2808359

Heritage Great Britain PLC

Annual Report and Consolidated Financial Statements

31 January 2003

ERNST & YOUNG

Registered No: 2808359

Directors

P M Treherne	- Finance Director
A J Leech	- Executive Director
S W Sim	- Non Executive Director

Secretary

P Cushion

Auditors

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

Bankers

National Westminster Bank Plc
2/4 St Nicholas Street
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Cornwall
TR1 2RN

Solicitors

Richard Saleh & Co
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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 2003.

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. During the year, the Group acquired a marketing agency based in Manchester.

Review of the business and future developments

The directors are extremely pleased with the results for the year, which show a growth in profitability across almost all businesses. The 2001 season suffered significantly from the Foot and Mouth outbreak across the UK and all businesses within the Group have recovered strongly from this during the 2002 season.

The Group continued to invest strongly at its sites to improve the experience of visitors and the quality of the sites. This has been demonstrated by the awards gained in the year; namely, Snowdon gained Railway of the Year and Wales Family Attraction of the Year from the Good Britain Guide 2003 and The Needles Park was voted Employer of the Year within Isle of Wight.

At the start of the year the Group formed a new subsidiary, Centrix Marketing and Advertising Limited which has successfully provided marketing and media services to Group companies and external customers.

The Directors predict further growth in 2003 with further capital investment planned at all sites to take full advantage of the predicted upturn in the UK Tourism Industry.

Results and dividends

The Group profit for the year, after taxation, amounted to £354,322 (2002: loss £289,851). The directors do not recommend the payment of a dividend.

Fixed assets

Details of changes in tangible fixed assets are given in note 9 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 16 days.

Donations

The Group made charitable donations of £4,974 (2002: £9,329) during the year. No political donations were made.

Events since the balance sheet date

Events since the balance sheet date are disclosed in note 29.

Directors' report

Directors and their interests

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

P M Treherne (Appointed 9 December 2002)
A J S Leech (Appointed 23 August 2002)
S W Sim
K R Leech (Resigned 22 August 2002)
R P Bradshaw (Deceased 3 February 2003)

Mr A J S Leech and Mr K R Leech are discretionary beneficiaries 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 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

16 JUN 2003

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 company and of the profit or loss of the company 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 company will continue in business.

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

Independent auditors' report

to the members of Heritage Great Britain PLC

We have audited the group's financial statements for the year ended 31 January 2003, 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.

ERNST & YOUNG

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 2003 and of the profit 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

24 JUN 2003

Consolidated profit and loss account

For the year ended 31 January 2003

	Notes	2003 £	2002 £
Turnover			
Continuing operations - ongoing		9,924,593	8,977,176
- acquisitions		841,941	-
		10,766,534	8,977,176
Discontinued operations		13,761	293,123
	2	10,780,295	9,270,299
Cost of sales		(3,164,406)	(2,510,138)
Gross profit		7,615,889	6,760,161
Administrative expenses		(6,842,337)	(6,274,339)
Operating profit			
Continuing operations - ongoing		747,929	398,612
- acquisitions		45,086	-
		793,015	398,612
Discontinued operations		(19,463)	87,210
		773,552	485,822
Profit/(loss) on disposal of tangible fixed assets		133,227	(65,557)
Interest receivable and similar income	3	97,475	64,538
Interest payable and similar charges	4	(566,350)	(634,037)
Profit/(loss) on ordinary activities before taxation	5	437,904	(149,234)
Tax on profit/(loss) on ordinary activities	8	83,582	140,617
Retained profit/(loss) for the financial year	19	354,322	(289,851)

The discontinued operations relate to the Wax Works business, which was sold during the year. The acquired activities relate to the acquisition of Centrix Marketing and Advertising Limited on 11 February 2002.

