

Registered number  
**02808359**

# **Heritage Great Britain PLC**

## **Annual Report and Consolidated Financial Statements**

**For the year ended  
31 January 2016**

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Registered No: 02808359

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Registered No: 02808359

## **Company information**

### **Directors**

P M Johnson-Treherne  
A J S Leech

### **Secretaries**

G Johnson  
P M Johnson-Treherne

### **Auditor**

KPMG LLP  
8 Princes Parade  
Liverpool  
L3 1QH

### **Bankers**

Santander UK PLC  
Bridle Road  
Bootle  
Merseyside  
L30 4GB

### **Solicitors**

Salehs LLP  
748 Wilmslow Road  
Didsbury  
Manchester  
M20 6WF

### **Registered Office**

Suite 37  
The Colonnades  
Albert Dock  
Liverpool  
L3 4AA

# Strategic report

## 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 holiday accommodation in Scotland through a joint venture. The group also operates a marketing agency in Manchester, CQ2 Limited.

During 2015 the group established a new subsidiary called Heritage Brand Ventures Limited. The principal activity of Heritage Brand Ventures will be the operation of the new Mattel Play! Liverpool attraction at the Albert Dock, Liverpool.

The Group has also acquired another subsidiary, Port Soderick Developments Limited, which it intends to develop over the next 12 months.

## Business model

Heritage Great Britain PLC is the holding company for Heritage Attractions Limited, CQ2 Limited, Port Soderick Developments Limited and Heritage Brand Ventures Limited. Heritage Great Britain PLC provides head office, management and accounting services to its subsidiaries.

Heritage Attractions Limited operates some of the UK's most outstanding landmark destinations and popular visitor attractions. Our current portfolio stretches from Land's End at the south-western tip of Cornwall to remote John O'Groats in the far north of Scotland. In between, Snowdon Mountain Railway takes passengers from Llanberis, in the heart of Snowdonia National Park, to the summit of the highest mountain in England and Wales. The Needles Park welcomes visitors to the Isle of Wight's famous lighthouse and Needles rocks.

Heritage Attractions aims to maintain and develop the UK's heritage sensitively and responsibly for the benefit of all and to provide exciting and stimulating family value days out for its customers. Key elements of the businesses objectives are:

**Organic growth** - Capital expenditure is planned within each business unit to improve standards further and increase the attraction's growth rate. The focus will be to improve spend per head and the dwell time of guests.

**Destination accommodation** - The attractions will be supplemented by accommodation units to provide new developments to existing estate assets or to improve the overall profitability of each asset.

**Continued acquisitions** – The Group has a continued interest in available visitor attractions within the tourism market where visitor numbers exceed 100,000 pa.

The Group's subsidiary CQ2 is a North West based full service marketing design agency with a philosophy to provide clients with a service that combines vast experience and creativity.

Mattel Play! Liverpool, within Heritage Brand Ventures Limited, is home to three unique children's character themed play zones, plus a cafeteria, retail shop and green screen photo experience. Set in over 13,000 square feet of interactive adventure play, the attraction is located on the Albert Dock, Liverpool waterfront and opened in March 2016.

## Business review and results

The results for the year are set out on page 9. The Directors are pleased with the results for the year. An emphasis is placed on offering customers value for money and this was reflected in our marketing campaigns through the year. The Group profit for the year, after exceptional items and taxation, amounted to £653,712 (2015: £172,274). The directors do not recommend the payment of a dividend (2015: £nil).

The 2015 operating season for Heritage Attractions Limited saw an increase in turnover of £524,650 compared to the 2014 season.

## Strategic report

A new Shaun the Sheep experience opened at Land's End in February 2015 and has done well all season. At Snowdon a second heritage steam carriage was operational for the 2015 season. These new carriages provide a more unique and enhanced visitor experience of the railway. They are becoming increasingly popular with visitors to the railway and have been received well. The Needles Park saw investment in a new vintage carousel ride, and a new retail unit called 'Taste of the Wight' which has traded well.

This year CQ2 Limited saw a decrease in turnover to £409,116 (2015: £604,273) as a restructure in group invoicing has shifted turnover into the next financial year. The directors will continue to ensure that there is strong cost control, in what is still a tough economic climate, and to seek new clients. To this end, a number of redundancies occurred in 2015 which will streamline company operations. An external agency has been used to drive new client appointments.

The new attraction, Mattel Play! Liverpool, commenced operating on 22 March 2016.

### Key performance indicators

The directors consider visitor numbers and spend per head within Heritage Attractions Limited and Heritage Brand Ventures Limited to be key performance indicators.

Overall there was an increase in visitor numbers of 2.1% and an increase in spend per head of 2.4%. The directors are satisfied with these results.

In CQ2 Limited the company's key performance indicators are to maintain strong margins and increase revenue year on year through constantly seeking new clients and client retention.

There was a decrease in turnover of 32.3% compared to prior year, and gross margin was 62.7% compared to prior year of 69.7%, although this is dependent on the type of work undertaken each year.

### Future developments

Within Heritage Attractions Limited, the Lands End Hotel is currently undergoing a refurbishment with phase one of the bedroom and bathroom upgrade completed for the 2016 season. A new railway siding is planned at Snowdon Mountain Railway. The First and Last Inn is now under a new management team. CQ2 Limited seeks to grow its client portfolio and maintain a strong edge in an ever growing technological market.

