

Heritage Great Britain PLC

Annual Report and Consolidated Financial Statements

For the year ended 31 January 2000

Registered No. 2808359



CONTENTS	PAGE
DIRECTORS AND ADVISERS	1
DIRECTORS REPORT	2
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS	4
REPORT OF THE AUDITORS	5
CONSOLIDATED PROFIT & LOSS ACCOUNT	6
CONSOLIDATED BALANCE SHEET	7
COMPANY BALANCE SHEET	8
CONSOLIDATED CASH FLOW	9
NOTES TO THE FINANCIAL STATEMENTS	10

DIRECTORS AND ADVISERS

DIRECTORS

K R Leech	- Chairman
R P Bradshaw	- Chief Executive
S W Sim	- Non Executive

SECRETARY

P M Treherne	(appointed 31 January 2000)
R I Saleh	(resigned 31 January 2000)

REGISTERED AUDITORS

Ernst & Young
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

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

SOLICITORS

Richard Saleh & Co
748 Wilmslow Road
Didsbury
Manchester
M20 6WF

REGISTERED OFFICE

Heritage House
383a Eaton Road
West Derby
Liverpool
L12 2AH

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 2000.

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 in North Wales, Land's End, John O'Groats, Cornwall and the Isle of Wight.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Details of acquisitions during the year are given in note 30 to the accounts. The directors consider the results for the year to be satisfactory. The directors are hopeful that the current year will see increased levels of profitability. The Group continues to seek out opportunities for the further development of its portfolio whilst continuing to invest in the existing businesses which comprise the Group.

As part of a Group reorganisation on 31 January 2000, the trade, assets and liabilities of two subsidiary undertakings, The Land's End and John O'Groats Company Limited and Snowdon Mountain Railway Limited, were transferred to the Group's principal trading company, Heritage Attractions Limited at their net book value. On the same date, the Group financing was restructured so that all bank and other loans were transferred from subsidiaries to the holding company, Heritage Great Britain PLC.

RESULTS AND DIVIDENDS

The Group profit for the year, after taxation, amounted to £692,211. The directors do not recommend the payment of a dividend.

FIXED ASSETS

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

CREDITOR PAYMENT POLICY

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

The company's average creditor payment period at the year end was 24 days.

DONATIONS

The Group made charitable donations of £9,299 during the year. No political donations were made.

DIRECTORS AND THEIR INTERESTS

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

K R Leech	
R P Bradshaw	(appointed 1 April 1999)
S W Sim	
S Last	(resigned 15 February 1999)
P Mason	(resigned 15 February 1999)

As set out in note 29, the company is wholly owned by Mr K R Leech, via his wholly owned Jersey company, Cherberry Limited. No other directors have interests in the shares of the company.

DIRECTORS' REPORT

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 EURO

On 1 January 1999, a single currency, the "Euro", was introduced. The implications for the company are not expected to result in any significant cost to the company.

YEAR 2000

Prior to 31 December 1999, steps were taken to review computer and date dependent systems critical to the company's ongoing operations and preparation of financial information to establish the impact, if any, which the Year 2000 might have on the accuracy of calculations, processing and reporting. Although it is not possible to guarantee that no Year 2000 problem remains, the company believes that its internal systems are Year 2000 compliant.

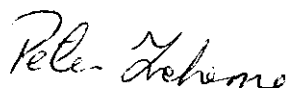
The company continues to address the business risk from third parties with whom it deals on business or financial matters, including key customers and suppliers. Contingency plans have been developed to minimise the risk of disruption. No significant disruptions have occurred to date.

