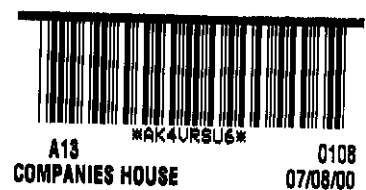


Heritage Attractions Limited

Annual Report

9 month period ended 31 January 2000

Registered No. 3741747



ERNST & YOUNG

Heritage Attractions Limited

DIRECTORS' REPORT

DIRECTORS

T M Belgrove
R P Bradshaw
A Hopkins
P M Treherne
D C S Westgate

SECRETARY

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

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

Heritage Attractions Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period since incorporation on 26 March 1999 to 31 January 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company is the operation of various landmark day visitor attractions in the Isle of Wight, Cornwall, North Wales and Scotland.

The company was incorporated on 26 March 1999 and began to trade on 26 May 1999 following the acquisition of certain businesses, as set out in note 26.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider the results for the period, as set out on page 7, to be satisfactory. As part of a Group reorganisation on 31 January 2000, the trade, assets and liabilities of two other group undertakings were transferred to this company at net book value. On the same date, the group financing was restructured and all bank and other loans were transferred to Heritage Great Britain PLC in exchange for the issue of additional ordinary shares to the value of £8,221,500. The directors are hopeful that the current year will see increased profitability.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £317,086. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

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

K R Leech	(appointed 25 May 1999 and resigned 31 January 2000)
R P Bradshaw	(appointed 1 April 1999)
T M Belgrove	(appointed 25 May 1999)
A Hopkins	(appointed 31 January 2000)
D C S Westgate	(appointed 31 January 2000)

P M Treherne was appointed a director on 20 March 2000.

As set out in note 25, the company is a wholly-owned subsidiary of Heritage Great Britain PLC, which is registered in England and Wales. Mr K R Leech, a former director of the company, owns the entire share capital of Heritage Great Britain PLC, via his wholly owned Jersey company, Cherberry Limited.

POLITICAL AND CHARITABLE DONATIONS

There were no political or charitable donations made during the period.

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.

Heritage Attractions Limited

DIRECTORS' REPORT

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

25 JUL 2000

Heritage Attractions Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period 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 Attractions Limited

We have audited the accounts on pages 7 to 18, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors

As described on page 5 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.

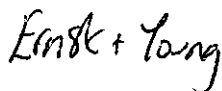
Basis of opinion

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 as at 31 January 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Manchester

Date *2 August 2000*

Heritage Attractions Limited

PROFIT AND LOSS ACCOUNT

for the period 26 March 1999 (date of incorporation) to 31 January 2000

	Notes	2000 £
TURNOVER	2	2,771,315
Cost of sales		(724,876)
GROSS PROFIT		2,046,439
Administrative expenses		(1,367,689)
OPERATING PROFIT		678,750
Interest receivable and similar income	3	20,703
Interest payable and similar charges	4	(316,367)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	383,086
Taxation	8	(66,000)
RETAINED PROFIT FOR THE FINANCIAL PERIOD	19	317,086

All operations are continuing and relate entirely to the acquisitions during the period, (see note 2).

The company has no recognised gains and losses other than the profit 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 9 to 18 form an integral part of these financial statements.

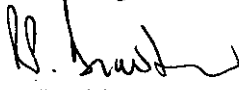
Heritage Attractions Limited


BALANCE SHEET at 31 January 2000

	Notes	2000 £
FIXED ASSETS		
Tangible assets	9	14,677,565
Intangible assets	10	266,087
Investments	11	4
		<u>14,943,656</u>
CURRENT ASSETS		
Stocks	12	590,256
Debtors	13	293,383
Cash at bank and in hand		434,205
		<u>1,317,844</u>
CREDITORS: amounts falling due within one year	14	1,599,935
NET CURRENT LIABILITIES		<u>(282,091)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,661,565</u>
CREDITORS: amounts falling due after more than one year	15	5,804,594
ACCRUALS AND DEFERRED INCOME	16	149,010
PROVISION FOR LIABILITIES AND CHARGES	17	169,373
		<u>8,538,588</u>
CAPITAL AND RESERVES		
Called up share capital	18	8,221,502
Profit and loss account	19	317,086
EQUITY SHAREHOLDERS' FUNDS	20	<u>8,538,588</u>

The notes on pages 9 to 18 form an integral part of these financial statements.

The financial statements on pages 7 to 18 were approved by the Board of Directors on 25 July 2000 and were signed on its behalf by:


R P Bradshaw
Director


P M Treherne
Director

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

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting 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.