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 loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

Consolidated balance sheet

At 31 January 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	12,562,795	12,977,631
Intangible assets	10	246,227	261,302
		12,809,022	13,238,933
Current assets			
Stocks	12	512,975	522,274
Debtors	13	495,982	1,263,005
Cash at bank and in hand		129,682	31,283
		1,138,639	1,816,562
Creditors: amounts falling due within one year	14	3,775,008	3,328,765
Net current liabilities		(2,636,369)	(1,512,203)
Total assets less current liabilities		10,172,653	11,726,730
Creditors: amounts falling due after more than one year	15	3,568,500	5,651,554
Accruals and deferred income	16	119,010	129,010
Provision for liabilities and charges	17	557,032	372,377
		5,928,111	5,573,789
Capital and reserves			
Called up share capital	18	5,213,371	5,213,371
Profit and loss account	19	714,740	360,418
Equity shareholders' funds	20	5,928,111	5,573,789

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Company balance sheet

At 31 January 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	12,130	20,782
Investments	11	13,434,875	13,434,873
		13,447,005	13,455,655
Current assets			
Debtors	13	24,829	68,595
Cash at bank and in hand		104,216	11,353
		129,045	79,948
Creditors: amounts falling due within one year	14	(4,982,987)	(3,063,997)
Net current liabilities		(4,853,942)	(2,984,049)
Total assets less current liabilities		8,593,063	10,471,606
Creditors: amounts falling due after more than one year	15	3,568,500	5,613,000
		5,024,563	4,858,606
Capital and reserves			
Called up share capital	18	5,213,371	5,213,371
Profit and loss account	19	(188,808)	(354,765)
Equity shareholders' funds	20	5,024,563	4,858,606

The financial statements were approved by the Board of Directors on 16 JUN 2003
and were signed on its behalf by:

P M Treherne
Director

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Consolidated cash flow statement

For the year ended 31 January 2003

	Notes	2003 £	2002 £
Net cash inflow from continuing operating activities	23	972,585	1,188,137
Returns on investments and servicing of finance			
Interest received and similar income		97,475	64,538
Interest paid		(507,195)	(469,986)
Interest element of finance lease rental payments		(61,976)	(41,909)
		(471,696)	(447,357)
Taxation			
Corporation tax received		-	16,550
		-	16,550
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(160,102)	(363,375)
Receipts from sales of tangible fixed assets		873,929	598,983
		713,827	235,608
Net cash inflow before financing		1,214,716	897,330
Financing			
Repayment of short-term loans	25	-	(54,161)
Repayment of long-term loans	25	(957,000)	(869,500)
Repayment of capital element of finance lease rentals	25	(94,794)	(228,103)
Increase/(decrease) in cash in the year	24	162,922	(158,826)

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Notes to the financial statements

At 31 January 2003

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 2003. No profit and loss account is presented for Heritage Great Britain PLC as permitted by section 230 of the Companies Act 1985 (see note 19).

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	-	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 2003

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 £75,532 (2002: £75,652). There were no creditors outstanding 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 26.

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 2003

2. Turnover and segmental analysis by class of business

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

	Turnover	
	2003	*2002*
	£	£
By activity:		
Attractions and admissions	3,714,664	3,387,448
Retailing	2,694,927	2,553,521
Catering, hotel and bar	3,287,378	2,934,295
Marketing and advertising	841,941	-
Other revenue	241,385	395,035
	10,780,295	9,270,299

3. Interest receivable and similar income

	2003	*2002*
	£	£
Bank interest receivable	7,997	7,468
Rent receivable	89,478	57,070
	97,475	64,538

4. Interest payable and similar charges

	2003	*2002*
	£	£
Bank loans and overdrafts wholly repayable within five years	363,481	448,796
Other loans - debenture loan	140,893	138,852
Finance lease charges payable under finance leases and hire purchase contracts	61,976	46,389
	566,350	634,037

Notes to the financial statements

At 31 January 2003

5. Profit/(loss) on ordinary activities before taxation

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

	2003 £	*2002* £
Depreciation of tangible fixed assets - owned	525,709	574,603
Depreciation of tangible fixed assets - leased	46,360	46,360
(Profit)/loss on sale of tangible fixed assets	(133,222)	65,553
Operating lease rentals - plant and machinery	60,378	73,525
Operating lease rentals - land and buildings	84,494	83,371
Amortisation of goodwill	15,075	15,075
Auditors' remuneration - audit services	16,600	14,000
Auditors' remuneration - non audit services	4,001	8,081
Government grant - release of deferred income	(10,000)	(10,000)

Auditors' remuneration for non-audit services comprises fees for taxation compliance work.