Although the millennium date change has passed and no significant problems have been encountered, the directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

AUDITORS

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

By order of the Board



P M Treherne

Secretary

date 24 August 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Heritage Great Britain PLC

We have audited the accounts on pages 6 to 25, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on page 10 to 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the Group as at 31 January 2000 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

Ernst & Young
Registered Auditor
Liverpool

date *30 August 2000*

Heritage Great Britain PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 January 2000

	Notes	2000 £	1999 £
TURNOVER – CONTINUING OPERATIONS	2	7,649,151	-
Cost of sales		(3,082,341)	-
GROSS PROFIT		4,566,810	-
Administrative expenses		(3,339,146)	-
OPERATING PROFIT – CONTINUING OPERATIONS		1,227,664	-
Interest receivable and similar income	3	33,600	-
Interest payable and similar charges	4	(463,553)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	797,711	-
Tax on profit on ordinary activities	8	105,500	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	19	692,211	-

All operations are continuing. The operating profit attributable to the acquisitions made in the year (see note 30) is £1,227,642.

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

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

The notes on pages 10 to 25 form an integral part of these financial statements.

Heritage Great Britain PLC

CONSOLIDATED BALANCE SHEET at 31 January 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Intangible assets	9	291,452	-
Tangible assets	10	14,710,258	-
		<u>15,001,710</u>	<u>-</u>
CURRENT ASSETS			
Stocks	12	590,256	-
Debtors	13	406,439	-
Cash at bank and in hand		434,240	2
		<u>1,430,935</u>	<u>2</u>
CREDITORS: amounts falling due within one year	14	2,964,443	-
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,533,508)</u>	<u>2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,468,202</u>	<u>2</u>
CREDITORS: amounts falling due after more than one year	15	7,244,237	-
ACCRUALS AND DEFERRED INCOME	16	149,010	-
PROVISION FOR LIABILITIES AND CHARGES	17	169,373	-
CAPITAL AND RESERVES			
Called up share capital	18	5,213,371	2
Profit and loss account	19	692,211	-
EQUITY SHAREHOLDERS' FUNDS	20	<u>5,905,582</u>	<u>2</u>
		<u>13,468,202</u>	<u>2</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

Heritage Great Britain PLC

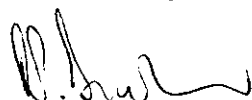
COMPANY BALANCE SHEET

at 31 January 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	9	32,693	-
Investments	11	13,434,871	-
		<u>13,467,564</u>	<u>-</u>
CURRENT ASSETS			
Debtors	13	271,501	-
Cash at bank and in hand		35	2
		<u>271,536</u>	<u>2</u>
CREDITORS: amounts falling due within one year	14	(1,522,957)	-
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,251,421)</u>	<u>2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,216,143</u>	<u>2</u>
CREDITORS: amounts falling due after more than one year	15	7,008,672	-
CAPITAL AND RESERVES			
Called up share capital	18	5,213,371	2
Profit and loss account	19	(5,900)	-
EQUITY SHAREHOLDERS' FUNDS	20	<u>5,207,471</u>	<u>2</u>
		<u>12,216,143</u>	<u>2</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

The financial statements on pages 6 to 25 were approved by the Board of Directors on 24 August 2000 and were signed on its behalf by:



R P Bradshaw
Director

Heritage Great Britain PLC

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 January 2000

	Notes	2000 £	1999 £
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	24	1,912,278	-
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received and similar income		33,600	-
Interest paid		(192,777)	-
Interest element of finance lease rental payments		(20,025)	-
		(179,202)	-
TAXATION			
Corporation tax paid (including advance corporation tax)		(35,000)	-
		(35,000)	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(104,888)	-
		(104,888)	-
ACQUISITIONS AND DISPOSALS			
Purchase of business		(4,822,463)	-
NET CASH OUTFLOW BEFORE FINANCING		(4,822,463)	-
FINANCING			
Repayment of short-term loans	26	1,276,598	-
Repayment of long-term loans	26	1,452,614	-
Repayment of capital element of finance lease rentals	26	50,219	-
DECREASE IN CASH IN THE YEAR	25	(449,844)	-

The notes on pages 10 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting and Finance Reporting Standards in the United Kingdom. A summary of 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 2000. 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).