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%
Furniture, fixtures and fittings	-	12.5%
Motor vehicles	-	25%
Computer equipment	-	33%

The long leasehold premises are depreciated over the length of the lease. 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 term of the lease.

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.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Heritage Attractions Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2000

1. ACCOUNTING POLICIES (continued)

Pensions

The company 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 £4,972. There was no creditor outstanding at the period end.

Goodwill

Positive goodwill arising on acquisitions 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.

Deferred tax

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

Cash flow statement

The company has taken advantage of the exemption available to wholly owned subsidiary companies of a UK parent not to prepare a cash flow statement.

2. TURNOVER

Turnover, which is stated net of value added tax, consists entirely of sales made in the United Kingdom and relates to the activities acquired on 25 May 1999 which can be analysed as follows:

	2000 £
By activity:	
Attractions	979,763
Retailing	948,797
Catering	826,636
Other revenues	16,119
	<u>2,771,315</u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £
Bank interest receivable	10,534
Rent receivable	10,169
	<u>20,703</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £
Bank loans and overdrafts	222,394
Other loans	93,973
	<u>316,367</u>

Heritage Attractions Limited

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

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £
Profit on ordinary activities before taxation is stated after charging:	
Depreciation on tangible fixed assets – owned	121,495
Amortisation of goodwill	9,175
Auditors' remuneration	-
- audit services	-
- non-audit service	-
Operating lease rentals	4,781
- plant and machinery	
- land and buildings	40,910
	<u>40,910</u>

Auditors' remuneration for audit services has been met by the parent company.

6. EMOLUMENTS OF DIRECTORS

	2000 £
Aggregate emoluments (including benefits in kind)	39,945
Pension contributions	1,388

7. EMPLOYEE INFORMATION

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

	2000 No.
By activity	
Management and administration	7
Retail, catering and other	108
	<u>115</u>

	2000 £
Staff costs for the above persons:	
Wages and salaries	594,827
Social security costs	37,163
Pension costs	4,972
	<u>636,962</u>

Heritage Attractions Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2000

8. TAXATION

	2000 £
UK corporation tax at 30%	
Current year	40,000
Deferred taxation - current	26,000
	<u>66,000</u>

The tax charge is lower than expected due to the availability of group relief from The Land's End & John O'Groats Company Limited.

9. TANGIBLE FIXED ASSETS

	<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 :						
On acquisition (note 25)	5,405,000	-	795,000	-	-	6,200,000
Additions	-	-	15,000	-	12,175	27,175
Transferred to properties held for resale	(100,000)	-	-	-	-	(100,000)
Transferred from other group company	6,011,969	1,600,000	60,454	81,489	1,585,293	9,339,205
At 31 January 2000	<u>11,316,969</u>	<u>1,600,000</u>	<u>870,454</u>	<u>81,489</u>	<u>1,597,468</u>	<u>15,466,380</u>
Depreciation:						
At incorporation	-	-	-	-	-	-
Charge for the period	66,734	-	53,875	-	886	121,495
Transferred from other group company	2,600	21,333	4,913	69,493	568,981	667,320
At 31 January 2000	<u>69,334</u>	<u>21,333</u>	<u>58,788</u>	<u>69,493</u>	<u>569,867</u>	<u>788,815</u>
Net book value:						
At 31 January 2000	<u>11,247,635</u>	<u>1,578,667</u>	<u>811,666</u>	<u>11,996</u>	<u>1,027,601</u>	<u>14,677,565</u>

Fixed assets with a net book value of £252,685 which are held under finance leases are included above. These assets were transferred from another group company.

Heritage Attractions Limited

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

9. TANGIBLE FIXED ASSETS (continued)

The net book value of land and buildings comprises:

	2000 £
Freehold	11,114,102
Long leasehold	133,533
	<u>11,247,635</u>

10. INTANGIBLE FIXED ASSETS

	£
Goodwill	
On acquisition of business (note 26)	275,262
Amortised in period	(9,175)
	<u>266,087</u>

At 31 January 2000

Goodwill arising on the acquisition of businesses (note 26) is being amortised evenly over the directors' estimate of its useful economic life of 20 years.

11. FIXED ASSET INVESTMENTS

	£
At incorporation	-
Transferred from other group company	4
	<u>4</u>

At 31 January 2000

Fixed asset investments represent shares in two subsidiary undertakings and comprise the whole of the issued ordinary share capital of the following companies which are registered in England and Wales.

