

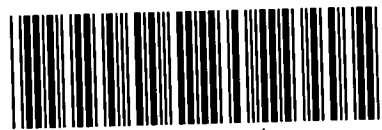
Registered number: 07777872

**ZIP WORLD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

TUESDAY



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## **ZIP WORLD LIMITED**

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## **ZIP WORLD LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	S W Taylor A S Hudson C L Knowles E S Owen Davies 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 2018**

The directors present the Strategic Report of Zip World Limited (the "company") for the year ended 31 December 2018.

#### **Business review (including key performance indicators)**

2018 was a fourth year of investment for the Company with the most significant project being the expansion of Penrhyn Quarry from 2 to 4 lines and investment in the supporting infrastructure. This had the effect of doubling capacity at the attraction with the highest yield in the Company.

The company is pleased to report that turnover increased this year to £11,458,377 (2017: £8,998,635), an increase of 27%.

Across the Company 244,637 (2017: 230,860) participants experienced adventure during 2018 – an increase of 6% on 2017 and our advance bookings (reflected by our deferred income balance) signal that we expect 2019 numbers to be higher again.

We are proud to support the tourism industry and employ local people in North Wales and part of our ethos as a company is to build sustainable, long term, quality employment opportunities in the region. As such, we are delighted that the average number of people employed by the Company increased again this year from 195 to 221. The average number of full time equivalent employees also increased from 138 to 165 employees.

We have also invested a further £2.6million in fixed assets during the year, including the development of Velocity 2 and significant infrastructure projects, particularly increasing car park capacity at Penrhyn Quarry.

2019 is set to be another record year for the Group, with a full year of additional capacity at Zip World Velocity. Due to demand there are further capacity and pricing opportunities on our key products. This will be supplemented by a further focus on secondary spend for our customers before, during and after their visit. Our ability to fill latent capacity has also been enhanced by our investment in a highly capable and appropriately resourced Sales & marketing function.

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

The operations of the business expose it to a number of risks, the most significant being as follows:

##### **Economic risk**

The nature of the company's business is that is heavily exposed to the general economic conditions prevailing in the United Kingdom and the extent to which exchange rate fluctuations influence potential customers holiday decisions – the "staycation" effect. It is possible that the impact of Brexit could be positive for the company if the exchange rate fluctuations cause people to holiday nearer home, but if the impact is to cause sufficient economic uncertainty that people reduce their discretionary spending then the company may suffer a negative impact as a result.

To mitigate this, the board of directors are seeking to broaden the range of the company's activity adventure offering, at various price points and locations across the UK and also potentially through expansion internationally.

##### **Health and safety**

The company's adventure activities are, by their very nature, associated with a level of risk of serious injury to individuals participating in them if safety procedures are not followed. To mitigate this, safety is built into each attraction from the outset, from the equipment used to the inherent design of the attraction.

In addition, the directors have implemented rigorous training for all staff that operate attractions to ensure that visitors remain safe. We have also engaged a 3rd party to provide regular audit and make recommendations to further enhance our compliance in this area.

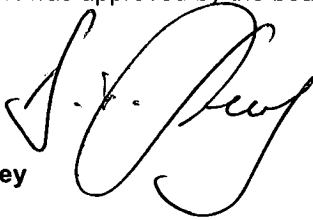
## **ZIP WORLD LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **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 Zip World invests significantly in the training of its employees to ensure that visitors have a safe and positive experience each time they visit a Zip World site. Having made this investment in its employees, it is then critical that the company retains them and the directors look to achieve this through creating a positive working environment, investing in staff and paying staff above average wages for the area in which they are based.

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

A handwritten signature in black ink, appearing to read 'D J Stacey', is written over a faint, larger signature that appears to read 'D J Stacey'.

**D J Stacey  
Director**

Date: 18 April 2019

## **ZIP WORLD LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their annual report and the audited financial statements of Zip World Limited (the "company") for the year ended 31 December 2018.

