Hemel Snowcentre Limited

Directors' report and financial statements

Registered number 06330704

30 September 2015

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Strategic report

Principle activities and business review

The principal activity during the year was operating The Snow Centre.
Further to a very successful year with significant growth in footfall, revenue, and profit in 2013/ 2104, our goal was to maintain this higher level this year, which we achieved.

Continued investment in our facility including a new travellator on our nursery slope, was well received by our customers and our instructors who train in this area.

Principle risks and uncertainties

The underlying trend in increased bookings and yield remains strong and we look to continue to grow our income this coming year. Good early snowfall in ski destinations helps stimulate demand for lessons and practice so we look to a good winter season particularly in Europe. Continued further investment in our facility and focus on customer experience lays good foundations for us to continue to grow.

Key Performance Indicators

The company uses footfall, revenue and spend per head as key performance indicators in monitoring its trading performance. Spend per head increased by 7.0% on slope products and 7.8% on Lodge products (Food and Beverage). Footfall (paying slope customers) was similar to last year, and our database (active email addresses) increased by 16%
Our net operating profit margin remained consistent at 42% despite increases in payroll and rent.
We focus on customer service and receive ongoing feedback via online surveys following a visit. We measure our NPS score which has also increased year on year.

Future Prospects

We continue to focus on developing our business through engaging our customers, giving great service, supported by ongoing development of products and promotions, with a particular focus now on repeat visits.

Directors' report

The directors present their directors' report and financial statements for the year ended 30 September 2015.

Principal activities

The principal activity of the Company is the ownership and operation of an indoor real snow ski slope.

Business review

Performance against prior year has been strong, despite tough trading conditions in the wider economic environment. Sales of £6,744k (*2014:* £6,734k) were achieved, generating operating profit of £2,294k (*2014:£* 2,350k).

Key performance indicators monitored include:

- Slope spend per guest
- Edge Cafe spend per guest
- Guest visits
- Total guest database
- Profit margin and payroll margin

The Directors are confident that the company will continue to grow its main key areas of delivering lessons and recreational usage, and introducing new customers to the centre.

Results and dividends

The profit for the year amounted to £1,646k *(2014:* £1,533k*)*. The directors do not recommend the payment of a dividend *(2014: £nil)*.

Financial risk management objectives and policies

The Company makes little use of financial instruments other than an operational bank account and therefore its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position or profit or loss of the Company.

Directors

The directors who held office during the year were as follows:

R J Cook
P W Harris
T W Harris
I D Brown

Political and charitable contributions

The Company made no charitable donations or incurred any political expenditure during the year.

Directors' report *(continued)*

Disclosure of information to 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 he ought to have taken as a director to make himself 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 auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

R Cook
Director

Hemel Ski Centre
St Albans Hill
Hemel Hempstead
Hertfordshire
HP3 9NH

Date 1 FEB 2016

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 the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE
United Kingdom

Independent auditor's report to the members of Hemel Snowcentre Limited

We have audited the financial statements of Hemel Snowcentre Limited for the year ended 30 September 2015, set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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.

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, 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.

Mike Woodward

Mike Woodward (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Date: 1 FEB 2016

Profit and loss account
for the year ended 30 September 2015

	Note	2015 £000	2014 £000
Turnover	2	**6,744**	6,734
Cost of sales		**(2,059)**	(1,937)
Gross profit		**4,685**	4,797
Administrative expenses		**(2,689)**	(2,868)
Other operating income	3	**298**	421
Operating profit	*4*	**2,294**	2,350
Interest payable and similar charges	6	**(286)**	(319)
Profit on ordinary activities before taxation		**2,008**	2,031
Tax on profit on ordinary activities	7	**(362)**	(498)
Profit for the financial year		**1,646**	1,533

There were no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 18 form part of the financial statements.

