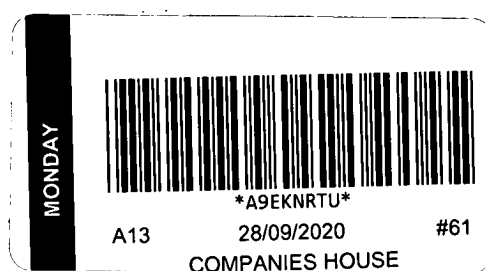


**Registered number: 07777872**

**ZIP WORLD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



## **ZIP WORLD LIMITED**

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**ZIP WORLD LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	S W Taylor A S Hudson D J Stacey
<b>Registered number</b>	07777872
<b>Registered office</b>	Zip World Base Camp Denbigh Street Llanrwst Wales LL26 0LL
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors One Kingsway Cardiff CF10 3PW

## **ZIP WORLD LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present the Strategic Report of Zip World Limited (the "Company") for the year ended 31 December 2019.

#### **Fair review of the business**

In the year of 2019 the Company's EBITDA before exceptional charges was £3.4m (2018: £2.9m) on turnover of £12.0m (2018: £11.5m), which was up 4.3% and 27.33% on prior year respectively. The Directors attribute this growth to the part year introduction of Quarry Karts attraction as well as attraction price and customer volume increases.

As at 31 December 2019, the Company had net assets of £5.6m (2018: £6.2m).

Exceptional charges of £0.5m charged to the profit and loss were principally costs incurred in relation to the restructuring of the Company operations post the change in ownership and investment following a management buy-out backed by LDC and supported by senior debt facilities provided by HSBC in 2018.

The strategy of the business moving forwards is to grow revenues through a combination of organic growth and acquisitions as it expands its adventure experiences across the UK.

The Company's focus continues to be providing world class differentiated outdoor adventure experiences. As a Zip World Group of companies, we are proud to support the tourism industry and employ people who live locally to our attractions as a part of our ethos to build sustainable, long term quality employment opportunities in the regions where we operate.

#### **Principal risks and uncertainties**

##### ***Financial instrument risks***

The Company uses various financial instruments, these include loans, finance leases, interest rate caps, cash, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The existence of these financial instruments exposes the Company to a number of financial risks which are described in more detail below.

The main risks arising from the Company's financial instruments are:

- liquidity risk
- credit risk
- general economic conditions and
- cashflow interest rate risk.

##### ***Liquidity risk***

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by revolving credit facilities and overdraft facilities. The maturity of borrowings is set out in the notes to the financial statements.

##### ***Credit risk***

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from its trade debtors. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third-party credit references. Significant resources are utilised to monitor the Company's debtor ledger on a daily basis to help mitigate and manage financial loss.

##### ***Interest rate risk***

The Company finances its operations through a mixture of retained profits, finance leases and bank borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed with the use of both fixed and floating rate facilities.

## ZIP WORLD LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### *Other economic risk*

The nature of the Company's business is that it is exposed to the general economic conditions prevailing in the Company United Kingdom. The COVID 19 economic fall-out combined with the uncertainties related to Brexit may have a negative impact on consumer discretionary spending and in turn on the Company's financial performance. To help manage and mitigate this, the Company is seeking to broaden and adapt its adventure activity offering at various price points to maximize revenue opportunities and increase resilience to COVID 19 changing government social distancing requirements.

#### *Other principal risks*

##### *Health and safety*

To minimize and manage any Health and Safety risk in relation to the outdoor adventure activities, these considerations are at the forefront of the design and equipment management for each attraction from the outset.

##### *Staff retention*

As a visitor attraction, a key part of the Zip World experience is the interaction that visitors have with the Company's employees. As a result, the Company invests significantly in the training and looking after the welfare of its employees to help with staff continuity. We do this through creating a positive working environment, investing in staff and paying above industry average wages for the area in which they are based.

#### **Key performance indicators**

The Company used the following key performance indicators to monitor the Company's performance:

	2019	2018
Revenue	£12.0m	£11.5m
EBITDA	£3.4m	£2.9m
Employee numbers	235	221

This report was approved by the board and signed on its behalf by:

  
S W Taylor  
Director

Date: 25/09/2020

## **ZIP WORLD LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their annual report and the audited financial statements of Zip World Limited (the "Company") for the year ended 31 December 2019.

#### **Principal activity**

The Company is incorporated in England and Wales with a Company registration number of 07777872. The principal activity of the Company was selling outdoor adventure experiences in the United Kingdom.

#### **Results and dividends**

Results for the year and financial position for the Company are shown in the annexed financial statements. The Company's profit for the financial year was £1,398,408 (2018: £1,961,455).