Land's End Limited	-	Dormant
John O'Groats Limited	-	Dormant

12. STOCKS

	2000 £
Finished goods	378,319
Raw materials	202,513
Catering and bar	9,424
	<u>590,256</u>

Heritage Attractions Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2000

13. DEBTORS

	2000 £
Trade debtors	19,528
Other debtors	17,622
Prepayments and accrued income	107,782
Amounts due from parent company	48,451
Property held for resale	100,000
	<u>293,383</u>

14. CREDITORS: amounts falling due within one year

	2000 £
Trade creditors	236,267
Bank overdraft – secured (see note 15)	789,898
Loans – secured (see note 15)	57,098
Corporation tax	40,000
Other taxation and Social Security cost	65,041
Other creditors	61,386
Accruals and deferred income	145,678
Obligations under finance leases and HP contracts	94,567
Amounts owed to parent company	110,000
	<u>1,599,935</u>

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

	2000 £
Loans - secured (see below)	58,614
Obligations under finance leases and HP contracts	176,951
Amounts due to other group undertakings	5,569,029
	<u>5,804,594</u>

The loans are secured on the assets to which they relate and are repayable by monthly instalments, all of which fall due within two years.

The company has provided a cross-guarantee to the company's bankers in respect of the group's overdraft and borrowing facilities. This guarantee is supported by a fixed and floating charge over the company's assets.

Heritage Attractions Limited

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

15. CREDITORS: amounts falling due after more than one year (continued) Obligations under finance leases and HP contracts based on maturity:

	2000
	£
Amounts payable:	
Within one year	134,808
In two to five years	178,191
	312,999
Less: finance charges allocated to future periods	(41,481)
	<u>271,518</u>

16. ACCRUALS AND DEFERRED INCOME

	£
Grant received from Welsh Tourist Board:	
At incorporation	-
Transferred from other group company	149,010
	<u>149,010</u>
At 31 January 2000	<u>149,010</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Deferred taxation:	
At incorporation	-
Charge for period	26,000
Transferred from other group company	143,373
	<u>169,373</u>
At 31 January 2000	<u>169,373</u>

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

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

Heritage Attractions Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2000

18. SHARE CAPITAL

2000
£

Authorised:

9,999,900 ordinary shares of £1 each

9,999,900

Allotted, issued and fully paid:

8,221,502 ordinary shares of £1 each

8,221,502

On 26 March 1999, 2 ordinary shares were issued at par for cash. On 31 January 2000, a further 8,221,500 ordinary shares were issued at par to enable the transfer of certain borrowings to Heritage Great Britain PLC.

19. PROFIT AND LOSS ACCOUNT

£

At incorporation

-

Retained profit for the period

317,086

At 31 January 2000

317,086

20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

2000
£

Shares issued in the period

8,221,502

Profit for the financial period

317,086

Opening shareholders' funds

-

Closing shareholders' funds

8,538,588

21. CAPITAL COMMITMENTS

2000
£

Contracted for, but not provided for in these financial statements

-

22. OPERATING LEASE COMMITMENTS

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

land and buildings
£
other
£

Operating leases which expire:

Within one year

- 1,185

In two to five years

- 12,793

Over five years

55,000 -

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 January 2000

23. CONTINGENT LIABILITIES

The company has provided a cross-guarantee in respect of other group companies' bank facilities, whose overdrafts at 31 January 2000 amounted to £94,184.

24. 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.

As disclosed in note 26, Heritage Attractions Limited acquired various day visitor attractions from Leisure Great Britain PLC. A balance of £93,973 relating to the interest charge on the deferred consideration (debenture loan) remains outstanding at the period end. 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.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Heritage Great Britain PLC which is registered in England and Wales. Copies of Heritage Great Britain PLC accounts are available from its registered office: Heritage House, 383a Eaton Road, West Derby, Liverpool L12 2AH. Mr K R Leech, a former director of the company, owns the entire share capital of Heritage Great Britain PLC, via his wholly owned Jersey company, Cherberry Limited.

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

26. ACQUISITION OF BUSINESSES

On 25 May 1999, the company 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.

	Book value at 25 May 1999	Fair value adjustments	Fair value at acquisition
	£	£	£
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
			<u>6,822,463</u>
Satisfied by:			
Consideration			
Cash			4,547,201
Deferred consideration - Debenture Loan			2,000,000
			<u>6,547,201</u>
Total consideration			275,262
Costs associated with the acquisition			<u>6,822,463</u>

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 due to damage to the property between 16 April 1999 and 25 May 1999.

The debenture loan incurred interest at the rate of 7% per annum. Following the group reorganisation on 31 January 2000, this loan was transferred to the immediate parent company, Heritage Great Britain PLC.