Heritage Brand Ventures Limited is hopeful for a successful first year trading period and has plans to open additional attractions in the UK.

This report was approved by the board on 8 July 2016 and signed by its order.



P M Johnson-Treherne  
Director

8 July 2016

**Registered office**  
Suite 37  
The Colonnades  
Albert Dock  
Liverpool  
L3 4AA

## Directors' report

The directors present their report and the audited consolidated financial statements of Heritage Great Britain PLC for the year ended 31 January 2016.

### Directors and their interests

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

P M Johnson-Treherne

A J S Leech

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.

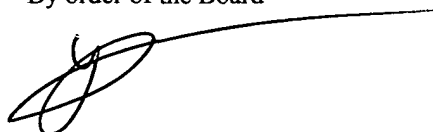
### Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the Board



G Johnson  
*Company Secretary*

8 July 2016

**Registered office**  
Suite 37  
The Colonnades  
Albert Dock  
Liverpool  
L3 4AA

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

# **Independent auditor's report to the members of Heritage Great Britain PLC**

We have audited the financial statements of Heritage Great Britain PLC for the year ended 31 January 2016 as set out on pages 9 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 director and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the parent company's affairs as at 31 January 2016 and the group's 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.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# Independent auditor's report to the members of Heritage Great Britain PLC

## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Nicola Quayle*

Nicola Quayle (*Senior Statutory Auditor*)  
for and on behalf of KPMG LLP  
Chartered Accountants  
8 Princes Parade  
Liverpool  
Merseyside  
L3 1QH  
Date:

*15 July 2016*

# Consolidated profit and loss account

For the year ended 31 January 2016

	Notes	2016 £	2015 £
<b>Turnover: Group and share of joint ventures</b>		<b>13,141,653</b>	12,583,018
Less: share of joint ventures		(78,869)	(44,884)
	3	<b>13,062,784</b>	12,538,134
Cost of sales		(3,627,042)	(3,420,588)
<b>Gross profit</b>		<b>9,435,742</b>	9,117,546
Administrative expenses - normal		(8,465,697)	(7,797,523)
Administrative expenses - exceptional (pension scheme buyout)	4	-	(920,948)
Other operating income	5	112,509	114,417
<b>Group operating profit</b>		<b>1,082,554</b>	513,492
Share of operating loss in joint ventures		(15,345)	(3,787)
<b>Total operating profit</b>		<b>1,067,209</b>	509,705
Interest receivable and similar income:			
Group		9,747	12,801
Share of joint ventures		-	3
		<b>9,747</b>	12,804
Interest payable and similar charges:			
Group	6	(272,216)	(179,110)
Share of joint ventures	6	(18,662)	(7,056)
<b>Profit on ordinary activities before taxation</b>	7	<b>786,078</b>	336,343
Taxation	10	(132,366)	(164,069)
<b>Retained profit for the financial year</b>		<b>653,712</b>	172,274

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents. All amounts relate to continuing operations.

The notes on pages 15 to 35 form an integral part of the financial statements.

# Consolidated statement of other comprehensive income

For the year ended 31 January 2016

	<i>Notes</i>	<i>2016</i> £	<i>2015</i> £
<b>Profit for the financial year</b>		<b>653,712</b>	172,274
<b>Other comprehensive income</b>			
Actuarial loss on pension scheme		-	(24,324)
<b>Total comprehensive income for the year</b>		<b>653,712</b>	147,950

The notes on pages 15 to 35 form an integral part of the financial statements.

# Consolidated Balance Sheet

At 31 January 2016

Registered  
number:  
**02808359**

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	11	12,773,609	11,699,059
Intangible assets	12	613,498	59,642
		<u>13,387,107</u>	<u>11,758,701</u>
<b>Investments in joint ventures</b>			
Share of gross assets		983,796	315,097
Share of gross liabilities		(924,997)	(220,887)
		<u>58,799</u>	<u>94,210</u>
<b>Current assets</b>			
Stocks	14	731,967	569,441
Debtors	15	880,199	943,851
Cash at bank and in hand	16	1,683,805	1,674,630
		<u>3,295,971</u>	<u>3,187,922</u>
<b>Creditors: amounts falling due within one year</b>	17	(2,419,659)	(2,208,811)
<b>Net current assets</b>		<u>876,312</u>	<u>979,111</u>
<b>Total assets less current liabilities</b>		<u>14,322,218</u>	<u>12,832,022</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(4,812,167)	(4,047,729)
<b>Provisions for liabilities</b>	20	(360,096)	(288,050)
<b>Net assets</b>		<u>9,149,955</u>	<u>8,496,243</u>
<b>Capital and reserves</b>			
Called up share capital	21	5,213,371	5,213,371
Profit and loss account		3,936,584	3,282,872
<b>Equity shareholders' funds</b>		<u>9,149,955</u>	<u>8,496,243</u>

The notes on pages 15 to 35 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 8 July 2016 and were signed on its behalf by:



P M Johnson-Treherne  
Director

# Company Balance Sheet

For the year ended 31 January 2016

Registered  
number:  
**02808359**

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	11	25,936	14,818
Investments	13	12,585,139	12,585,037
		<u>12,611,075</u>	<u>12,599,855</u>
<b>Investments in joint ventures</b>			
Tangible assets	11	115,583	115,583
<b>Current assets</b>			
Debtors	15	994,750	516,899
Cash at bank and in hand	16	935,456	1,277,177
		<u>1,930,206</u>	<u>1,794,076</u>
<b>Creditors: amounts falling due within one year</b>	17	(5,476,977)	(4,989,758)
<b>Net current liabilities</b>		<u>(3,546,771)</u>	<u>(3,195,682)</u>
<b>Total assets less current liabilities</b>		<u>9,179,887</u>	<u>9,519,756</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(3,574,375)	(4,037,729)
		<u>5,605,512</u>	<u>5,482,027</u>
<b>Capital and reserves</b>			
Called up share capital	21	5,213,371	5,213,371
Profit and loss account		392,141	268,656
<b>Equity shareholders' funds</b>		<u>5,605,512</u>	<u>5,482,027</u>

The notes on pages 15 to 35 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 8 July 2016 and were signed on its behalf by:



P M Johnson-Treherne  
Director

# Statement of changes in equity

For the year ended 31 January 2016

Registered  
number:  
**02808359**

	Share capital	Actuarial gain on pension scheme	Profit and loss account	Total
	£	£	£	£
<b>At 1 February 2014</b>	5,213,371	175,425	2,959,497	8,348,293
Profit for the financial year	-	-	172,274	172,274
Actuarial loss on pension scheme	-	(24,324)	-	(24,324)
Total comprehensive income for the financial year	-	(24,324)	172,274	147,950
Transfer to pension reserve	-	(151,101)	151,101	-
<b>At 31 January 2015</b>	5,213,371	-	3,282,872	8,496,243
Profit for the financial year	-	-	653,712	653,712
<b>At 31 January 2016</b>	5,213,371	-	3,936,584	9,149,955

The notes on pages 15 to 35 form an integral part of these financial statements.

# Consolidated cash flow statement

For the year ended 31 January 2016

	Notes	2016 £	2015 £
<i>Net cash from operating activities</i>	23	<b>1,484,349</b>	1,275,672
<i>Cash flows from financing activities</i>			
Interest received and similar income		9,747	12,801
Interest paid on bank loans and overdrafts		(186,538)	(142,333)
Interest element of finance lease rental payments		(31,570)	(39,362)
(Repayments)/receipt of borrowings		(350,000)	541,667
Repayments of finance lease liabilities		(55,730)	(258,106)
<i>Net cash from financing activities</i>		<b>(614,091)</b>	114,667
<i>Cash flows from investing activities</i>			
Payments to acquire tangible fixed assets		(945,347)	(544,061)
Acquisition of a business		(2)	-
Receipts from sales of tangible fixed assets		-	14,500
<i>Net cash from investing activities</i>		<b>(945,349)</b>	(529,561)
<i>Net (decrease)/increase in cash in the year and cash equivalents</i>		<b>(75,091)</b>	860,778
<b>Cash and cash equivalents at 1 February</b>		<b>1,447,792</b>	587,014
<b>Cash and cash equivalents at 31 January</b>		<b>1,372,701</b>	1,447,792

The notes on pages 15 to 35 form an integral part of the financial statements.

# Notes to the financial statements

At 31 January 2016

## 1. Accounting policies

### Basis of preparation

The Group and parent company financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how these have affected the financial position and financial performance of the Company is provided in note 26.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Heritage Great Britain Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 January 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.



# Notes to the financial statements *(continued)*

At 31 January 2016

## 1. Accounting policies *(continued)*

### Going concern

The directors have considered the group and company's projected future cash flows, working capital requirements and its banking facilities, and are confident that they have sufficient cash flows to meet their working capital requirements for the next 12 months. For the reasons noted, the Directors continue to prepare the financial statements on a going concern basis.

### Foreign currency

Transactions in foreign currencies are translated to the Group companies's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

### Basic financial instruments

#### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### Other financial instruments

#### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

#### *Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

### Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

# Notes to the financial statements (*continued*)

At 31 January 2016

## 1. Accounting policies (*continued*)

### Business combinations (*continued*)

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

### Goodwill

#### *Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

#### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is amortised from the date they are available for use. The estimated useful lives are as follows: Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill is tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

In respect of the goodwill arising on the acquisition of Port Soderick Developments Limited in the current year, no amortisation charge has been recognised. This represents a departure from FRS 102 requirements. This override has been taken since, in the view of the Directors, this would not present a true and fair view for the following reasons. Heritage Great Britain PLC has acquired the entire share capital of Clinch Holdings Limited, a company related to Port Soderick Developments Limited on 18 March 2016. As at this date, the balance due to Clinch Holdings Limited from Port Soderick Developments Limited was £560,000, representing the only material asset/liability in that company. Therefore, in the financial year ending 31 January 2017, this would lead to a negative goodwill balance being recognised. The Directors consider, on balance and considering the acquisition of Clinch Holdings Limited post year end, that the consideration paid in total equates to the total fair value of assets acquired and therefore for the two acquisitions combined no goodwill should arise. On acquisition of Clinch Holdings Limited, in the financial year ended 31 January 2017, it is the directors intention to fully amortise the goodwill arising on both acquisitions, thereby recognising an equal charge and credit. Furthermore, the Directors consider that any economic benefits or outflows related to both of these acquisitions will be realised simultaneously in the financial year ended 31 January 2017.