Balance sheet
at 30 September 2015

	Note	2015 £000	£000	2014 £000	£000
Fixed assets					
Tangible assets	*8*		**18,958**		19,222
			18,958		19,222
Current assets					
Stocks	*9*	**27**		88	
Debtors	*10*	**245**		166	
Cash at bank and in hand		**2,705**		1,632	
		2,977		1,886	
Creditors: amounts falling due within one year	*11*	**(9,172)**		(8,998)	
Net current liabilities			**(6,195)**		(7,112)
Total assets less current liabilities			**12,763**		12,110
Creditors: amounts falling due after more than one year	*12*		**(3,862)**		(5,148)
Provisions for liabilities	*14*		**(1,128)**		(835)
Net assets			**7,773**		6,127
Capital and reserves					
Called up share capital	*15*		**3,333**		3,333
Profit and loss account	*16*		**4,440**		2,794
Shareholders' funds	*17*		**7,773**		6,127

The notes on pages 9 to 18 form part of the financial statements.

These financial statements were approved by the board of directors on 1/2/16 and were signed on its behalf by:

R Cook
Director

Company registered number: 06330704

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on the going concern basis. The Company has recorded a profit of £1,646k for the year ended 30 September 2015, although it has net current liabilities of £6,195k at that date.

Post year-end management accounts indicate that the Company has continued to be profitable in the following period and that the Company has been able to meet its liabilities as they fall due.

The directors have considered the cash and profit forecasts prepared by the Company, which, indicate that the Company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The financial statements do not include any adjustments which may be required should the basis of preparation turn out to be inappropriate.

Cash flow statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Related parties transactions

As disclosed in note 19, the Company is a wholly owned subsidiary of Snowcentres Limited, the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with other group companies.

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, excluding VAT, from goods and services supplied to third party customers. Income relating to bookings received in advance of the provision of a service is deferred and recognised in the period in which the service is provided.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any Incidental costs of acquisition

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Snowcentre	50 years straight line
Plant & machinery, fixture & fittings & snow equipment	3-4 years straight line
Leasehold property	125 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Other operating income includes amounts receivable by the company from the rental of commercial property. Income derived from operating leases is credited to revenue on a straight-line basis over the lease term, net of any incentives offered at the outset of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes *(continued)*

2 Analysis of turnover

	2015	2014
	£000	£000
By geographical market		
United Kingdom	**6,744**	6,734

3 Other operating income

	2015	2014
	£000	£000
VAT reclaim	**45**	229
Rent receivable	**253**	192
	298	421

4 Notes to the profit and loss account

	2015	2014
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets:		
Owned	**641**	645
Leased	**8**	55
Hire of other assets - operating leases	**261**	272
Auditor's remuneration:		
Audit of these financial statements	**26**	25
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	**5**	5

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2015	2014
Management, administration and sales staff	**65**	37
Slope staff	**203**	202
Food and beverage staff	**37**	53
	305	292

Of the above, an average of 38 (*2014: 42*) were employed on a full-time basis. The remainder are part-time staff.

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**1,958**	1,851
Social security costs	**114**	112
	2,072	1,963

6 Interest payable and similar charges

	2015 £000	2014 £000
Bank loan interest	**212**	245
Other similar charges	**74**	74
	286	319

Notes *(continued)*

7 Taxation

Analysis of charge in period

	2015 £000	£000	2014 £000	£000
UK corporation tax				
Current tax on income for the period		50		42
Prior year adjustments		(3)		(9)
Deferred tax (see note 14)				
Origination of timing differences	382		469	
Effect of tax rate changes	-		-	
Prior year adjustments	(67)		(4)	
Total deferred tax		315		465
Tax on profit on ordinary activities		362		498

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2014: lower)* than the standard rate of corporation tax in the UK (20.5% *2014: 22%).* The differences are explained below.

	2015 £000	2014 £000
Current tax reconciliation		
Profit on ordinary activities before tax	2,008	2,031
Current tax at 20.5 % *(2014: 22%)*	412	447
Effects of:		
Expenses not deductible for tax purposes	-	111
Depreciation in excess of capital allowances/(Capital allowances for period in excess of depreciation)	112	55
Utilisation of tax losses	(474)	(571)
Prior year adjustments	(3)	(9)
Total current tax charge	47	33

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 30 September 2015 has been calculated based on rates of 20% substantively enacted at the balance sheet date.