All subsidiaries acquired during the year have been included in the Group accounts using the acquisition method of accounting. Accordingly, the Group profit and loss account and statement of cash flows include the results and cash flows of the subsidiaries for the eight month period from their acquisition on 25 May 1999. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition.

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 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 for the year ended 31 January 2000

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 £22,380. There was no creditor 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 employee's working lives with the company. Further details are set out in note 27.

Deferred tax

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that is probable that a liability or asset will crystallise.

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.

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 and relates wholly to the acquisitions in the year (see note 30). An analysis of turnover by activity is given below:

	Turnover	
	2000	1999
	£	£
By activity:		
Retailing	2,001,424	-
Catering, hotel and liquor	2,566,346	-
Attractions	2,957,859	-
Other revenue	123,522	-
	<hr/>	<hr/>
	7,649,151	-
	<hr/>	<hr/>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2000

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £	1999 £
Bank interest receivable	22,618	-
Rent receivable	10,982	-
	<u>33,600</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank loans and overdrafts wholly repayable within five years	349,485	-
Other loans – debenture loan	94,043	-
Finance lease charges payable under finance leases and hire purchase contracts	20,025	-
	<u>463,553</u>	<u>-</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2000 £	1999 £
Auditors' remuneration – audit services	17,000	-
Auditors' remuneration – non audit services	6,500	-
Depreciation of tangible fixed assets – owned	220,047	-
Depreciation of tangible fixed assets – leased	24,581	-
Operating lease rentals – plant and machinery	28,021	-
Operating lease rentals – land and buildings	44,491	-
Amortisation of goodwill	10,050	-
Grants receivable	(6,154)	-
	<u></u>	<u></u>

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

6. EMOLUMENTS OF DIRECTORS

	2000 £	1999 £
Aggregate emoluments (including benefits in kind)	74,698	-
Pension scheme contributions to a money purchase scheme	12,992	-
	<u>87,690</u>	<u>-</u>

	2000 No.	1999 No.
Members of money purchase pension schemes	1	-
	<u></u>	<u></u>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

7. EMPLOYEE INFORMATION

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

	2000 No.	1999 No.
Management and administration	17	-
Catering, retailing and other	325	-
	<u>342</u>	<u>-</u>

The figures above include part time employees expressed in full time equivalents.

	2000 £	1999 £
Staff costs for the above persons:		
Wages and salaries	2,211,273	-
Social security costs	155,926	-
Pension costs	43,545	-
	<u>2,410,744</u>	<u>-</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
UK corporation tax at 30%	79,500	-
Deferred taxation	26,000	-
	<u>105,500</u>	<u>-</u>

The tax charge is lower than expected due to the availability of tax losses surrendered within group companies. As at 31 January 2000, tax losses of £1,600,000 are available to carry forward within the Land's End and John O'Groats business.

9. INTANGIBLE FIXED ASSETS

	Goodwill £
On acquisition of businesses (note 30)	301,502
Amortised in year	(10,050)
Net book value: At 31 January 2000	<u>291,452</u>

Goodwill arising on acquisition of businesses is being amortised over the directors' estimate of useful economic life of 20 years and in accordance with the company's accounting policy.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

10. TANGIBLE FIXED ASSETS

Group

	<i>Land and buildings</i>	<i>Railway line and rolling stock</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 February 1999	-	-	-	-	-	-
Acquisitions	11,416,969	1,600,000	845,000	9,057	1,093,722	14,964,748
Additions	-	-	19,699	6,286	64,153	90,138
Transferred to properties held for resale	(100,000)	-	-	-	-	(100,000)
At 31 January 2000	11,316,969	1,600,000	864,699	15,343	1,157,875	14,954,886
Depreciation:						
At 1 February 1999	-	-	-	-	-	-
Charge for the year	69,334	21,333	57,522	3,345	93,094	244,628
At 31 January 2000	69,334	21,333	57,522	3,345	93,094	244,628
Net book value:						
At 31 January 2000	11,247,635	1,578,667	807,177	11,998	1,064,781	14,710,258

