Heritage Great Britain PLC

Annual Report and Consolidated Financial Statements

31 January 2005

ERNST & YOUNG

Registered No: 2808359

Directors
P M Treherne
A J Leech
S W Sim

Secretary
P Cushion

Auditors
Ernst & Young LLP
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Bankers
National Westminster Bank Plc
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Directors' report

The directors present their report and the audited Group consolidated financial statements of Heritage Great Britain PLC for the year ended 31 January 2005.

Principal activities

The principal activity of the company is that of a holding company. The Group undertakes the operation of various landmark and other day visitor attractions situated in the Isle of Wight, Cornwall, North Wales and Scotland.

Review of the business and future developments

Against a difficult trading year for the industry in general, the Directors are satisfied with the results for this year. The Directors anticipate improved profitability in 2005.

Results and dividends

The Group loss for the year, after taxation, amounted to £2,321 (2004:£1,115,371 profit). The directors do not recommend the payment of a dividend.

Fixed assets

Details of changes in tangible fixed assets are given in note 10 to the financial statements.

Creditor payment policy

The company agrees terms and conditions under which business transactions with suppliers are conducted. Payments to suppliers are made in accordance with these terms, provided that suppliers have complied with all relevant terms and conditions. In the absence of any agreement with a supplier, settlement is normally made in the month following receipt of invoice.

The company's average creditor payment period at the year end was 22 days.

Donations

The Group made charitable donations of £6,336 (2004: £4,974) during the year. No political donations were made.

Directors and their interests

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

P M Treherne
A J S Leech
S W Sim

Mr A J S Leech is a discretionary beneficiary of a Jersey Trust which, through Cherberry Limited, a Jersey company, owns the entire share capital of the company. None of the other directors have disclosable interests in the shares of the Group.

Employees

The Group is committed to the development of all employees, both full time and part time. This is achieved by regular training programmes and keeping all staff informed and involved in the Group's activities through regular meetings and communications. The employees are flexible in their working and are an important asset of the Group. The Group is committed to the provision of equal opportunities for all employees.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing

Directors' report

employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever possible.

Auditors

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

By order of the Board

P Cushion
Secretary

19 JUL 2005

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Independent auditors' report

to the members of Heritage Great Britain PLC

We have audited the group's financial statements for the year ended 31 January 2005, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, and the related notes 1 to 29. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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Independent auditors' report

to the members of Heritage Great Britain PLC

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 January 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Liverpool
Date

Ernst & Young LLP

1 August 2005

Consolidated profit and loss account

For the year ended 31 January 2005

	Notes	2005 £	2004 £
Turnover	2	10,933,435	11,179,533
Cost of sales		(3,466,517)	(3,335,163)
Gross profit		7,466,918	7,844,370
Administrative expenses		(7,180,197)	(6,990,725)
Operating profit		286,721	853,645
Exceptional item	3	-	1,000,000
Interest receivable and similar income	4	107,873	70,717
Interest payable and similar charges	5	(312,486)	(335,959)
Profit on ordinary activities before taxation	6	82,108	1,588,403
Tax on profit on ordinary activities	9	(84,429)	(473,032)
Retained (loss)/profit for the financial year	20	(2,321)	1,115,371

All operations are continuing.

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

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

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Consolidated balance sheet

At 31 January 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	10	12,421,926	12,288,874
Intangible assets	11	216,076	231,152
		12,638,002	12,520,026
Current assets			
Stocks	13	577,941	757,337
Debtors	14	589,794	389,265
Cash at bank and in hand		1,164,075	365,276
		2,331,810	1,511,878
Creditors: amounts falling due within one year	15	3,947,837	2,663,988
Net current liabilities		(1,616,027)	(1,152,110)
Total assets less current liabilities		11,021,975	11,367,916
Creditors: amounts falling due after more than one year	16	3,068,723	3,482,000
Accruals and deferred income	17	99,010	109,010
Provision for liabilities and charges	18	813,081	733,424
		7,041,161	7,043,482
Capital and reserves			
Called up share capital	19	5,213,371	5,213,371
Profit and loss account	20	1,827,790	1,830,111
Equity shareholders' funds	21	7,041,161	7,043,482