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6. Emoluments of directors

	2003 £	*2002* £
Aggregate emoluments (including benefits in kind)	131,666	114,094
Pension contributions to a money purchase scheme	25,842	24,829
	157,508	138,923

	2003 *No.*	*2002* *No.*
Members of money purchase pension schemes	2	1

7. Employee information

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

	2003 *No.*	*2002* *No.*
Management and administration	21	20
Retail, catering and other	322	320
	343	340

Notes to the financial statements

At 31 January 2003

7. Employee information (continued)

	2003 £	2002 £
Staff costs for the above persons:		
Wages and salaries	3,104,438	3,045,253
Social security costs	273,905	217,608
Pension costs	146,607	137,307
	3,524,950	3,400,168

8. Tax on profit/(loss) on ordinary activities

a) Analysis of tax charge in period

	2003 £	2002 £
Current tax:		
UK corporation tax on profits of the period	27,650	23,224
Adjustments in respect of previous periods	(23,224)	14,818
Total current tax (note 8b))	4,426	38,042
Deferred tax:		
Origination and reversal of timing differences	41,487	400
Adjustment to the estimated recoverable amount of deferred tax balances arising in previous periods	37,669	102,175
Total deferred tax (note 17)	79,156	102,575
Tax on profit/(loss) on ordinary activities	83,582	140,617

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Notes to the financial statements

At 31 January 2003

8. 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:

	2003	*2002*
	£	*£*
Profit/(loss) on ordinary activities before tax	439,216	(149,234)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	131,765	(44,770)
Effects of:		
Expenses not deductible for tax purposes	14,537	66,939
Movements in deferred tax	(41,265)	(400)
Deferred tax asset not recognised	-	1,455
Adjustment to tax charge in respect of previous periods	(23,224)	14,818
Group relief claimed	(77,387)	-
Current tax charge for the year (note 8a))	4,426	38,042

As at 31 January 2003, tax losses of £499,000 (2002: £667,000) 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 2003

9. 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 2002	10,400,543	1,600,000	764,628	96,291	1,502,024	14,363,486
Additions	2,440	-	33,115	-	124,546	160,101
Disposals	-	-	-	(1,750)	(1,118)	(2,868)
At 31 January 2003	10,402,983	1,600,000	797,743	94,541	1,625,452	14,520,719
Depreciation:						
At 1 February 2002	428,019	181,333	203,974	26,798	545,731	1,385,855
Charge for the year	188,317	30,000	78,845	18,512	256,395	572,069
At 31 January 2003	616,336	211,333	282,819	45,310	802,126	1,957,924
Net book value:						
At 31 January 2003	9,786,647	1,388,667	514,924	49,231	823,326	12,562,795
At 31 January 2002	9,972,524	1,418,667	560,654	69,493	956,293	12,977,631

Fixed assets with a net book value of £365,733 (2002: £411,073) which are held under finance leases are included above.

The net book value of land and buildings comprises:

	2003	*2002*
	£	£
Freehold	9,674,172	9,848,891
Long leasehold	112,435	123,633
	9,786,607	9,972,524

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Notes to the financial statements

At 31 January 2003

9. Tangible fixed assets (continued)

Company

	Fixtures and fittings £	*Total* £
Cost:		
At 1 February 2002	37,729	37,729
Additions	1,671	1,671
Disposals	(1,118)	(1,118)
At 31 January 2003	38,282	38,282
Depreciation:		
At 1 February 2002	16,947	16,947
Charge for the year	9,205	9,2045
At 31 January 2003	26,152	26,152
Net book value:		
At 31 January 2003	12,130	12,130
At 31 January 2002	20,782	20,782

10. Intangible fixed assets

	Goodwill £
Cost:	
At 1 February 2002 and 31 January 2003	301,502
Amortisation:	
At 1 February 2002	40,200
Amortised in year	15,075
At 31 January 2003	55,275
Net book value:	
At 31 January 2003	246,227
At 31 January 2002	261,302

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 2003

11. Investments

Company	*2003* £	*2002* £
Cost		
At 1 February 2002	13,434,873	13,434,873
Additions	2	-
At 31 January 2003	13,434,875	13,434,873

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

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

The company owns the entire issued ordinary share capital of these companies.