The net book value of land and buildings comprises:

	2000 £	1999 £
Freehold	133,533	-
Long leasehold	11,114,102	-
	11,247,635	-

Included within plant and machinery and fixtures and fitting are assets held under finance leases with a net book value of £264,123.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

10. TANGIBLE FIXED ASSETS (continued)

<i>Company</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost:		
At 1 February 1999	-	-
Additions	34,803	34,803
At 31 January 2000	34,803	34,803
Depreciation:		
At 1 February 1999	-	-
Charge for the year	2,110	2,110
At 31 January 2000	2,110	2,110
Net book value:		
At 31 January 2000	32,693	32,693

11. INVESTMENTS

<i>Company</i>	<i>2000 £</i>	<i>1999 £</i>
Cost		
At 1 February 1999	-	-
Additions	13,434,871	-
At 31 January 2000	13,434,871	-

The principal subsidiary undertakings, registered and operating in England and Wales, are Heritage Attractions Limited, Snowdon Mountain Railway Limited, and The Land's End and John O'Groats Company Limited. 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

	<i>Group</i>		<i>Company</i>	
	<i>2000 £</i>	<i>1999 £</i>	<i>2000 £</i>	<i>1999 £</i>
Goods for resale	387,743	-	-	-
Raw materials and spares	202,513	-	-	-
	590,256	-	-	-

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

13. DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	54,191	-	34,663	-
Other debtors	21,825	-	4,197	-
Prepayments and accrued income	230,423	-	122,641	-
Amounts owed by subsidiary undertakings	-	-	110,000	-
Property held for resale	100,000	-	-	-
	<u>406,439</u>	<u>-</u>	<u>271,501</u>	<u>-</u>

The property held for resale was disposed of in July 2000 for cash proceeds of £150,000.

14. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	£	£	£	£
Trade creditors	268,378	-	32,111	-
Loans (secured – see note 15)	1,276,598	-	1,219,500	-
Bank overdraft (secured – see note 15)	884,082	-	94,184	-
Corporation tax	44,500	-	4,500	-
Other taxation and social security costs	72,059	-	7,018	-
Obligations under finance leases and HP contracts	101,846	-	7,279	-
Other creditors	61,386	-	-	-
Accruals and deferred income	255,594	-	109,916	-
Amounts owed to subsidiary companies	-	-	48,449	-
	<u>2,964,443</u>	<u>-</u>	<u>1,522,957</u>	<u>-</u>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

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

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£	£	£	£
Loans – secured (see below)	7,060,614	-	7,002,000	-
Obligations under finance leases and HP contracts	183,623	-	6,672	-
	<u>7,244,237</u>	<u>-</u>	<u>7,008,672</u>	<u>-</u>

Details of the maturity of loans are as follows:

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£	£	£	£
Amounts falling due:				
In one year or less	1,276,598	-	1,219,500	-
In more than one year but not more than two years	928,114	-	869,500	-
In more than two years but not more than five years	4,608,500	-	4,608,500	-
In more than five years	1,524,000	-	1,524,000	-
	<u>8,337,212</u>	<u>-</u>	<u>8,221,500</u>	<u>-</u>
Less: included in creditors:				
amounts falling due within one year	1,276,598	-	1,219,500	-
	<u>7,060,614</u>	<u>-</u>	<u>7,002,000</u>	<u>-</u>

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 a fixed and floating charge over the Group's assets.