## Notes to the financial statements *(continued)*

At 31 January 2016

### 1. Accounting policies *(continued)*

#### Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

#### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

# Notes to the financial statements *(continued)*

At 31 January 2016

## 1. Accounting policies *(continued)*

### Taxation *(continued)*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### Expenses

#### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

### Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

## Notes to the financial statements *(continued)*

At 31 January 2016

### 1. Accounting policies *(continued)*

#### 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%

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

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. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

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.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverable amount is calculated as being the higher of the amount at which the assets could be disposed of, less any direct selling costs, and the present value of the future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal.

#### 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.

#### Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

# Notes to the financial statements *(continued)*

At 31 January 2016

## 1. Accounting policies *(continued)*

### Leases *(continued)*

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

### Pensions

The Group operates a defined contribution pension scheme for certain employees. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The costs are charged to the profit and loss account as incurred. The charge for the year was £124,518 (2015: £124,054). There are no contributions payable at the period end.

### Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

## 2. Acquisitions of businesses

### Acquisitions in the current period

On 24 August 2015, the Company acquired 100% of the share capital of Port Soderick Developments Limited for £2. The company holds land and buildings in the Isle of Man. The business contributed nil revenue and net loss of £28,678 to the group result for the year.

### Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £
<b>Acquiree's net assets at the acquisition date:</b>	
Tangible fixed assets	700,000
Cash in bank	140
Trade and other creditors due less than one year	(45,831)
Other creditors due in more than one year	(1,221,926)
Net identifiable assets and liabilities	(567,617)
<b>Total cost of business combination:</b>	
Consideration paid:	
Initial cash price paid	(2)
Total consideration	(2)
Goodwill on acquisition	567,619

## Notes to the financial statements *(continued)*

At 31 January 2016

Assets at acquisition have been recognised at their book value, which is deemed to be their fair value, hence no adjustment has been made to the carrying value of the assets.

### 3. 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:

	2016	2015
	£	£
By activity:		
Attractions and admissions	5,449,440	5,153,906
Retail	3,210,350	3,058,500
Catering, hotel and bar	3,836,430	3,634,620
Marketing and advertising	250,767	313,862
Other revenue	315,797	377,246
	<u>13,062,784</u>	<u>12,538,134</u>

### 4. Administrative expenses – exceptional items

	2016	2015
	£	£
Pension scheme buyout – special contribution	-	920,948
	<u>-</u>	<u>920,948</u>

On 16 December 2014, the company made a special contribution to the closed defined benefit pension scheme. This allowed the trustees of the pension scheme to transfer all the liabilities of the scheme in relation to member benefits to Aviva Insurance PLC.

Going forward the company will save in the region of £120,000 per annum in costs and contributions as a result of the scheme wind up.