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.

12. Stocks

	Group		*Company*	
	2003 £	*2002* £	*2003* £	*2002* £
Finished goods and goods for resale	271,207	331,133	-	-
Raw materials and spares	157,892	150,398	-	-
Catering and bar stocks	51,802	40,743	-	-
Work in Progress	32,074	-	-	-
	512,975	522,274	-	-

13. Debtors

	Group		*Company*	
	2003 £	*2002* £	*2003* £	*2002* £
Amounts falling due within one year:				
Trade debtors	213,975	74,028	28,350	37,776
Other debtors	35	65,320	28	-
Prepayments and accrued income	281,972	385,823	(3549)	30,819
Property held for resale	-	737,834	-	-
	495,982	1,263,005	24,829	68,595

Notes to the financial statements

At 31 January 2003

14. Creditors: amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade creditors	220,635	584,574	14,906	88,307
Loans (secured - see note 15)	1,957,000	869,500	1,957,000	869,500
Bank overdraft (secured - see note 15)	1,056,296	1,120,819	-	-
Corporation tax	27,651	23,224	-	-
Other taxation and social security	40,857	46,402	296	8,772
Obligations under finance leases and HP contracts (note 15)	38,554	94,794	-	-
Other creditors	194,917	52,338	100,317	15,094
Accruals and deferred income	239,098	537,114	155,468	407,324
Amounts owed to subsidiary companies	-	-	2,755,000	1,675,000
	3,775,008	3,328,765	4,982,987	3,063,997

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Loans – secured (see below)	3,568,500	5,613,000	3,568,500	5,613,000
Obligations under finance leases and HP contracts	-	38,554	-	-
	3,568,500	5,651,554	3,568,500	5,613,000

Details of the maturity of loans are as follows:

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Amounts falling due:				
In one year or less	1,957,000	869,500	1,957,000	869,500
In more than one year but not more than two years	1,957,000	2,869,500	1,957,000	2,869,500
In more than two years but not more than five years	1,611,500	2,306,000	1,611,500	2,306,000
In more than five years	-	437,500	-	437,500
	5,525,500	6,482,500	5,525,500	6,482,500
Less: included in creditors: amounts falling due within one year	1,957,000	869,500	1,957,500	869,500
	3,568,500	5,613,000	3,568,500	5,613,000

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Notes to the financial statements

At 31 January 2003

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

The loans falling due in more than five years have minimum annual capital repayment terms agreed by the Group's bankers. The rate of interest on these loans is set by reference to the London Inter Bank Offer Rate (LIBOR) and will vary by the renewal period selected.

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	
	2003	*2002*
	£	*£*
Amounts payable:		
Within one year	50,143	112,886
In two to five years	-	45,363
	50,143	158,249
Less: finance charges allocated to future periods	(11,589)	(24,901)
	38,554	133,348

Finance leases and HP contracts are analysed as follows:

	Group	
	2003	*2002*
	£	*£*
Current obligations	38,554	94,794
Non-current obligations	-	38,554
	38,554	133,348

16. Accruals and deferred income

	Group
	£
Welsh Tourist Board Grant:	
At 1 February 2002	129,010
Released in year	(10,000)
At 31 January 2003	119,010

Notes to the financial statements

At 31 January 2003

17. Provisions for liabilities and charges

Group	*Deferred taxation* £	*Other provisions* £	*Total* £
At 1 February 2002	372,377	-	372,377
Charge for year	79,155	105,500	184,655
At 31 January 2003	451,532	105,500	557,032

Deferred taxation

The amounts provided for deferred taxation and the amounts unprovided are set out below:

Group	*2003 Provided* £	*2003 Unprovided* £	*2002 Provided* £	*2002 Unprovided* £
Differences between accumulated depreciation and capital allowances	602,480	-	576,562	-
Other timing differences	(150,948)	-	(204,185)	-
	451,532	-	372,377	-

Company				
Differences between accumulated depreciation and capital allowances	-	(285)	-	(285)
Other timing differences	-	(1,170)	-	(1,170)
	-	(1,455)	-	(1,455)

Other provisions

Other provisions relate to uninsured losses relating to a number of incidents. 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 2003

18. Share capital

	2003 £	2002 £
Authorised:		
7,000,000 (2001:7,000,000) ordinary shares of £1 each	7,000,000	7,000,000
Allotted, called up and fully paid:		
5,213,371 (2001:5,213,371) ordinary shares of £1 each	5,213,371	5,213,371

19. Reserves

	Group profit and loss account £	*Company profit and loss account* £
At 1 February 2002	360,418	(354,765)
Retained profit for the year	354,322	165,957
At 31 January 2003	714,740	(188,808)

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

20. Reconciliation of movements in equity shareholders' funds

	Group		*Company*	
	2003 £	*2002* £	*2003* £	*2002* £
Profit/(loss) for the financial year	354,322	(289,851)	165,957	(174,600)
Opening equity shareholders' funds	5,573,789	5,863,640	4,858,606	5,033,206
Closing equity shareholders' funds	5,928,111	5,573,789	5,024,563	4,858,606

Notes to the financial statements

At 31 January 2003

21. Operating lease commitments

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Operating leases which expire:				
Within one year - other	20,531	37,045	5,565	18,858
In two to five years - other	42,711	38,545	-	5,565
In two to five years - land and buildings	16,272	16,272	16,272	16,272
Over five years - land and buildings	55,000	55,000	-	-

22. Contingent liabilities

The company has provided a cross-guarantee in respect of all other Group companies' bank facilities, whose overdrafts at 31 January 2003 amounted to £1,056,296 (2002 £1,120,819) in total (see note 14).

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

	2003	2002
	£	£
Operating profit	773,552	485,822
Depreciation	572,069	620,963
Amortisation of goodwill	15,075	15,075
Release of deferred income	(10,000)	(10,000)
Decrease/(increase) in stocks	9,299	(2,472)
Decrease/(increase) in debtors	29,189	(210,395)
(Decrease)/increase in creditors	(416,599)	289,144
Net cash inflow from operating activities	972,585	1,188,137

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

	2003	2002
	£	£
Increase/(decrease) in cash in the period	162,922	(158,826)
Cash decrease from decrease in net debt and lease financing	1,051,794	1,151,764
Change in net debt arising from cash flows	1,214,716	992,938
New finance leases	-	(47,804)
Movement in the year	1,214,716	945,134
Net debt at 31 January 2002	(7,705,384)	(8,650,518)
Net debt at 31 January 2003	(6,490,668)	(7,705,384)

Notes to the financial statements

At 31 January 2003

25. Analysis of changes in net debt

	At 31 January 2002	*Cash flows* £	*Other movements* £	*At 31 January 2003* £
Cash at bank and in hand	31,283	98,399		129,682
Bank overdraft	(1,120,819)	64,523		(1,056,296)
Liquid resources	(1,089,536)	162,922	-	(926,614)
Short term loans	(1,220,000)	957,000	(694,000)	(957,000)
Long term loans	(3,262,500)	-	694,000	(2,568,500)
Debenture loans	(2,000,000)	-	-	(2,000,000)
Finance leases	(133,348)	94,794	-	(38,554)
	(7,705,384)	1,214,716	-	(6,490,668)

26. Pension scheme

The company 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.

Total employer's contributions paid into the Scheme for the year ended 31 January 2003 amounted to £19,775. 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 £40,000. The pension cost and 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% (2002: 2½%) of total pensionable pay.