During the year, the directors paid a dividend of £2,000,000 an interim dividend (2018: £Nil).

#### **Post balance sheet events**

The outbreak of Covid-19 in early 2020 has affected business and economic activity worldwide. The Company considers this outbreak to be a non-adjusting post Balance Sheet event as at 31 December 2019. The directors have put in place a number of mitigating actions to minimise the disruption of the pandemic on the business which can be found in the Group Strategic Report of the ultimate parent company, ZWPV Ltd.

The Company continues to monitor closely the development of the coronavirus outbreak and its impact on market conditions. However, based on our management of the operations, combined with strict cash management procedures, the Company has confidence it has a strong and robust cash flow to continue as a going concern business.

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

S W Taylor  
A S Hudson  
C L Knowles (resigned 16 May 2019)  
E S Owen Davies (resigned 27 September 2019)  
D J Stacey

#### **Qualifying third party indemnity provisions**

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and Officers' liability insurance in respect of itself and its directors.

#### **Future developments**

The future developments of the Company are discussed in the business review section of the Strategic Report on page 2.

#### **Financial risk management**

The financial risk management of the Company are described in the Strategic Report on page 2.

## **ZIP WORLD LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

#### **Disclosure of information to auditors**

In the case of each director at the time when this Directors' Report is approved has confirmed that:

- So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditors of the Company are unaware.
- Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditors of the Company are aware of that information.

#### **Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:

  
**S W Taylor**  
**Director**

Date: 25/09/2020

## **ZIP WORLD LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **Supplier payment policy**

When entering into commitments for the purchase of services and goods, the Company gives consideration to quality, delivery, terms of payment and price. If the Company is satisfied that suppliers have provided the services or goods in accordance with the agreement made between the supplier and the Company, then payment is made. The Company makes every effort to resolve disputes quickly if they should arise.

#### **Employment policy**

The Company places great emphasis on its employees and has continued its practice of keeping them informed on matters affecting their employment and the financial and economic factors affecting the performance of the Company.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Company may continue.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

#### **Employee involvement**

The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the Company's performance.

#### **Disabled persons**

The Company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be considered when making decisions that are likely to affect their interests. Employee involvement in Zip World Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in its performance.

The Company recognises its responsibility to employ disabled persons in suitable employment and gives full and fair consideration to such persons, including any employee who becomes disabled, having regard to their aptitudes and abilities. Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

#### **Going concern**

The Company is a subsidiary of ZWPV Limited (the "Group") and the Group is financed through bank and shareholder debt and at an operating level is cash generative. The Group has prepared detailed forecasts for the next 12 month period ended 30 September 2021, including assessing sensitivities which consider the impact of Covid-19, which show that it is expected to continue to be profitable at an EBITDA level and cash generative at an operating activity level for the foreseeable future and that the Group has the ability to remain within its committed lending facilities. Therefore the directors have prepared the financial statements on a going concern basis.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZIP WORLD LIMITED

## Report on the audit of the financial statements

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### Opinion

In our opinion, Zip World Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion:

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## **ZIP WORLD LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZIP WORLD LIMITED (CONTINUED)**

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff  
Date: 25 September 2020

**ZIP WORLD LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	12,009,039	11,458,377
Other operating income	5	9,574	7,697
Other external charges		(5,183,231)	(4,720,549)
Exceptional costs	14	(522,918)	(31,895)
Staff costs	8	(3,427,193)	(3,880,519)
Depreciation and amortisation		(1,117,503)	(915,549)
<b>Operating profit</b>	6	<b>1,767,768</b>	<b>1,917,562</b>
Income from investments		-	500,000
Interest receivable and similar income	10	6,499	1,796
Interest payable and similar expenses	11	(3,207)	(56,016)
<b>Profit before taxation</b>		<b>1,771,060</b>	<b>2,363,342</b>
Tax on profit	12	(372,652)	(401,887)
<b>Profit for the financial year</b>		<b>1,398,408</b>	<b>1,961,455</b>
<b>Total comprehensive income for the financial year</b>		<b>1,398,408</b>	<b>1,961,455</b>

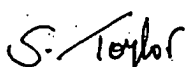
The notes on pages 12 to 29 form part of these financial statements.