### 5. Other operating income

	2016	2015
	£	£
Rental income	112,509	114,417
	<u>112,509</u>	<u>114,417</u>

## Notes to the financial statements (continued)

At 31 January 2016

### 6. Interest payable and similar charges

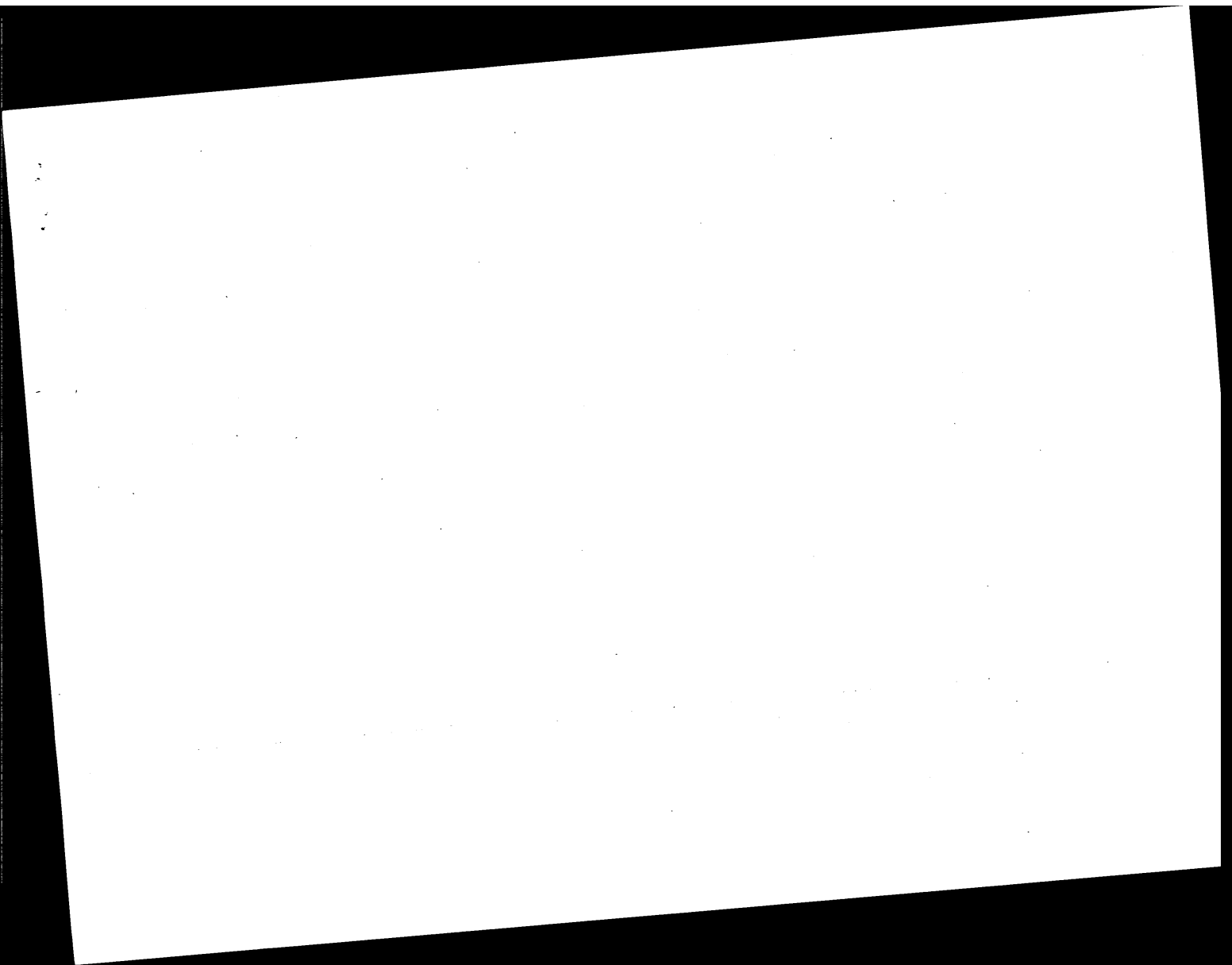
	2016 £	2015 £
Bank loans and overdrafts	232,093	134,236
Finance lease charges payable under finance leases and hire purchase contracts	31,570	39,362
Other interest payable	8,553	8,097
	<u>272,216</u>	<u>181,695</u>
Expected return on pension scheme assets	-	(40,959)
Interest on pension scheme liabilities	-	38,374
	<u>-</u>	<u>(2,585)</u>
	<u>272,216</u>	<u>179,110</u>
Share of joint ventures	<u>18,662</u>	<u>7,056</u>

### 7. Profit on ordinary activities before taxation

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

	2016 £	2015 £
Depreciation of tangible fixed assets - owned	544,981	547,384
Depreciation of tangible fixed assets - leased	25,816	25,816
Operating lease rentals - plant and machinery	50,548	56,595
Operating lease rentals - land and buildings	45,627	42,398
Profit on disposal of fixed assets	-	(4,731)
Amortisation of goodwill	13,763	13,763
Auditor's remuneration:		
Audit of these financial statements	17,920	17,920
Taxation compliance services	4,480	4,480
Government grant - release of deferred income	(6,000)	(15,011)





## Notes to the financial statements *(continued)*

At 31 January 2016

### 8. Emoluments of directors

	2016 £	2015 £
Aggregate emoluments (including benefits in kind)	203,307	202,150
Pension contributions to a money purchase scheme	44,825	41,916
	<u>248,132</u>	<u>244,066</u>
	2016 £	2015 £
Highest paid director		
Emoluments	109,756	94,293
Pension	15,013	29,134
	<u>124,769</u>	<u>123,427</u>
	2016 No.	2015 No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase pension schemes	2	2

### 9. Employee information

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

	2016 No.	2015 No.
Management and administration	40	44
Retail, catering and other	186	184
	<u>226</u>	<u>228</u>

Aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	4,589,497	4,343,661
Social security costs	326,822	323,241
Pension costs	154,505	124,518
	<u>5,070,824</u>	<u>4,791,420</u>

# Notes to the financial statements (continued)

At 31 January 2016

## 10. Tax on profit on ordinary activities

### a) Analysis of tax charge in period

	2016	2015
	£	£
Current tax:		
UK corporation tax on profit for the year	64,298	200,555
Adjustments in respect of prior periods	(3,978)	(7,167)
Total current tax (note 10b)	60,320	193,388
Deferred tax:		
Origination and reversal of timing differences	100,851	(35,142)
Adjustments in respect of prior periods	(28,805)	5,823
Total deferred tax (note 20)	72,046	(29,319)
Tax on profit on ordinary activities	132,366	164,069

All current and deferred tax charges are recognised in the statement of profit and loss.

### b) Factors affecting tax charge for the year

	2016	2015
	£	£
Profit for the year	653,712	172,274
Total tax expense	132,366	164,069
Profit excluding taxation	786,078	336,343
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.16% (2015: 21.18%)	158,563	71,247
Effects of:		
Expenses not deductible for tax purposes	10,987	5,911
Differences between capital allowances and depreciation	64,310	52,355
Group relief claimed	(51,518)	38,101
Adjustment in respect of previous periods	(3,978)	(7,166)
Income not taxable for tax purposes	12,529	-
Other timing differences	(3)	(5,187)
Adjustment in respect of prior periods deferred tax	(33,036)	(84,100)
Impact of change in tax rate on deferred tax liability	1,419	7,864
Deferred tax not recognised	(26,907)	85,044
Total tax expense recognised in profit or loss	132,366	164,069

## Notes to the financial statements (continued)

At 31 January 2016

### 10. Tax on profit on ordinary activities (continued)

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Accordingly, current tax has been measured at the hybrid rate of 20.16%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce any future current tax charge accordingly. Any deferred tax at 31 January 2016 has been calculated based on the rate of 18% being the rate substantively enacted at the balance sheet date.