Obligations under finance leases and HP contracts based on maturity:

	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
	£	£	£	£
Amounts payable:				
Within one year	142,932	-	8,124	-
In two to five years	185,638	-	7,447	-
	<u>328,570</u>	<u>-</u>	<u>15,571</u>	<u>-</u>
Less: finance charges allocated to future periods	43,101	-	1,620	-
	<u>285,469</u>	<u>-</u>	<u>13,951</u>	<u>-</u>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2000

16. ACCRUALS AND DEFERRED INCOME

	<i>Group</i> £	<i>Company</i> £
Welsh Tourist Board Grant:		
At 1 February 1999	-	-
On acquisition of businesses	155,164	-
Released in year	(6,154)	-
At 31 January 2000	<u>149,010</u>	<u>-</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i> £	<i>Company</i> £
Deferred taxation:		
At 1 February 1999	-	-
On acquisition of businesses	143,373	-
Charge for year	26,000	-
At 31 January 2000	<u>169,373</u>	<u>-</u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

<i>Group</i>	<i>2000</i> <i>Provided</i> £	<i>2000</i> <i>Unprovided</i> £	<i>1999</i> <i>Provided</i> £	<i>1999</i> <i>Unprovided</i> £
Differences between accumulated depreciation and capital allowances	<u>169,373</u>	<u>187,238</u>	<u>-</u>	<u>-</u>

18. SHARE CAPITAL

	<i>2000</i> £	<i>1999</i> £
Authorised:		
7,000,000 (1999:5,000,000) ordinary shares of £1 each	<u>7,000,000</u>	<u>5,000,000</u>
Allotted, issued and fully paid:		
5,213,371 (1999:2) ordinary shares of £1 each	<u>5,213,371</u>	<u>2</u>

On 25 May 1999, the company's authorised share capital was increased by 2,000,000 ordinary shares of £1 each. On the same date, the company issued 5,213,369 ordinary shares of £1 each at par. The consideration was the entire share capital of Heritage Attractions Limited, The Land's End and John O'Groats Company Limited and Snowdon Mountain Railway Limited from Cherberry Limited.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

19. RESERVES

	<i>Group profit and loss account £</i>	<i>Company profit and loss account £</i>
At 1 February 1999	-	-
Retained profit/(loss)	692,211	(5,900)
At 31 January 2000	692,211	(5,900)

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

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Profit/(loss) for the financial year	692,211	-	(5,900)	-
Shares issued in the year	5,213,369	2	5,213,369	2
Opening shareholders' funds	2	-	2	-
Closing shareholders' funds	5,905,582	2	5,207,471	2

21. CAPITAL COMMITMENTS

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Contracted for, but not provided for in these financial statements	-	-	-	-

22. OPERATING LEASE COMMITMENTS

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

	<i>Group</i>		<i>Company</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire:				
Within one year – other	1,185	-	-	-
In two to five years – other	31,451	-	18,658	-
In two to five years – land and buildings	5,707	-	5,707	-
Over five years – land and buildings	55,000	-	-	-

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

23. CONTINGENT LIABILITIES

The company has provided a cross-guarantee in respect of all other Group companies' bank facilities, whose overdrafts at 31 January 2000 amounted to £789,898 in total (see note 15).

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	1,227,664	-
Depreciation	244,628	-
Authorisation of goodwill	10,050	-
(Release) of deferred income	(6,154)	-
(Increase) in stocks	(243,055)	-
Decrease in debtors	272,479	-
Increase in creditors	406,666	-
Net cash inflow from operating activities	1,912,278	-

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000 £	1999 £
Decrease in cash in the period	(449,844)	-
Cash inflow from increase in net debt and lease financing	(2,779,431)	-
Change in net debt arising from cash flows	(3,229,275)	-
Loans and finance leases acquired with subsidiaries	(3,858,000)	-
Debenture loan issued on acquisition of subsidiary	(2,000,000)	-
New finance leases	14,750	-
Movement in the year	(9,072,525)	-
Net funds at 31 January 1999	2	2
Net debt at 31 January 2000	(9,072,523)	2