**ZIP WORLD LIMITED**  
**REGISTERED NUMBER: 07777872**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	15	15,924	74,093
Tangible assets	16	7,288,458	7,203,785
Investments	17	2,008,322	2,008,322
		<u>9,312,704</u>	<u>9,286,200</u>
<b>Current assets</b>			
Stocks	18	145,578	178,162
Debtors	19	911,501	341,128
Cash at bank and in hand	20	3,230,383	1,768,543
		<u>4,287,462</u>	<u>2,287,833</u>
Creditors: amounts falling due within one year	21	(6,148,324)	(2,049,669)
<b>Net current (liabilities)/assets</b>		<u>(1,860,862)</u>	<u>238,164</u>
<b>Total assets less current liabilities</b>		<u>7,451,842</u>	<u>9,524,364</u>
Creditors: amounts falling due after more than one year	22	(41,737)	(1,541,884)
<b>Provisions for liabilities</b>			
Deferred tax	24	(288,371)	(176,031)
Accruals and deferred income	25	(1,523,075)	(1,606,198)
<b>Net assets</b>		<u>5,598,659</u>	<u>6,200,251</u>
<b>Capital and reserves</b>			
Called up share capital	26	300	300
Profit and loss account	27	5,598,359	6,199,951
<b>Total shareholders' funds</b>		<u>5,598,659</u>	<u>6,200,251</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**S W Taylor**  
**Director**

Date: 25/09/2020

The notes on pages 12 to 29 form part of these financial statements.

**ZIP WORLD LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total shareholders' funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2018</b>	<b>300</b>	<b>4,238,496</b>	<b>4,238,796</b>
<b>Comprehensive Income for the financial year</b>			
Profit for the financial year	-	1,961,455	1,961,455
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>1,961,455</b>	<b>1,961,455</b>
<b>At 1 January 2019</b>	<b>300</b>	<b>6,199,951</b>	<b>6,200,251</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	1,398,408	1,398,408
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>1,398,408</b>	<b>1,398,408</b>
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
<b>Total transactions with owners</b>	<b>-</b>	<b>(2,000,000)</b>	<b>(2,000,000)</b>
<b>At 31 December 2019</b>	<b>300</b>	<b>5,598,359</b>	<b>5,598,659</b>

The notes on pages 12 to 29 form part of these financial statements.

## **ZIP WORLD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. General information**

Zip World Limited's (the "Company") principal activity is the operation of adventure experience activities.

The Company is incorporated and domiciled in United Kingdom. Its registered office is Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of ZWPV Limited as at 31 December 2019 and these financial statements may be obtained from Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL.

##### **2.3 Going concern**

The Company is a subsidiary of ZWPV Limited (the "Group") and the Group is financed through bank and shareholder debt and at an operating level is cash generative. The Group has prepared detailed forecasts for the next 12 month period ended 30 September 2021, including assessing sensitivities which consider the impact of Covid-19, which show that it is expected to continue to be profitable at an EBITDA level and cash generative at an operating activity level for the foreseeable future and that the Group has the ability to remain within its committed lending facilities. Therefore the directors have prepared the financial statements on a going concern basis.

##### **2.4 Exemption from preparing consolidated financial statements**

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

## **ZIP WORLD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

##### **2.5 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### **Sale of adventure experiences**

Turnover from the sale of adventure experiences is recognised when the customer participates in the experience. Any amounts received in advance of customer participation are held within deferred income on the Balance Sheet.

##### **Sale of merchandising**

Turnover from the sale of merchandising is recognised at the point of sale of the merchandise product.

##### **2.6 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website	-	3	years
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##### **2.7 Tangible assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	-	4%
Plant and machinery	-	25%
Motor vehicles	-	25%
Fixtures, fittings and equipment	-	25%
Asset in the course of construction	-	Not depreciated

**ZIP WORLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.7 Tangible assets (continued)**

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**2.8 Investments**

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment.

**2.9 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.10 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.12 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.14 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

## **ZIP WORLD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

##### **2.15 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### **2.16 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.17 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### **2.18 Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

##### **2.19 Pensions**

###### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### **2.20 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

## **ZIP WORLD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

##### **2.21 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### **2.22 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

##### **2.23 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

## ZIP WORLD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are not considered to be any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Adventure sales	10,412,282	10,414,832
Sale of goods	1,469,687	999,323
Other sales	127,070	44,222
	<u>12,009,039</u>	<u>11,458,377</u>

All turnover arose within the United Kingdom.

#### 5. Other operating income

	2019 £	2018 £
Other operating income	<u>9,574</u>	<u>7,697</u>

#### 6. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible assets	1,030,769	873,307
Amortisation of intangible assets	58,169	42,242
Operating lease rentals	<u>1,344,248</u>	<u>1,145,410</u>

**ZIP WORLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. Auditors' remuneration**

	2019 £	2018 £
Fees payable to the Company's auditors' for the audit of the Company's annual financial statements	<u>22,500</u>	<u>15,100</u>

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of ZWPV Limited.