### 11. 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 2015	10,529,234	3,467,266	3,066,268	136,191	2,899,242	20,098,201
Additions	272,528	40,335	503,079	-	112,394	928,336
Acquisitions through business combinations	717,011	-	-	-	-	717,011
At 31 January 2016	11,518,773	3,507,601	3,569,347	136,191	3,011,636	21,743,548
Depreciation:						
At 1 February 2015	3,075,333	645,411	2,108,456	110,358	2,459,584	8,399,142
Charge for the year	205,640	64,789	173,302	833	126,233	570,797
At 31 January 2016	3,280,973	710,200	2,281,758	111,191	2,585,817	8,969,939
Net book value:						
At 31 January 2016	8,237,800	2,797,401	1,287,589	25,000	425,819	12,773,609
At 31 January 2015	7,453,901	2,821,855	957,812	25,833	439,658	11,699,059

Fixed assets with a net book value of £985,499 (2015: £1,011,315) which are held under finance leases are included above. The depreciation charge for assets held under a finance lease amounted to £25,816 (2015: £25,816).

The net book value of land and buildings comprises:

	2016	2015
	£	£
Freehold	8,237,800	7,453,901
	<u>8,237,800</u>	<u>7,453,901</u>

## Notes to the financial statements *(continued)*

At 31 January 2016

### 11. Tangible fixed assets *(continued)*

<i>Company</i>	<i>Total £</i>
Cost:	
At 1 February 2015	124,776
Additions	19,123
At 31 January 2016	143,899
Depreciation:	
At 1 February 2015	109,958
Charge for the year	8,005
At 31 January 2016	117,963
Net book value:	
At 31 January 2016	25,936
At 31 January 2015	14,818

### 12. Intangible fixed assets

	<i>Goodwill £</i>
Cost:	
At 1 February 2015	301,502
Additions:	
Port Soderick	567,619
Amortisation:	
At 1 February 2015	241,860
Amortised in the year	13,763
At 31 January 2016	255,623
Net book value:	
At 31 January 2016	613,498
At 31 January 2015	59,642

Goodwill arising on the acquisition of businesses is amortised evenly over the directors' estimate of its useful economic life of 20 years. The acquisition of Port Soderick Developments Limited in the current year has not been amortised for the reasons set out in note 1.

## Notes to the financial statements (continued)

At 31 January 2016

### 13. Investments

Company	2016 £	2015 £
Cost and net book value		
At 1 February	12,585,139	12,585,037
At 31 January	12,585,139	12,585,037

The undertakings in which the Group and Company's interest at the year end is more than 20% are as follows:

	Principal activity	Class and percentage of shares held	Country of incorporation
Heritage Attractions Limited	Operation of various landmark day visitor attractions	100% ordinary	England
CQ2 Limited	Marketing, advertising, design and production	100% ordinary	England
Snowdon Mountain Railway Limited	Dormant	100% ordinary	England
The Land's End and John O'Groats Company Limited	Dormant	100% ordinary	England
LEJOG Limited	Dormant	100% ordinary	England
Heritage Brand Ventures Limited	Day visitor attraction	100% ordinary	England
Port Soderick Developments Limited	Investment property	100% ordinary	Isle of Man

The company also has a controlling interest in two dormant companies registered in England and Wales, via the intermediary subsidiary company, Heritage Attractions Limited.

	Principal activity	Class and percentage of shares held
Lands End Limited	Dormant	100% ordinary
John O'Groats Limited	Dormant	100% ordinary

### Joint Venture Investments

The company currently has a total of four joint ventures with the Natural Retreats group with a total investment of £115,583 (2015: £115,583).

The joint ventures are all registered in England and Wales, with 31 March accounting year ends:

	Principal activity	Percentage ownership
End to End Limited	End to Enders	50% control
JOG Highlands LLP	Operation of luxury self-catering accommodation	50% control
JOG 2 Limited	Public realm development	50% control
JOG 3 LLP	Rental of retail and catering properties	50% control

## Notes to the financial statements (continued)

At 31 January 2016

### 14. Stocks

	<i>Group</i>	
	2016	2015
	£	£
Finished goods and goods for resale	412,914	284,703
Raw materials and spares	275,984	238,602
Catering and bar stocks	43,069	46,136
	<u>731,967</u>	<u>569,441</u>

### 15. Debtors

	<i>Group</i>		<i>Company</i>	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	45,654	52,976	16,942	8,906
Other debtors	489,425	432,288	357,427	380,368
Amounts falling due from associate company	52,971	152,507	12,608	68,992
Amounts falling due from other group undertakings	-	-	553,885	-
Prepayments and accrued income	292,149	306,080	53,888	58,633
	<u>880,199</u>	<u>943,851</u>	<u>994,750</u>	<u>516,899</u>
Amounts due after more than one year included in:				
Other debtors	261,574	290,074	261,574	290,074
Amounts falling due from other group undertakings	-	-	208,046	-
	<u>261,574</u>	<u>290,074</u>	<u>469,620</u>	<u>290,074</u>

Total other debtors include amounts owed from JOG 3 LLP of £172,500 (2015: £185,000), JOG 2 Limited of £89,074 (2015: £89,074) and End to End Limited of £nil (2015: £16,000). All amounts are due in more than one year.