Company balance sheet

At 31 January 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	10	20,083	18,029
Investments	12	13,434,937	13,434,875
		13,455,020	13,452,904
Current assets			
Debtors	14	124,949	77,514
Cash at bank and in hand		1,064,789	321,764
		1,189,738	399,278
Creditors: amounts falling due within one year	15	5,202,623	4,798,194
Net current liabilities		(4,012,885)	(4,398,916)
Total assets less current liabilities		9,442,135	9,053,988
Creditors: amounts falling due after more than one year	16	2,960,000	3,482,000
Provisions for liabilities and charges	18	311,880	216,131
		6,170,255	5,355,857
Capital and reserves			
Called up share capital	19	5,213,371	5,213,371
Profit and loss account	20	956,884	142,486
Equity shareholders' funds	21	6,170,255	5,355,857

The financial statements were approved by the Board of Directors on 19 JUL 2005 and were signed on its behalf by:

P M Treherne
Director

Consolidated cash flow statement

For the year ended 31 January 2005

	Notes	2005 £	2004 £
Net cash inflow from continuing operating activities	24	1,489,204	2,568,227
Returns on investments and servicing of finance			
Interest received and similar income		107,873	70,717
Interest paid		(302,675)	(320,104)
Interest element of finance lease rental payments		(1,927)	(20,657)
		(196,729)	(270,044)
Taxation			
Corporation tax paid		(145,468)	(19,037)
		(145,468)	(19,037)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(590,087)	(271,706)
Receipts from sales of tangible fixed assets		850	6,638
		(589,237)	(265,068)
Net cash inflow before financing		557,770	2,014,078
Financing			
Receipt of short-term loans	26	500,000	(435,000)
Repayment of long-term loans	26	(522,000)	(86,500)
Receipt of long term loan		-	1,000,000
Repayment of debenture loan		-	(2,000,000)
Repayment of capital element of finance lease rentals		-	(38,554)
Increase in cash in the year	25	535,770	454,024

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Notes to the financial statements

At 31 January 2005

1. Accounting policies

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

Basis of accounting

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

Basis of consolidation

The Group accounts consolidate the accounts of Heritage Great Britain PLC and all its subsidiary undertakings drawn up to 31 January 2004. No profit and loss account is presented for Heritage Great Britain PLC as permitted by section 230 of the Companies Act 1985.

Goodwill

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

Investments

Investments in subsidiary undertakings are stated at cost, less any provision necessary for permanent diminution in value.

Turnover

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

Tangible fixed assets

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

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

Freehold buildings	-	2%
Plant and machinery	-	5% to 10%
Fixtures and fittings	-	12.5%
Motor vehicles	-	25%
Computer equipment	-	33%

The long leasehold premises are depreciated over 50 years or the length of the lease, whichever is shorter. Freehold and long leasehold land is not depreciated.

Locomotives and rolling stock are depreciated on a straight line basis over 50 years, with the exception of some significant components, which are depreciated over 5 to 20 years.

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

Notes to the financial statements

At 31 January 2005

1. Accounting policies (continued)

Stocks

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

Operating leases

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

Finance leases

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

Pensions

The Group operates a defined contribution pension scheme for certain employees. The costs are charged to the profit and loss account as incurred. The charge for the year was £89,568 (2004: £81,957). There were no contributions payable at the period end.

The Group also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those to the company, being invested with The Equitable Life Assurance Society. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet. Further details are set out in note 27.

Deferred tax

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

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

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the estimated useful lives of the relevant assets by equal annual instalments.

Notes to the financial statements

At 31 January 2005

2. Turnover and segmental analysis by class of business

Turnover, which is stated net of value added tax, consists entirely of sales made in Great Britain. An analysis of turnover by activity is given below:

	2005	2004
	£	£
By activity:		
Attractions and admissions	3,651,363	3,662,748
Retailing	2,668,252	2,861,017
Catering, hotel and bar	3,384,071	3,405,887
Marketing and advertising	853,788	873,810
Other revenue	375,961	376,071
	10,933,435	11,179,533

3. Exceptional Item

	2005	2004
	£	£
Life Assurance Policy Proceeds	-	1,000,000

4. Interest receivable and similar income

	2005	2004
	£	£
Bank interest receivable	10,549	9,328
Rent receivable	97,324	61,389
	107,873	70,717

5. Interest payable and similar charges

	2005	2004
	£	£
Bank loans and overdrafts	310,560	260,866
Other loans - debenture loan	-	54,436
Finance lease charges payable under finance leases and hire purchase contracts	1,926	20,657
	312,486	335,959