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

26. ANALYSIS OF CHANGES IN NET DEBT

	<i>At</i> <i>1 January</i> <i>1999</i>	<i>Cash</i> <i>flows</i> <i>£</i>	<i>Acquisitions</i> <i>£</i>	<i>Other</i> <i>movements</i> <i>£</i>	<i>At</i> <i>31 January</i> <i>2000</i> <i>£</i>
Cash at bank and in hand	2	434,238	-	-	434,240
Bank overdraft	-	(884,082)	-	-	(884,082)
Liquid resources	2	(449,844)	-	-	(449,842)
Short term loans	-	(1,276,598)	-	-	(1,276,598)
Long term loans	-	(1,452,614)	(3,608,000)	-	(5,060,614)
Debenture loans	-	-	(2,000,000)	-	(2,000,000)
Finance leases	-	(50,219)	(250,000)	14,750	(285,469)
	2	(3,229,275)	(5,858,000)	14,750	(9,072,523)

27. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuation using the projected unit method. The most recent valuation was at 5 April 1999 when the market value of the scheme's assets was £385,253. The assumptions, which have the most significant effect on the results of the valuation, are that the rate of investment return would exceed future salary increases by 1% per annum.

The pension charge for the period in respect of this scheme amounted to £30,988.

The most recent actuarial valuation showed that the actuarial value of the scheme represented 92% of the benefits that had accrued to members, after allowing for expected future increases in earnings. To eliminate this deficit the contributions of the Group to the pension scheme have been increased. The contributions of the Group and employees are 7.8% and 3% of earnings respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

28. RELATED PARTY TRANSACTIONS

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

During the year, Heritage Great Britain PLC contracted Bygone Times International PLC to undertake refurbishment work at its Head Office premises to the value of £12,000. Heritage Great Britain PLC provided management, accounting and administrative services to Bygone Times International PLC and Oystertec plc to the value of £21,000 and £8,500 respectively. The transactions were on an arm's length basis and both balances were outstanding at 31 January 2000. Mr K R Leech, a director of the company, has a significant share interest in both of these companies.

Related party transactions by subsidiary companies were as follows:

- I. Heritage Attractions Limited acquired various day visitor attractions from Leisure Great Britain PLC (see note 30). A balance of £93,973 relating to the interest charge on the deferred consideration (debenture loan) remains outstanding at the year end. The interest on this debenture loan is at the rate of 7% per annum and is repayable with the loan principal during 2001. Leisure Great Britain PLC is a wholly owned subsidiary of Queensborough Holdings plc. Mr K R Leech is Executive Chairman of, and has a significant shareholding in, Queensborough Holdings plc. Following the acquisition of the day visitor attractions, Leisure Great Britain PLC provided accounting services to Heritage Attractions Limited up to 31 October 1999 to the value of £26,162. There was no balance outstanding as at 31 January 2000.

- II. The Land's End and John O'Groats Company Limited purchased printing services from Centrix Communications Limited. Centrix Communications Limited is ultimately controlled by TownPagesNet.com plc, of which Mr K R Leech is a significant shareholder. The purchases were on normal commercial terms with a value of £21,103. There was no balance outstanding at the year end.

The Land's End and John O'Groats Company Limited also purchased maintenance cover and repairs services from Envotech (UK) Limited. Envotech (UK) Limited is ultimately controlled by Glen Investments Limited, which is registered in Jersey and owned by Mr K R Leech. The purchases were on normal commercial terms with a value of £2,347 and there was no balance outstanding at the year end.

During the year, the Land's End and John O'Groats Company Limited incurred certain garaging and related costs on behalf of Mr K R Leech. These costs were subsequently recharged on 31 January to Mr K R Leech, on commercial terms, with a value of £25,000. The balance was settled by Mr Leech subsequent to the year end.

- III. Snowdon Mountain Railway Limited purchased a motor vehicle from Reliant Motors Limited. Reliant Motors Limited is ultimately controlled by Glen Investments Limited, which is registered in Jersey and owned by Mr K R Leech. The purchase was on normal commercial terms with a value of £6,285. There was no balance outstanding at the year end.

29. ULTIMATE CONTROLLING PARTY

Mr K R Leech, a director of the company, owns the entire share capital of Heritage Great Britain PLC, via his wholly owned Jersey company, Cherberry Limited.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

30. ACQUISITION OF BUSINESSES

(A) On 25 May 1999, the Group acquired the entire share capital of two companies from its immediate parent company, Cherberry Limited. The two companies, Snowdon Mountain Railway Limited and The Land's End and John O'Groats Company Limited, operate the mountain railway at Llanberis, North Wales and tourist complexes at Land's End, Cornwall and John O'Groats, Scotland, respectively.