### 16. Cash and cash equivalents/ bank overdrafts

	2016	2015
	£	£
Cash at bank and in hand	1,683,805	1,674,630
Bank overdrafts	(311,104)	(226,838)
	<u>1,372,701</u>	<u>1,447,792</u>

# Notes to the financial statements (continued)

At 31 January 2016

## 17. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	749,890	587,583	18,980	37,447
Bank overdraft	311,104	226,838	-	-
Loans	350,000	350,000	350,000	350,000
Corporation tax	6,040	167,115	-	-
Other taxation and social security	67,268	82,950	12,672	11,242
Obligations under finance leases and hire purchase contracts	185,305	155,623	185,305	155,623
Other creditors	177,924	105,899	65,540	42,722
Accruals and deferred income	287,613	234,265	83,480	62,648
Deferred grant income	284,000	290,000	-	-
Amounts owed to associate companies	515	8,538	515	8,538
Amounts owed to subsidiary companies	-	-	4,760,485	4,321,538
	<b>2,419,659</b>	<b>2,208,811</b>	<b>5,476,977</b>	<b>4,989,758</b>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

## 18. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2016	2015	2016	2015
	£	£	£	£
Obligations under finance leases and hire purchase contracts	526,035	611,447	526,035	611,447
Loans – secured (see below)	2,395,775	2,691,667	2,395,775	2,691,667
Other creditors	1,522,792	295,000	285,000	285,000
Interest rate swap	367,565	449,615	367,565	449,615
	<b>4,812,167</b>	<b>4,047,729</b>	<b>3,574,375</b>	<b>4,037,729</b>

Obligations under finance leases and hire purchase contracts:

	<i>Group</i>		<i>Company</i>	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due:				
Within one year	185,305	155,623	185,305	155,623
Within two to five years	526,035	611,447	526,035	611,447
	<b>711,340</b>	<b>767,070</b>	<b>711,340</b>	<b>767,070</b>



## Notes to the financial statements (*continued*)

At 31 January 2016

### 18. Creditors: amounts falling due after more than one year (*continued*)

Details of the maturity of loans are as follows:

	<i>Group</i>		<i>Company</i>	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due:				
In one year or less	350,000	350,000	350,000	350,000
In more than one year but not more than two years	350,000	350,000	350,000	350,000
In more than two years but not more than five years	1,050,000	1,050,000	1,050,000	1,050,000
In more than five years	995,775	1,291,667	995,775	1,291,667
	<u>2,745,775</u>	<u>3,041,667</u>	<u>2,745,775</u>	<u>3,041,667</u>

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 the overall loan balance is fixed at 5.45% on £2,054,108 and fixed at 3.99% on £691,667 by way of a fixed interest agreement. The bank loans are secured against the assets held within the company's subsidiary holdings.

The company has provided a cross-guarantee to the company's bankers in respect of all group companies overdraft and borrowing facilities. If other companies in the Group were to default on their overdraft arrangements then Heritage Great Britain PLC would be liable for any outstanding liabilities. The net position of the Group on 31 January 2016 was £1,372,701 positive (2015: £1,447,792 positive).

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

### 19. Financial instruments

#### (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016	2015
	£	£
Assets measured at amortised cost	588,050	637,771
Liabilities measured at fair value through profit or loss	367,565	449,615
Liabilities measured at amortised cost	<u>6,576,648</u>	<u>5,572,660</u>

#### (b) Financial instruments measured at fair value

##### *Derivative financial instruments*

The fair value of interest rate swaps is based on information provided by the Company's bankers and is reviewed annually to determine the impact on future cash flows.

There is no difference between the fair value and carrying value of financial instruments.

## Notes to the financial statements (continued)

At 31 January 2016

### 20. Provisions for liabilities and charges

<i>Group</i>	<i>Deferred taxation £</i>
At 1 February 2015	288,050
Utilised in the year	72,046
At 31 January 2016	360,096

#### **Deferred taxation**

The amounts provided for deferred taxation are set out below:

<i>Group</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>
Differences between accumulated depreciation and capital allowances	360,096	288,050
	<b>360,096</b>	<b>288,050</b>

### 21. Share capital

	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>
Allotted, called up and fully paid: 5,213,371 (2014: 5,213,371) ordinary shares of £1 each	5,213,371	5,213,371

### 22. Operating lease commitments

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

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire:				
Within one year - other	12,777	5,681	-	-
Within one year - land and buildings	-	-	-	-
In two to five years - other	31,311	31,100	3,053	3,053
In two to five years - land and buildings	23,937	23,937	-	-
Over five years - other	1,311	-	-	-

