	(892,624)	(955,932)
Taxation charge for the year	-	-

8 Dividends and distributions

	2022 £	2021 £
Distributions to parent charity under gift aid		
Amounts paid	3,305,000	4,100,000

9 Tangible fixed assets

	Assets under construction £	Plant and equipment £	Motor vehicles £	Property improvements £	Total £
Cost					
At 1 January 2022	1,020,496	752,934	290,704	11,905,553	13,969,687
Additions	2,029,043	227,967	134,757	265,555	2,657,322
Disposals	-	(2,000)	-	(1,514,450)	(1,516,450)
Transfers	(1,885,092)	-	-	1,885,092	-
At 31 December 2022	1,164,447	978,901	425,461	12,541,750	15,110,559
Depreciation and impairment					
At 1 January 2022	-	329,904	186,717	5,283,335	5,799,956
Depreciation charged in the year	-	216,594	34,119	996,449	1,247,162
Eliminated in respect of disposals	-	(1,156)	-	(1,477,020)	(1,478,176)
At 31 December 2022	-	545,342	220,836	4,802,764	5,568,942
Carrying amount					
At 31 December 2022	1,164,447	433,559	204,625	7,738,986	9,541,617
At 31 December 2021	1,020,496	423,030	103,987	6,622,218	8,169,731

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and equipment	111,489	20,579

10 Intangible fixed assets

	Software £	Website development costs £	Trade mark £	Total £
Cost				
At 1 January 2022	72,661	44,472	-	117,133
Additions	-	56,553	1,310	57,863
Disposals	(35,571)	-	-	(35,571)
At 31 December 2022	37,090	101,025	1,310	139,425
Amortisation and impairment				
At 1 January 2022	41,728	44,472	-	86,200
Amortisation charged for the year	3,610	18,851	437	22,898
Disposals	(11,857)	-	-	(11,857)
At 31 December 2022	33,481	63,323	437	97,241
Carrying amount				
At 31 December 2022	3,609	37,702	873	42,184
At 31 December 2021	30,933	-	-	30,933

11 Stocks

	2022 £	2021 £
Finished goods and goods for resale	154,378	127,814

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	240	670
Amounts owed by group undertakings	3,358,311	4,038,501
Other debtors	267,944	170,230
Prepayments and accrued income	63,028	158,303
	<u>3,689,523</u>	<u>4,367,704</u>

13 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Bank loans	15	402,143	127,165
Obligations under finance leases	16	13,015	21,879
Trade creditors		304,132	462,723
Taxation and social security		1,523,620	517,835
Other creditors		24,324	118,765
Accruals and deferred income		3,344,608	4,821,199
		<u>5,611,842</u>	<u>6,069,566</u>

14 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	15	2,211,786	2,687,309
Obligations under finance leases	16	60,365	-
Other creditors		22,523	8,010
		<u>2,294,674</u>	<u>2,695,319</u>

A loan totalling £2,613,929 (2021: £2,814,474) is due to The Howletts Wild Animal Trust and is repayable in full by 28 November 2027. Interest is charged at 2.45% above LIBOR.

15 Loans and overdrafts

	2022	2021
	£	£
Bank loans	<u>2,613,929</u>	<u>2,814,474</u>
Payable within one year	402,143	127,165
Payable after one year	<u>2,211,786</u>	<u>2,687,309</u>

HOWLETTTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	13,015	21,879
In two to five years	60,365	-
	<u>73,380</u>	<u>21,879</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period and no restrictions are placed on the use of the assets. The average lease term is 2 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	95,997	95,291
	<u>95,997</u>	<u>95,291</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

18 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1,502,044	1,502,044	1,502,044	1,502,044
Deferred ordinary shares of £1 each	887,985	887,985	887,985	887,985
	<u>2,390,029</u>	<u>2,390,029</u>	<u>2,390,029</u>	<u>2,390,029</u>

19 Capital commitments

	2022	2021
	£	£
Acquisition of tangible fixed assets	-	451,585
	<u>-</u>	<u>451,585</u>

20 Related party transactions

The company has taken advantage of the provisions of the Financial Reporting Standard 102 Section 33 not to disclose transactions with other group companies on the basis that 100% of the voting rights are controlled within the group.

HOWLETTS AND PORT LYMPNE ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Ultimate controlling party

The company is controlled by its ultimate parent undertaking, by way of its 100% shareholding in the company. Being The Howletts Wild Animal Trust, a registered UK Charity.

Consolidated financial statements can be obtained from the registered office of The Howletts Wild Animal Trust, as follows;

Port Lympne Wild Animal Park
Lympne
Kent
CT21 4PD

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.