Notes to the financial statements

At 31 January 2005

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2005	*2004*
	£	*£*
Depreciation of tangible fixed assets - owned	612,710	502,723
Depreciation of tangible fixed assets - leased	20,198	36,266
Operating lease rentals - plant and machinery	88,908	63,242
Operating lease rentals - land and buildings	80,860	71,272
Amortisation of goodwill	15,076	15,075
Auditors' remuneration - audit services	20,428	20,355
Government grant - release of deferred income	(10,000)	(10,000)

7. Emoluments of directors

	2005	*2004*
	£	*£*
Aggregate emoluments (including benefits in kind)	140,336	129,579
Pension contributions to a money purchase scheme	11,400	7,132
	151,736	136,711

	2005	*2004*
	No.	*No.*
Members of money purchase pension schemes	2	2

8. Employee information

The average monthly number of employees (including paid executive directors) employed by the Group during the year was:

	2005	*2004*
	No.	*No.*
Management and administration	22	22
Retail, catering and other	317	315
	339	337

Notes to the financial statements

At 31 January 2005

8. Employee information (continued)

	2005	*2004*
	£	*£*
Staff costs for the above persons:		
Wages and salaries	3,749,886	3,551,627
Social security costs	326,989	297,585
Pension costs	131,624	143,457
	4,208,499	3,992,669

9. Tax on profit on ordinary activities

a) Analysis of tax charge in period

	2005	*2004*
	£	*£*
Current tax:		
UK corporation tax on profits of the year	101,173	431,964
Adjustments in respect of previous years	(12,207)	(13,138)
Total current tax (note 9b))	88,966	418,826
Deferred tax:		
Origination and reversal of timing differences	(4,537)	54,206
Total deferred tax (note 18)	(4,537)	54,206
Tax on profit on ordinary activities	84,429	473,032

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Notes to the financial statements

At 31 January 2005

9. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

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

	2005 £	*2004* £
Profit on ordinary activities before tax	82,108	1,588,403
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	24,632	476,521
Effects of:		
Marginal relief	(3,895)	(2,925)
Expenses not deductible for tax purposes	76,151	48,310
Differences between capital allowances and depreciation	36,250	(65,251)
Other timing differences	(31,965)	(24,691)
Adjustment to tax charge in respect of previous periods	(12,207)	(13,138)
Current tax charge for the year (note 9a)	88,966	418,826

As at 31 January 2005, tax losses of £47,000 (2004: £155,000) are available, subject to agreement with the Inland Revenue, to carry forward within the Land's End and John O'Groats businesses.

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Notes to the financial statements

At 31 January 2005

10. Tangible fixed assets

Group	*Land and buildings*	*Railway line and rolling stock*	*Plant and machinery*	*Motor vehicles*	*Fixtures and fittings*	*Total*
	£	£	£	£	£	£
Cost:						
At 1 February 2004	10,404,237	1,600,000	1,000,008	27,541	1,754,091	14,785,877
Additions	71,930	-	136,084	11,407	547,299	766,720
Disposals	-	-	(4,000)	(850)	-	(4,850)
At 31 January 2005	10,476,167	1,600,000	1,132,092	38,098	2,301,390	15,547,747
Depreciation:						
At 1 February 2004	799,667	241,333	379,268	25,697	1,050,948	2,496,913
Charge for the year	184,279	30,000	99,870	4,453	314,306	632,908
Eliminated on disposal	-	-	(4,000)	-	-	(4,000)
At 31 January 2005	983,946	271,333	475,138	30,150	1,365,254	3,125,821
Net book value:						
At 31 January 2005	9,492,221	1,328,667	656,954	7,948	936,136	12,421,926
At 31 January 2004	9,604,570	1,358,667	620,740	1,844	703,143	12,288874

Fixed assets with a net book value of £321,381 (2004: £216,421) which are held under finance leases are included above.