# Notes to the financial statements (continued)

At 31 January 2016

## 23. Reconciliation of profit for the year to net cash inflow from operating activities

	2016 £	2015 £
Total profit after tax	653,712	172,274
Depreciation	570,797	547,385
Amortisation of goodwill	13,763	13,763
Share of loss in joint venture	15,345	10,840
Taxation	132,366	164,069
Interest receivable and similar charges	(9,747)	(12,804)
Interest payable	290,878	186,166
Profit on sale of tangible assets	-	(4,731)
	<u>1,667,114</u>	<u>1,076,962</u>
(Increase)/ decrease in stocks	(162,526)	27,012
Decrease in debtors	63,652	355,565
Increase in creditors	137,504	(63,688)
Increase in other provisions	-	22,650
Adjustment in respect of defined benefit pension scheme	-	(284,946)
	<u>38,630</u>	<u>56,593</u>
Tax paid	(221,395)	142,117
Net cash inflow from operating activities	<u>1,484,349</u>	<u>1,275,672</u>

## 24. Related party transactions

Significant related party transactions are detailed below. The directors have taken advantage of the exemption available under FRS 102 Section 33 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 (2015: £162,000) on normal commercial terms. There was a nil balance outstanding at the year end (2015: £32,400). During the year the company also received a contribution, on normal commercial terms, towards certain overhead costs which were borne by Heritage Great Britain PLC amounting to £194,532 (2015: £188,491). A balance of £13,605 (2015: £36,592) was outstanding at the year end. Mr A J S Leech and Mr P M Johnson-Treherne are directors of Lightwater Valley Attractions Limited at 31 January 2016.
- 2) The company collected supplier rebates during the year on behalf of Lightwater Valley Attractions Limited. A balance of £515 (2015: £8,538) relating to these rebates was outstanding at the year end.
- 3) The Group, through one of its subsidiaries, CQ2 Limited, provided advertising and marketing services to Lightwater Valley Attractions Limited during the year amounting to £221,465 (2015: £248,737) on normal commercial terms. There was a balance of £40,363 (2015: £83,515) outstanding at the year end.
- 4) During the year Lightwater Valley Attractions Limited made a contribution, on normal commercial terms, towards certain overhead costs incurred by the Company which amounted to £22,500 (2015: £95,907). There was a balance outstanding at the year end of £nil (2015: £nil).

## Notes to the financial statements *(continued)*

At 31 January 2016

### 24. Related party transactions *(continued)*

- 5) In a previous year the company received £10,000 from La Vignette Ltd (a company invested into by the Family Trust based in Jersey of which Mr A J S Leech is also a beneficiary) as a contribution in the form of a loan towards various capital projects. The full £10,000 was outstanding at the year end (2015: £10,000).
- 6) The company has an outstanding loan due from La Vignette Ltd (a company invested into by the family Trust based in Jersey of which Mr A J S Leech is also a beneficiary) to the value of £75,000 (2015: £75,000).
- 7) When the group purchased the Lands End & John O'Groats Company in 1999, that company had an existing loan in place for £350,000 with Glen Investments Ltd which was to allow them to carry out certain capital expenditure projects. The balance of this loan at the year end was £285,000 (2015: £285,000). The loan is strictly repayable however the company has received confirmation from Glen Investments Ltd that there will be no call for this in the foreseeable future. Glen Investments Ltd is controlled by the family Trust based in Jersey of which Mr A J S Leech is also a beneficiary.

### 25. 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 FRS 102 Section 33, over that company.

## Notes to the financial statements (*continued*)

At 31 January 2016

### 26. Reconciliation on adoption of FRS 102

	£	£
<b>Profit and loss for the year ended 31 January 2015</b>	<b>Group</b>	<b>Company</b>
Profit under former UK GAAP	194,684	276,659
Movement in interest rate swap liability	(25,215)	(25,215)
Rent adjustment	(2,572)	-
Tax adjustment	5,377	5,377
Profit under FRS 102	<u>172,274</u>	<u>256,821</u>
<b>Balance sheet at 31 January 2015</b>		
Equity under former UK GAAP	8,948,878	5,926,266
Interest rate swap liability	(449,615)	(449,615)
Rent adjustment	(8,396)	-
Tax adjustment	5,376	5,376
Equity under FRS 102	<u>8,496,243</u>	<u>5,482,027</u>
<b>Balance sheet at 1 February 2014</b>		
Equity under former UK GAAP	8,778,518	5,649,607
Interest rate swap liability	(424,400)	(424,400)
Rent adjustment	(5,825)	-
Equity under FRS 102	<u>8,348,293</u>	<u>5,225,207</u>

The effect of the transition to FRS 102 relates to the accounting treatment of the interest rate swap and operating lease rent free period.

Under old UK GAAP, the interest payable relating to the interest rate swap was recognised in the profit and loss. In preparing the financial statements under FRS 102, the interest rate swap is held at fair value on the balance sheet and movements in its fair value are recognised in the profit and loss. This has resulted in fair value of the interest rate at 31 January 2015 of £414,000 and movement posted to the profit and loss for the year ended 31 January 2015 of £25,215.

Under old UK GAAP, rent incentives were spread over the shorter of the lease terms and the period to the next rent review. In preparing the financial statements under FRS 102, rent incentives are spread over the lease term. This has resulted in the write back of the rent incentive of £2,572 in the year ended 31 January 2015.