Notes *(continued)*

8 Tangible fixed assets

	Snow Centre	Leasehold property	Other	Total
	£000	£000	£000	£000
Cost				
At beginning of year	19,944	1,050	1,073	22,067
Additions	-	-	385	385
Disposals/Write offs	-	-	-	-
At end of year	19,944	1,050	1,458	22,452
Depreciation				
At beginning of year	2,166	55	624	2,845
Charge for year	399	8	242	649
At end of year				
At end of year	2,565	63	866	3,494
Net book value				
At 30 September 2015	**17,379**	**987**	**592**	**18,958**
At 1 October 2014	17,778	995	449	19,222

The above fixed assets are stated at depreciated historical cost, and are not revalued.

The Directors have considered the carrying value of the Snow Centre asset without undergoing a formal valuation exercise, and in doing so have satisfied themselves that the aggregate value of that class of assets at the balance sheet date was not less than the aggregate amount at which they are stated in the company's accounts.

Notes *(continued)*

9 Stocks

	2015 £000	2014 £000
Snow equipment	**12**	65
Food and drink	**15**	23
	27	88

10 Debtors

	2015 £000	2014 £000
Trade debtors	**116**	39
Amounts owed by group undertakings	**8**	8
Prepayments and accrued income	**121**	119
	245	166

11 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Shares classified as liabilities	**6,667**	6,667
Bank loans (see note 13)	**1,286**	1,286
Trade creditors	**258**	204
Taxation and social security	**245**	238
Accruals and deferred income	**716**	603
	9,172	8,998

The redeemable preference shares of £6,667k, although technically repayable on demand, are unlikely to be redeemed within a year of the date of these accounts. 100% of the preference shares are held by the parent company, Snowcentres Limited.

Notes *(continued)*

12 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Bank loans (see note 13)	**3,862**	5,148
	3,862	5,148

13 Borrowings

Interest is payable on the bank loan at a rate of 3% above LIBOR per annum. The bank loan is secured on the Snowcentre property owned by the Company, and guarantees given by certain shareholders to the sum of £3m.

With effect from 30 April 2013 the company entered in to an amended repayment schedule.

The bank loan is analysed by maturity below:

	2015 £000	2014 £000
Within one year	**1,286**	1,286
Between one and two years	**1,286**	1,286
Between two and to five years	**2,576**	3,862
Total bank loans and overdrafts	**5,148**	6,434

14 Provisions for liabilities

	Deferred tax £000	Rent Guarantee £000	Total £000
At beginning of year	780	55	**835**
Additional amounts provided	315		**315**
Utilised during year		(22)	**(22)**
At end of year	**1,095**	**33**	**1,128**

Notes *(continued)*

14 Provisions for liabilities *(continued)*

The elements of the deferred tax (liability) / asset are as follows:

	2015 £000	2014 £000
Difference between accumulated depreciation and capital allowances	**(1,095)**	(1,233)
Tax losses available	**-**	453
	(1,095)	(780)

The Rent Guarantee provision relates to a guarantee agreement without time limit in respect of a third party's tenancy agreement, to a maximum of £55,000. During the year an amount of £22,280 was utilised. As at the year end the directors believe payment remains likely, and thus continue to recognise the provision.

15 Called up share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
3,333,218 Ordinary shares of £1 each	**3,333**	3,333
6,666,784 Redeemable preference shares of £1 each	**6,667**	6,667
	10,000	10,000
Shares classified as liabilities	**6,667**	6,667
Shares classified in shareholders' funds	**3,333**	3,333
	10,000	10,000

The preference shares are redeemable at the option of the Company.

16 Profit and loss account

	Profit and loss account £000
At beginning of year	2,794
Profit for the year	1,646
At end of year	**4,440**

Notes *(continued)*

17 Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Profit for the financial year and retained profit	**1,646**	1,533
Net additions to shareholders' funds	**1,646**	1,533
Opening shareholders' funds	**6,127**	4,594
Closing shareholders' funds	7,773	6,127

18 Commitments

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

	2015 Land and Buildings £000	2014 Land and Buildings £000
Operating leases which expire:		
Within one year		-
In the second to fifth years inclusive		-
Over five years	**285**	236
	285	236

19 Ultimate parent company

The Company is a wholly owned subsidiary undertaking of Snowcentres Limited which is the ultimate parent company incorporated in England and Wales.

Consolidated financial statements which include the results of the Company may be obtained from Companies House.

Having considered the current shareholdings of the owners of the business, the Directors do not consider there to be an ultimate controlling party of the Company.