The net book value of land and buildings comprises:

	2005	*2004*
	£	£
Freehold	9,402,182	9,503,333
Long leasehold	90,039	101,237
	9,492,221	9,604,570

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Notes to the financial statements

At 31 January 2005

10. Tangible fixed assets (continued)

Company

	Fixtures and fittings	*Total*
	£	£
Cost:		
At 1 February 2004	48,530	48,530
Additions	13,079	13,079
At 31 January 2005	61,609	61,609
Depreciation:		
At 1 February 2005	30,501	30,501
Charge for the year	11,025	11,025
At 31 January 2005	41,526	41,526
Net book value:		
At 31 January 2005	20,083	20,083
At 31 January 2004	18,029	18,029

11. Intangible fixed assets

	Goodwill
	£
Cost:	
At 1 February 2004 and 31 January 2005	301,502
Amortisation:	
At 1 February 2004	70,350
Amortised in year	15,076
At 31 January 2005	85,426
Net book value:	
At 31 January 2005	216,076
At 31 January 2004	231,152

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

Notes to the financial statements

At 31 January 2005

12. Investments

Company	*2005* £	*2004* £
Cost		
At 1 February 2004	13,434,875	13,434,875
Additions	62	-
At 31 January 2005	13,434,937	13,434,875

The principal subsidiary undertakings, registered in England and Wales, are as follows:

Heritage Attractions Limited	Trading
Centrix Q2 Limited	Trading
Snowdon Mountain Railway Limited	Dormant
The Land's End and John O'Groats Company Limited	Dormant
LEJOG Limited	Dormant

During the year Centrix Q2 Limited issued 'A' Ordinary and 'B' Ordinary shares. The 'B' Ordinary shares carry no voting rights.

Centrix Marketing and Advertising Limited changed its name to Centrix Q2 Limited on 11 November 2004.

The company also has a controlling interest in two dormant companies registered in England and Wales, Land's End Limited and John O'Groats Limited, via the intermediary subsidiary company, Heritage Attractions Limited.

13. Stocks

	Group		*Company*	
	2005 £	*2004* £	*2005* £	*2004* £
Finished goods and goods for resale	362,357	397,818	-	-
Raw materials and spares	150,490	199,242	-	-
Catering and bar stocks	57,047	59,124	-	-
Work in Progress	8,047	101,153	-	-
	577,941	757,337	-	-

Notes to the financial statements

At 31 January 2005

14. Debtors

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	260,669	202,888	114,047	69,621
Other debtors	29,676	2,030	-	-
Prepayments and accrued income	299,449	184,347	10,902	7,893
	589,794	389,265	124,949	77,514

15. Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade creditors	348,950	303,139	5,221	4,307
Loans	1,022,000	522,000	1,022,000	522,000
Bank overdraft	1,101,525	838,496	-	-
Corporation tax	370,938	427,440	118,861	118,861
Other taxation and social security	119,552	62,764	9,163	8,024
Obligations under finance leases and HP contracts	67,910	-	-	-
Other creditors	353,676	189,390	251,855	48,916
Accruals and deferred income	563,286	320,759	365,523	266,086
Amounts owed to subsidiary companies	-	-	3,430,000	3,830,000
	3,947,837	2,663,988	5,202,623	4,798,194

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Notes to the financial statements

At 31 January 2005

16. Creditors: amounts falling due after more than one year

	Group		*Company*	
	2005	*2004*	*2005*	*2004*
	£	*£*	*£*	*£*
Obligations under finance leases and HP Contracts	108,723	-	-	-
Loans – secured (see below)	2,960,000	3,482,000	2,960,000	3,482,000
	3,068,723	3,482,000	2,960,000	3,482,000

Details of the maturity of loans are as follows:

	Group		*Company*	
	2005	*2004*	*2005*	*2004*
	£	*£*	*£*	*£*
Amounts falling due:				
In one year or less	1,022,000	522,000	1,022,000	522,000
In more than one year but not more than two years	522,000	522,000	522,000	522,000
In more than two years but not more than five years	1,566,000	1,566,000	1,566,000	1,566,000
In more than five years	872,000	1,394,000	872,000	1,394,000
	3,982,000	4,004,000	3,982,000	4,004,000
Less: included in creditors: amounts falling due within one year	1,022,000	522,000	1,022,000	522,000
	2,960,000	3,482,000	2,960,000	3,482,000

Notes to the financial statements

At 31 January 2005

16. Creditors: amounts falling due after more than one year (continued)

The loans falling due in more than five years have annual capital repayment terms agreed by the Group's bankers. The rate of interest on these loans is fixed at 6.57% for the terms of the loans.