#### **Results and dividends**

The profit for the financial year amounted to £1,961,455 (2017: £689,902).

During the year, the directors did not declare or pay an interim dividend (2017: declared and paid an interim dividend of £364,998).

#### **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  
N S Moriarty (resigned 24 December 2018)  
M J Shaylor (resigned 24 December 2018)  
A S Hudson (appointed 24 December 2018)  
C L Knowles (appointed 24 December 2018)  
E S Owen Davies (appointed 24 December 2018)  
D J Stacey (appointed 24 December 2018)

#### **Future developments**

The future developments of the company are discussed in the business review section of the strategic report.

#### **Financial risk management**

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

##### **Credit risk**

The company's financial assets are bank balances and cash.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by appropriate credit-rating agencies.

##### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long term and short term debt finance.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

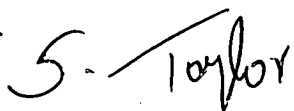
- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware 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 financial statements with the registrar, whichever is earlier.

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

**S W Taylor  
Director**



Date: 18 April 2019

**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 2018 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 2018; 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.

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### **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.

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### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### **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.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also



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

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 2018 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.

**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:

23-4-19

**ZIP WORLD LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	11,458,377	8,998,635
Other operating income	5	7,697	7,979
Other external charges		(4,720,549)	(3,501,379)
Exceptional costs		(31,895)	(593,957)
Staff costs		(3,880,519)	(3,262,753)
Depreciation and amortisation		(915,549)	(623,539)
<b>Operating profit</b>	6	<b>1,917,562</b>	<b>1,024,986</b>
Income from investments		500,000	-
Interest receivable and similar income	10	1,796	154
Interest payable and similar expenses	11	(56,016)	(11,016)
<b>Profit before taxation</b>		<b>2,363,342</b>	<b>1,014,124</b>
Tax on profit	12	(401,887)	(324,222)
<b>Profit for the financial year</b>		<b>1,961,455</b>	<b>689,902</b>
<b>Total comprehensive income for the financial year</b>		<b>1,961,455</b>	<b>689,902</b>

The notes on pages 11 to 29 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	15	74,093	-
Tangible assets	16	7,203,785	5,780,431
Investments	17	2,008,322	2,008,322
		<u>9,286,200</u>	<u>7,788,753</u>
<b>Current assets</b>			
Stocks	18	178,162	198,038
Debtors	19	341,128	535,541
Cash at bank and in hand	20	1,768,543	763,532
		<u>2,287,833</u>	<u>1,497,111</u>
Creditors: amounts falling due within one year	21	(2,049,669)	(1,857,848)
<b>Net current assets/(liabilities)</b>		<u>238,164</u>	<u>(360,737)</u>
<b>Total assets less current liabilities</b>		<u>9,524,364</u>	<u>7,428,016</u>
Creditors: amounts falling due after more than one year	22	(1,541,884)	(1,325,837)
<b>Provisions for liabilities</b>			
Deferred tax	25	(176,031)	(68,973)
Accruals and deferred income	26	(1,606,198)	(1,794,410)
<b>Net assets</b>		<u>6,200,251</u>	<u>4,238,796</u>
<b>Capital and reserves</b>			
Called up share capital	27	300	300
Profit and loss account	28	6,199,951	4,238,496
<b>Total shareholders' funds</b>		<u>6,200,251</u>	<u>4,238,796</u>

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



**E S Owen Davies**  
Director

Date: 18 April 2019

The notes on pages 11 to 29 form part of these financial statements.

**ZIP WORLD LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total shareholders' funds £</b>
<b>At 1 January 2017</b>	<b>300</b>	<b>3,913,592</b>	<b>3,913,892</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	689,902	689,902
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>689,902</b>	<b>689,902</b>
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(364,998)	(364,998)
<b>Total transactions with owners</b>	<b>-</b>	<b>(364,998)</b>	<b>(364,998)</b>
<b>At 31 December 2017 and 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 31 December 2018</b>	<b>300</b>	<b>6,199,951</b>	<b>6,200,251</b>

The notes on pages 11 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 Zip World Group Holdings Limited as at 31 December 2018 and these financial statements may be obtained from Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL.