The major assumptions used by the actuary for the year ended 31 January 2003 were:

	2003	*2002*
Rate of increase in salaries	5.45%	5.52%
Rate of increase in pensions in payment for service from and including 6 April 1997	2.25%	2.32%
Discount rate	5.28%	5.66%
Inflation rate	2.45%	2.52%
Rate of increase of deferred pensions in excess of GMP	2.45%	2.52%

Notes to the financial statements

At 31 January 2003

26 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 and a bank account held by the Trustee.

	Long term rate of return expected at 31 Jan 2003	*Value at 31 Jan 2003*	*Long term rate of return expected at 31 Jan 2002*	*Value at 31 Jan 2002*
With Profits Fund – Equitable Life	4.5%	258,800	5.6%	334,200
Unit Linked Money fund – Equitable Life	3.4%	35,300	4.1%	14,600
Trustees bank account	3.4%	6,800	N/a	-
		300,900		348,800
Actuarial valuation of liabilities		612,500		608,500
Deficit		(311,600)		(259,700)
Deferred tax		93,480		77,910
Net deficit		(218,120)		(181,790)

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 2003.

If the above pension liability was recognised in the accounts, the company's net assets and profit and loss reserve at 31 January 2003 would be as follows:

	Group	
	2002	*2001*
	£000	*£000*
Net assets as stated in balance sheet	5,928,111	5,573,789
SSAP24 balance included with creditors: amounts falling due within one year	24,000	-
Related deferred tax	(7,200)	-
Net assets excluding pension deficit	5,944,911	5,573,789
Net pension deficit	(218,120)	(181,790)
Net assets including pension deficit	5,726,791	5,391,999
Profit and loss accounts as stated in balance sheet	714,740	360,418
SSAP24 balance	24,000	-
Related deferred tax	(7,200)	-
Profit and loss account excluding pension deficit	731,540	360,418
Net pension deficit	(218,120)	(181,790)
Profit and loss account including pension deficit	513,420	178,688

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Notes to the financial statements

At 31 January 2003

26. Pension scheme Continued)

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	*2003*
	£
Current service cost	2,700
Past service cost	-
Losses/(gains) on settlements or curtailments	-
Total operating charge	2,700

Analysis of the amount credited to other finance income	
Expected return on pension scheme assets	17,500
Interest on pension scheme liabilities	(32,100)
Net return	(14,600)

Analysis of amount recognised in statement of total recognised gains and losses	
Actual return less expected return on pension scheme assets	2,900
Experience gains and losses arising on the scheme liabilities	(9,100)
Changes in assumptions underlying the present value of the scheme liabilities	(54,300)
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	(60,500)

Movement in surplus/(deficit) during the year	
Surplus/(deficit) in scheme at start of the year	(259,700)
Current service cost	(2,700)
Contributions paid	25,900
Past service costs	-
Settlements or curtailments	-
Other finance income	(14,600)
Actuarial gain/(loss)	(60,500)
Surplus/(deficit) in scheme at end of the year	(311,600)

History of experience gains and losses	
Difference between the expected and actual return on scheme assets	£2,900
As a percentage of scheme assets	1.0%
Experience gains and losses on scheme liabilities	(£9,100)
As a percentage of the present value of scheme liabilities	(1.5%)
Total amount recognised in the statement of total recognised gains and losses	(£60,500)
As a percentage of the present value of scheme liabilities	(9.9%)

Notes to the financial statements

At 31 January 2003

27. 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 £150,000 (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, Heritage Attractions Limited, holds a finance lease for £23,450 in relation to a theme park ride located at Lightwater Valley Theme Park. The liability for the finance lease remains with Heritage Attractions Limited however, all payments are recharged to Lightwater Valley Attractions Limited and thus there is no net cost within Heritage Attractions Limited.

3) The Group, through one of its subsidiaries, Centrix Marketing and Advertising Limited provided advertising and marketing services to Lightwater Valley Attractions Limited during the year amounting to £26,551 (on normal commercial terms). A balance of £18,512 remained outstanding at the year end.

28. 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.

29. Post balance Sheet Events

Robert Bradshaw, a director of the Company, died on 3 February 2003. Subsequent to the year end, the Company received the proceeds of a Key Man Insurance Policy relating to the life of Robert Bradshaw amounting to £1,000,000.