Each company within the Group has provided a cross-guarantee to the Group's bankers in respect of overdraft and borrowing facilities. The Group's facilities are secured by fixed and floating charges over the Group's assets.

Obligations under finance leases and HP contracts:

	Group	
	2005	*2004*
	£	*£*
Amounts payable:		
Within one year	76,800	-
In two to five years	123,613	
	200,413	-
Less: finance charges allocated to future periods	(23,780)	-
	176,633	-

Finance leases and HP contracts are analysed as follows:

	Group	
	2004	*2003*
	£	*£*
Current obligations	67,910	94,794
Non-current obligations	108,723	38,554
	176,633	133,348

17. Accruals and deferred income

	Group
	£
Welsh Tourist Board Grant:	
At 1 February 2004	109,010
Released in year	(10,000)
At 31 January 2005	99,010

Notes to the financial statements

At 31 January 2005

18. Provisions for liabilities and charges

Group	*Deferred taxation*	*Other provisions*	*Total*
	£	£	£
At 1 February 2004	505,738	227,686	733,424
Charge for year	(4,537)	95,749	91,212
Released in the year	-	(11,555)	(11,555)
At 31 January 2005	501,201	311,880	813,081

Company	*Other provisions*	*Total*
	£	£
At 1 February 2004	216,131	216,131
Charge for year	95,749	95,749
At 31 January 2005	311,880	311,880

Deferred taxation

The amounts provided for deferred taxation are set out below:

Group	*2005*	*2004*
	£	£
Differences between accumulated depreciation and capital allowances	515,515	640,436
Other timing differences	(14,314)	(134,698)
	501,201	505,738

Other provisions

The Group's insurance cover provides for a certain amount of excess on any claims. The Group provides for these amounts and other uninsured losses on incidents when notified. The amount provided for each incident is based on advice from professional advisers. The claims are expected to be settled within one year of the balance sheet date.

Notes to the financial statements

At 31 January 2005

19. Share capital

	2005	*2004*
	£	*£*
Authorised:		
7,000,000 (2004:7,000,000) ordinary shares of £1 each	7,000,000	7,000,000
Allotted, called up and fully paid:		
5,213,371 (2004:5,213,371) ordinary shares of £1 each	5,213,371	5,213,371

20. Reserves

	Group profit and loss account	*Company profit and loss account*
	£	*£*
At 1 February 2004	1,830,111	142,486
Retained (loss)/profit for the year	(2,321)	814,398
At 31 January 2005	1,827,790	956,884

In accordance with s230(4) Companies Act 1985 no profit and loss account has been presented for the company.

21. Reconciliation of movements in equity shareholders' funds

	Group		*Company*	
	2005	*2004*	*2005*	*2004*
	£	*£*	*£*	*£*
(Loss)/profit for the financial year	(2,321)	1,115,371	814,398	331,294
Opening equity shareholders' funds	7,043,482	5,928,111	5,355,857	5,024,563
Closing equity shareholders' funds	7,041,161	7,043,482	6,170,255	5,355,857

Notes to the financial statements

At 31 January 2005

22. Operating lease commitments

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

	Group		*Company*	
	2005	*2004*	*2005*	*2004*
	£	*£*	*£*	*£*
Operating leases which expire:				
Within one year - other	8,754	11,346	-	5,565
In two to five years - other	60,132	34,594	12,427	-
In two to five years - land and buildings	25,860	42,060	25,860	16,272
Over five years - land and buildings	55,000	55,000	-	-

23. Contingent liabilities

The company has provided a cross-guarantee in respect of all other Group companies' bank facilities, whose overdrafts at 31 January 2005 amounted to £1,101,525 (2004 £838,496) in total (see note 15).