The total consideration of £5,213,369 was satisfied by the issue of shares in Heritage Great Britain PLC to Cherberry Limited. The balance sheets of the acquired businesses at that date were as follows.

	<i>Snowdon Mountain Railway Limited</i>	<i>The Land's End and John O'Groats Company Limited</i>	<i>Total</i>
	£	£	£
Tangible fixed assets	1,900,000	6,864,748	8,764,748
Borrowings	-	(3,608,000)	(3,608,000)
Other (liabilities)/assets	(183,679)	214,060	30,381
	<hr/>	<hr/>	<hr/>
Net assets acquired	1,716,321	3,470,808	5,187,129
Goodwill arising on acquisition	(1,535,952)	1,562,192	26,240
	<hr/>	<hr/>	<hr/>
Total consideration	180,369	5,033,000	5,213,369
	<hr/>	<hr/>	<hr/>
Satisfied by:			
Shares issued – Total consideration	180,369	5,033,000	5,213,369
	<hr/>	<hr/>	<hr/>

The directors, having obtained appropriate third party professional advice, consider the book values of the above assets acquired to be at fair value.

For the year ended 31 December 1998, the result after taxation for Snowdon Mountain Railway Limited and The Land's End and John O'Groats Company Limited was £129,776 profit and £738,317 loss, respectively.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

30. ACQUISITION OF BUSINESSES (continued)

A summarised profit and loss account, extracted from unaudited management accounts, for each of the companies for the period from 1 January 1999 to 25 May 1999 (being the date of acquisition by Heritage Great Britain PLC) is as follows:

	<i>Snowdon Mountain Railway Limited</i>	<i>The Land's End and John O'Groats Company Limited</i>
	£	£
Turnover	334,707	814,789
Operating loss	83,825	286,405
Loss before tax and loss retained for the five months ended 25 May 1999	88,293	368,450

(B) On 25 May 1999, the Group also acquired the trade and certain assets of various day visitor attractions in the Isle of Wight and Cornwall from Leisure Great Britain PLC, a wholly-owned subsidiary of Queensborough Holdings plc. The consideration was £6,547,201. The balance sheet of the acquired day visitor attractions was as follows:

	<i>Book value at 25 May 1999</i>	<i>Fair value adjustments</i>	<i>Fair value at acquisition</i>
	£	£	£
Tangible fixed assets	6,602,112	(352,112) (a) (50,000) (b)	6,200,000
Stocks	347,201	-	347,201
Net assets acquired			6,547,201
Goodwill arising on acquisition			275,262
			6,822,463

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2000

30. ACQUISITION OF BUSINESSES (continued)

Satisfied by:

	£
Cash	4,547,201
Deferred consideration	
- Debenture Loan (Queensborough Holdings Plc)	2,000,000
	<hr/>
Total consideration	6,547,201
Costs associated with the acquisition	275,262
	<hr/>
	6,822,463
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The fair value adjustments relate to:

- (a) an open market valuation carried out on 16 April 1999 by Humberts Leisure, Chartered Surveyors; and
- (b) an adjustment to the valuation, agreed by the Vendor, due to damage to a property which occurred between 16 April 1999 and 25 May 1999.

The debenture loan incurs interest at the rate of 7% per annum.

For the year ended 31 January 1999, the result after tax for the acquired businesses was £802,156 profit.

A summarised profit and loss account, extracted from unaudited management accounts, for the period 1 February 1999 to 25 May 1999 (date of acquisition) is as follows:

	£
Turnover	687,409
	<hr/>
Operating loss	(19,829)
	<hr/>
Loss before tax and loss retained for the four months ended 25 May 1999	(92,722)
	<hr/>