**2.3 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.4 Intangible assets**

**Other 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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**2.5 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

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.

**2.6 Investments**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.7 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.

**2.8 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.

**2.9 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 2018**

**2. Accounting policies (continued)**

**2.10 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

**2.11 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.

**2.12 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.13 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.

**2.14 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.

**2.15 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.

**2.16 Operating leases**

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

**2.17 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.

**2.18 Interest income**

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

**2.19 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.20 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.

**2.21 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.

**2.22 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**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:

	2018 £	2017 £
Adventure sales	9,484,610	8,325,603
Sale of goods	999,323	249,005
Other sales	974,444	424,027
	<u>11,458,377</u>	<u>8,998,635</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	2018 £	2017 £
Other operating income	<u>7,697</u>	<u>7,979</u>

**6. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets	873,307	623,539
Amortisation of intangible assets	42,242	-
Other operating lease rentals	<u>1,145,410</u>	<u>1,031,289</u>

# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the company's auditors' for the audit of the company's annual financial statements	<u>15,100</u>	<u>14,000</u>
<b>Fees payable to the company's auditors' in respect of:</b>		
Taxation compliance services	4,250	5,000
All other services	1,540	27,250
	<u>5,790</u>	<u>32,250</u>

### 8. Staff costs

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

	2018 £	2017 £
Wages and salaries	3,440,654	2,858,825
Social security costs	257,334	188,336
Other pension costs	182,531	215,592
	<u>3,880,519</u>	<u>3,262,753</u>

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

	2018 Number	2017 Number
Operations	<u>221</u>	<u>195</u>

The average number of full time equivalent employees during the year was 165 (2017: 138).

## ZIP WORLD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 9. Directors' remuneration

	2018 £	2017 £
Aggregate directors' emoluments	186,201	133,839
Company contributions to defined contribution pension schemes	133,819	200,000
	<u>320,020</u>	<u>333,839</u>

During the year retirement benefits were accruing to 7 directors (2017: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £134,289 (2017: £6,400).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £239 (2017: £80,000).

#### 10. Interest receivable and similar income

	2018 £	2017 £
Other interest receivable	<u>1,796</u>	<u>154</u>

#### 11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	52,682	7,314
Other loan interest payable	70	3,703
Finance leases and hire purchase contracts	2,149	-
Other interest payable	1,115	-
	<u>56,016</u>	<u>11,017</u>

# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 12. Tax on profit

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	373,470	314,973
Adjustments in respect of prior years	(78,641)	(8,459)
<b>Total current tax</b>	<b>294,829</b>	<b>306,514</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	67,537	17,605
Adjustment in respect of prior years	46,630	103
Effect of changes in tax rates	(7,109)	-
<b>Total deferred tax</b>	<b>107,058</b>	<b>17,708</b>
<b>Total tax</b>	<b>401,887</b>	<b>324,222</b>

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit before taxation	2,363,342	1,014,125
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	449,035	195,219
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	86,972	138,468
Adjustments from previous periods	(32,011)	(7,126)
Non-taxable income	(95,000)	-
Tax rate changes	(7,109)	(2,339)
<b>Total tax charge for the financial year</b>	<b>401,887</b>	<b>324,222</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**13. Dividends**

	<b>2018</b> £	2017 £
Interim dividends of £Nil (2017: £50) per £1 ordinary share	-	15,000
Interim dividends of £Nil (2017: £583.33) per £1 ordinary share	-	174,999
Interim dividends of £Nil (2017: £583.33) per £1 ordinary share	-	174,999
	<u>-</u>	<u>364,998</u>