24. Reconciliation of operating profit to net cash inflow from operating activities

	2005	*2004*
	£	*£*
Operating profit	286,721	853,645
Depreciation	632,908	538,989
Amortisation of goodwill	15,076	15,075
Release of deferred income	(10,000)	(10,000)
Exceptional item	-	1,000,000
Decrease/(increase) in stocks	179,396	(244,362)
(Increase)/decrease in debtors	(200,618)	106,717
Increase in creditors	585,721	308,163
Net cash inflow from operating activities	1,489,204	2,568,227

25. Reconciliation of net cash flow to movement in net debt

	2005	*2004*
	£	*£*
Increase in cash in the year	535,770	454,024
Cash decrease from decrease in net debt and lease financing	52,718	1,560,054
Movement in net debt resulting from cash flows	588,488	2,014,078
New finance leases	(207,352)	-
Movement in net debt	381,136	2,014,078
Net debt at 1 February 2004	(4,477,220)	(6,491,298)
Net debt at 31 January 2005	(4,096,084)	(4,477,220)

Notes to the financial statements

At 31 January 2005

26. Analysis of changes in net debt

	At 31 January 2004	*Cash flows* £	*Other movements* £	*At 31 January 2005* £
Cash at bank and in hand	365,276	798,799	-	1,155,075
Bank overdraft	(838,496)	(263,029)	-	(1,101,525)
Liquid resources	(473,220)	535,770	-	62,550
Short term loans	(522,000)	(500,000)	-	(1,022,000)
Long term loans	(3,482,000)	522,000		(2,960,000)
Finance leases	-	30,718	(207,352)	(176,634)
Net Debt	(4,477,220)	588,488	(207,352)	(4,096,084)

27. Pension scheme

One company within the Group operates a pension scheme providing benefits based on final pensionable pay funded by payment of contributions to a separately administered fund. Until 31 May 2001 all members' benefits have been accrued in this Scheme; after this date members benefits have not been accrued in the Scheme and from 1 June 2001 the Trustees have directed all members contributions into a newly established money purchase scheme operated by a different scheme administrator which has continued the rights for existing members. For the foreseeable future the Employer Company will continue to make employer contributions into the current Scheme to meet the minimum funding requirements as advised by the Scheme actuaries. The Scheme is now closed to new members and under the projected unit method the current service cost to the company will increase as the members of the Scheme approach retirement.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The pension charge for the year amounted to £42,056. Contributions are determined by an independent, qualified actuary on the basis of triennial valuation using the projected unit method. The most recent valuation was at 5 April 2002. The current contribution rate as determined by the actuary is 4% (2004: 4%) of total pensionable pay.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation and updated by the actuary at 31 January 2005 using the following assumptions:

	2005	*2004*	*2003*
Rate of increase in salaries	6.00%	6.00%	5.45%
Rate of increase in pensions in payment for service from and including 6 April 1997	2.90%	2.90%	2.25%
Discount rate	5.30%	5.60%	5.28%
Inflation rate	3.00%	3.00%	2.45%
Rate of increase of deferred pensions in excess of GMP	3.00%	3.00%	2.45%

Notes to the financial statements

At 31 January 2005

27. Pension scheme (continued)

The assets of the Pension Scheme are in the form of an insurance policy invested in a with-profits fund with the Equitable Life Assurance Society, a unit-linked money fund policy, a Trustee Investment Plan with Zurich, an Investment Account with Sterling and a bank account held by the Trustee. The value of assets held in the with-profits fund has been taken as the policy value on 31 January 2005, which broadly represents the policy's share of assets in the with-profits fund. The value of assets held in the unit linked money fund has been taken as the value of units at bid price on 31 January 2005. The value of the other assets is the value held with the provider. The value shown is not the value that would have been available to provide contractual benefits nor is it necessarily the value that would be available were the policy to be surrendered.

The assets in the scheme and the expected rate of return were;

	Long term rate of return expected at 31 Jan 2005	Value at 31 Jan 2005 £	Long term rate of return expected at 31 Jan 2004	Value at 31 Jan 2004 £	Long term rate of return expected at 31 Jan 2003	Value at 31 Jan 2003 £
With Profits Fund – Equitable Life	4.9%	247,900	5.0%	230,900	4.5%	258,800
Unit Linked Money fund – Equitable Life	4.3%	31,300	3.7%	36,400	3.4%	35,300
Trustees bank account	4.8%	12,500	3.7%	45,600	3.4%	6,800
Trustee Investment Plan – Zurich Assurance	6.4%	60,100	-	-	-	-
Investment Account – Sterling	6.6%	7,900	-	-	-	-
Total market value of investments		359,700		312,900		300,900
Actuarial valuation of liabilities		787,900		683,700		612,500
Deficit in the scheme		(428,200)		(370,800)		(311,600)
Related deferred tax		128,640		111,240		93,480
Net pension liability		(299,560)		(259,560)		(218,120)

The company is in consultation with its professional advisors in relation to the deficit of the Scheme and in particular, the appropriate method to address the deficit. Accordingly no further provision has been made in the accounts at 31 January 2005.