**8. Staff costs**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	3,201,109	3,440,654
Social security costs	186,971	257,334
Other pension costs	39,113	182,531
	<u>3,427,193</u>	<u>3,880,519</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 Number	2018 Number
Operations	<u>235</u>	<u>221</u>

The average number of full time equivalent employees during the year was 81 (2018: 80)

**ZIP WORLD LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****9. Directors' remuneration**

	2019 £	2018 £
Aggregate directors' emoluments	-	186,201
Company contributions to defined contribution pension schemes	-	133,819
	<u>-</u>	<u>320,020</u>

During the year retirement benefits were accruing to no directors (2018: 7) in respect of defined contribution pension schemes.

Directors' remuneration is now borne by the parent company, ZWPV Limited, and it is not possible to apportion the remuneration between the group companies.

**10. Interest receivable and similar income**

	2019 £	2018 £
Other interest receivable	<u>6,499</u>	<u>1,796</u>

**11. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	-	52,682
Other loan interest payable	-	70
Finance leases and hire purchase contracts	3,207	2,149
Other interest payable	-	1,115
	<u>3,207</u>	<u>56,016</u>

**ZIP WORLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. Tax on profit**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	301,922	373,470
Adjustments in respect of prior years	(41,610)	(78,641)
<b>Total current tax</b>	<u>260,312</u>	<u>294,829</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	90,980	67,537
Adjustment in respect of prior years	30,937	46,630
Effect of changes in tax rates	(9,577)	(7,109)
<b>Total deferred tax</b>	<u>112,340</u>	<u>107,058</u>
<b>Total tax</b>	<u><u>372,652</u></u>	<u><u>401,887</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Profit before taxation	<u>1,771,059</u>	<u>2,363,342</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	336,501	449,035
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	91,665	86,972
Adjustments from previous periods	(10,673)	(32,011)
Non-taxable income	-	(95,000)
Tax rate changes	(9,577)	(7,109)
Effect of group relief / other reliefs	(35,264)	-
<b>Total tax charge for the financial year</b>	<u><u>372,652</u></u>	<u><u>401,887</u></u>

## ZIP WORLD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 12. Tax on profit (continued)

##### Factors that may affect future tax charges

Changes to the UK Corporation tax rates were substantively enacted on 7 September 2016 to reduce the main rate of Corporation tax to 17% from 1 April 2020 and deferred tax balances at the Balance Sheet date have been measured using this rate.

Subsequent to the Balance Sheet date, a further change was substantively enacted on 17 March 2020 to maintain the rate at 19%. Had this been substantively enacted at the Balance Sheet date, deferred tax liabilities would have increased by £33,926.

#### 13. Dividends

	2019 £	2018 £
Dividend equivalent to £6,667 (2018: £Nil) per £1 share	2,000,000	-

#### 14. Exceptional items

	2019 £	2018 £
Discontinued projects	22,635	31,895
Professional fees in relation to the acquisition of Zip World Group Holdings Limited by ZWPV Limited	215,037	-
Costs associated with historical rent arrears	285,246	-
	522,918	31,895

**ZIP WORLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. Intangible assets**

	<b>Website £</b>
<b>Cost</b>	
At 1 January 2019	<b>116,335</b>
At 31 December 2019	<b>116,335</b>
<b>Accumulated amortisation</b>	
At 1 January 2019	<b>42,242</b>
Charge for the year	<b>58,169</b>
At 31 December 2019	<b>100,411</b>
<b>Net book value</b>	
At 31 December 2019	<b>15,924</b>
At 31 December 2018	<b>74,093</b>

ZIP WORLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Asset in construction £	Total £
<b>Cost</b>						
At 1 January 2019	3,657,478	3,625,046	268,230	1,939,199	177,982	9,667,935
Additions	16,774	821,062	60,907	251,209	58,446	1,208,398
Disposals	-	(51,417)	(50,388)	(28,944)	-	(130,749)
Transfers between classes	136,493	99,935	-	-	(236,428)	-
At 31 December 2019	3,810,745	4,494,626	278,749	2,161,464	-	10,745,584
<b>Accumulated depreciation</b>						
At 1 January 2019	182,978	896,884	145,179	1,239,109	-	2,464,150
Charge for the year	142,656	533,768	48,056	334,854	-	1,059,334
Disposals	-	(28,565)	(37,793)	-	-	(66,358)
At 31 December 2019	325,634	1,402,087	155,442	1,573,963	-	3,457,126
<b>Net book value</b>						
At 31 December 2019	3,485,111	3,092,539	123,307	587,501	-	7,288,458
At 31 December 2018	3,474,500	2,728,162	123,051	700,090	177,982	7,203,785

# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 16. Tangible assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Motor vehicles	35,736	50,031

### 17. Investments

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
<b>Cost</b>			
At 1 January 2019	2,008,318	4	2,008,322
At 31 December 2019	2,008,318	4	2,008,322
<b>Net book value</b>			
At 31 December 2019	2,008,318	4	2,008,322
At 31 December 2018	2,008,318	4	2,008,322

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Zip World Fforest Ltd	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL	Adventure activities	Ordinary	100%
Zip World RAK Limited	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL	Dormant	Ordinary	100%
Bounce Below Limited	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL	Dormant	Ordinary	100%

# **ZIP WORLD LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **18. Stocks**

	2019 £	2018 £
Finished goods and goods for resale	<u>145,578</u>	<u>178,162</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Impairment loss of £Nil (2018: £20,494) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

### **19. Debtors**

	2019 £	2018 £
Other debtors	420,031	191,953
Prepayments and accrued income	491,470	149,175
	<u>911,501</u>	<u>341,128</u>

### **20. Cash at bank and in hand**

	2019 £	2018 £
Cash at bank and in hand	<u>3,230,383</u>	<u>1,768,543</u>

### **21. Creditors: amounts falling due within one year**

	2019 £	2018 £
Trade creditors	198,905	149,468
Amounts owed to group undertakings	4,606,140	487,214
Corporation tax	194,731	92,944
Other taxation and social security	450,092	440,108
Obligations under finance lease and hire purchase contracts	11,186	15,720
Other creditors	43,893	-
Accruals	643,377	864,215
	<u>6,148,324</u>	<u>2,049,669</u>

**ZIP WORLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**22. Creditors: amounts falling due after more than one year**

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	41,737	48,388
Amounts owed to parent company	-	1,493,496
	<u>41,737</u>	<u>1,541,884</u>

**23. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within 1 year	11,186	15,720
Between 1-5 years	41,737	48,388
	<u>52,923</u>	<u>64,108</u>

**24. Deferred taxation**

	2019 £
At beginning of year	176,031
Charged to profit or loss	112,340
<b>At end of year</b>	<u><b>288,371</b></u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	290,974	176,031
Tax losses carried forward	(2,603)	-
	<u>288,371</u>	<u>176,031</u>

## ZIP WORLD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 25. Deferred income

	2019 £	2018 £
Deferred income	<u>1,523,075</u>	<u>1,606,198</u>

#### 26. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
300 (2018: 300) Ordinary shares of £1 (2018: £1) each	<u>300</u>	<u>300</u>

#### 27. Reserves

##### Profit and loss account

The profit and loss account represents the accumulated profits and losses less any distributions made.

#### 28. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge of £62,708 (2018: £49,397) represents contributions payable by the Company to the fund. The Company also contributes to personal pension schemes.

The pension cost charge of £Nil (2018: £133,134) represents contributions payable by the Company to the personal pension schemes.

The balance outstanding at the end of the year was £15,585 (2018: £nil).

#### 29. Related party transactions

During the year the Company purchased goods and services worth £80,686 (2018: £111,767) from Snowdonia Services Cyf, a company owned by S W Taylor, a director of the Company.

During the year the Company purchased goods and services worth £2,800 (2018: £25,200) from Barford Owen Davies Ltd, a company owned by E S Owen Davies, a director who resigned in 2019.

## **ZIP WORLD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **30. Post balance sheet events**

The outbreak of Covid-19 in early 2020 has affected business and economic activity worldwide. The Company considers this outbreak to be a non-adjusting post Balance Sheet event as at 31 December 2019. The directors have put in place a number of mitigating actions to minimise the disruption of the pandemic on the business which can be found in the Group Strategic Report of the ultimate parent company, ZWPV Ltd.

The Company continues to monitor closely the development of the coronavirus outbreak and its impact on market conditions. However, based on our management of the operations, combined with strict cash management procedures, the Company has confidence it has a strong and robust cash flow to continue as a going concern business.

#### **31. Ultimate parent undertaking and controlling party**

The immediate parent company is Zip World Group Holdings Limited. ZWPV Limited is the ultimate parent company.

At 31 December 2019, ZWPV Limited is the smallest and largest group company to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the Company Secretary at Zip World Base Camp, Denbigh Street, Llanrwst LL26 0LL.

Due to the shareholdings in place at ZWPV Limited, the directors consider Sean Taylor to be the ultimate controlling party.