Notes to the financial statements

At 31 January 2005

27. Pension scheme (continued)

If the above pension liability was recognised in the accounts, the company's net assets and profit and loss reserve at 31 January 2005 would be as follows:

	Group	
	2005	*2004*
	£	*£*
Net assets as stated in balance sheet	7,041,161	7,043,482
SSAP24 balance included with creditors: amounts falling due within one year	47,000	47,000
Related deferred tax	(14,100)	(14,100)
Net assets excluding pension deficit	7,074,061	7,076,382
Net pension deficit	(299,560)	(259,560)
Net assets including pension deficit	6,774,501	6,816,822
Profit and loss accounts as stated in balance sheet	1,827,790	1,830,111
SSAP24 balance	47,000	47,000
Related deferred tax	(14,100)	(14,100)
Profit and loss account excluding pension deficit	1,860,690	1,863,011
Net pension deficit	(299,560)	(259,560)
Profit and loss account including pension deficit	1,561,130	1,603,451

The following information has been provided by the scheme actuary to meet the current disclosure requirement under FRS 17.

Analysis of amounts charged to operating profit	*2005*	*2004*
	£	*£*
Current service cost	500	2,100
Past service cost	-	-
Losses/(gains) on settlements or curtailments	-	-
Total operating charge	500	2,100

Analysis of amounts credited to other finance income	*2005*	*2004*
	£	*£*
Expected return on pension scheme assets	15,000	12,700
Interest on pension scheme liabilities	(38,300)	(32,200)
Net cost	(23,300)	(19,500)

Notes to the financial statements

At 31 January 2005

27. Pension scheme (continued)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)	*2005* £	*2004* £
Actual return less expected return on pension scheme assets	9,400	3,200
Experience gains and losses arising on the scheme liabilities	(7,500)	(35,600)
Changes in assumptions underlying the present value of the scheme liabilities	(64,800)	(43,900)
Actuarial loss recognised in STRGL	(62,900)	(76,300)

Movement in deficit during the year	*2005* £	*2004* £
Deficit in the scheme at the beginning of the year	(370,800)	(311,600)
Movement in the year		
- Current service cost	(500)	(2,100)
- Employers contributions	29,300	38,700
- Other finance costs	(23,300)	(19,500)
- Actuarial loss	(62,900)	(76,300)
Deficit in the scheme at the end of the year	(428,200)	(370,800)

History of experience gains and losses	*2005*	*2004*	*2003*
Difference between the expected and actual return on scheme assts			
- amount	£9,400	£3,200	£2,900
- percentage of scheme assets	2.6%	1.0%	1.0%
Experience gains and losses on scheme liabilities			
- amount	(£7,500)	(£35,600)	(£9,100)
- percentage of the present value of scheme liabilities	(1.0%)	(5.2%)	(1.5%)
Total amount recognised in STRGL			
- amount	(£62,900)	(£76,300)	(£60,500)
- percentage of the present value of scheme liabilities	(8.0%)	(11.2%)	(9.9%)

Notes to the financial statements

At 31 January 2005

28. Related party transactions

Significant related party transactions are detailed below. The directors have taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosure" not to disclose transactions with other members of the Heritage Great Britain PLC group on the grounds that these are eliminated on consolidation.

1) The company provided certain management and accounting services to Lightwater Valley Attractions Limited during the year amounting to £162,000 (on normal commercial terms). There was no balance outstanding at the year end. Mr A J S Leech and Mr P M Treherne are both directors of Lightwater Valley Attractions Limited.

2) The Group, through one of its subsidiaries, Centrix Q2 Limited, provided advertising and marketing services to Lightwater Valley Attractions Limited during the year amounting to £73,181 (on normal commercial terms). There was no balance outstanding at the year end.

Lightwater Valley Attractions is a subsidiary of Ball Investments Limited which is owned by Cherberry Limited.

29. Ultimate controlling party

The entire share capital of Heritage Great Britain PLC is wholly owned by a Jersey company, Cherberry Limited. Cherberry Limited is wholly owned by the Trustees of a settlement. In the opinion of the directors, there is no single individual or entity that can or does exercise ultimate control, as defined under FRS8, over that company.