**14. Exceptional items**

	<b>2018</b> £	2017 £
Impairment of investment	-	411,594
Discontinued projects	<b>31,895</b>	182,363
	<u><b>31,895</b></u>	<u>593,957</u>

The exceptional costs relate to a number of projects that have been aborted during the current and prior years, which includes the impairment of the company's investment in The City Zip Company Limited.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Intangible assets**

	<b>Website £</b>
<b>Cost</b>	
Transfer between classes	<b>116,335</b>
At 31 December 2018	<b>116,335</b>
<b>Accumulated amortisation</b>	
Charge for the year	<b>42,242</b>
At 31 December 2018	<b>42,242</b>
<b>Net book value</b>	
At 31 December 2018	<b>74,093</b>
At 31 December 2017	<b>-</b>



ZIP WORLD LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018	3,210,351	1,079,935	225,941	1,885,291	1,004,859	7,406,377
Additions	447,127	57,245	130,017	222,590	1,777,324	2,634,303
Disposals	-	-	(87,728)	(168,682)	-	(256,410)
Reclassification	-	2,487,866	-	-	(2,604,201)	(116,335)
At 31 December 2018	3,657,478	3,625,046	268,230	1,939,199	177,982	9,667,935
<b>Accumulated depreciation</b>						
At 1 January 2018	42,271	442,835	122,148	1,018,692	-	1,625,946
Charge for the year	140,707	454,049	58,134	220,417	-	873,307
Disposals	-	-	(35,103)	-	-	(35,103)
At 31 December 2018	182,978	896,884	145,179	1,239,109	-	2,464,150
<b>Net book value</b>						
At 31 December 2018	3,474,500	2,728,162	123,051	700,090	177,982	7,203,785
At 31 December 2017	3,168,080	637,100	103,793	866,599	1,004,859	5,780,431

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**16. Tangible assets (continued)**

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

	2018 £	2017 £
Motor vehicles	<u>50,031</u>	<u>-</u>

**17. Investments**

	Investments in subsidiary companies £	Investment in joint ventures £	Investments held for sale £	Total £
<b>Cost</b>				
At 1 January 2018	2,008,318	4	411,594	2,419,916
On disposal of subsidiaries	-	-	(411,594)	(411,594)
At 31 December 2018	<u>2,008,318</u>	<u>4</u>	<u>-</u>	<u>2,008,322</u>
At 1 January 2018	-	-	411,594	411,594
Impairment on disposals	-	-	(411,594)	(411,594)
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>				
At 31 December 2018	<u>2,008,318</u>	<u>4</u>	<u>-</u>	<u>2,008,322</u>
At 31 December 2017	<u>2,008,318</u>	<u>4</u>	<u>-</u>	<u>2,008,322</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**
**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
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%

Investments held for sale are made up of the company's investment in The City Zip Company Limited. This investment was fully impaired as at the prior year end, and has been since disposed of for £Nil proceeds.

**18. Stocks**

	<b>2018 £</b>	<b>2017 £</b>
Finished goods and goods for resale	<b>178,162</b>	<b>198,038</b>

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

An impairment loss of £20,494 (2017: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**19. Debtors: amounts falling due within one year**

	<b>2018 £</b>	<b>2017 £</b>
Amounts owed by group undertakings	-	224,270
Other debtors	<b>191,953</b>	<b>191,943</b>
Prepayments and accrued income	<b>149,175</b>	<b>119,328</b>
	<b>341,128</b>	<b>535,541</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>1,768,543</b>	<b>763,532</b>

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans	-	343,477
Trade creditors	<b>149,468</b>	702,998
Amounts owed to group undertakings	<b>487,214</b>	-
Corporation tax	<b>92,944</b>	138,674
Other taxation and social security	<b>440,108</b>	167,366
Obligations under finance lease and hire purchase contracts	<b>15,720</b>	4,536
Other creditors	-	175,002
Accruals	<b>864,215</b>	325,795
	<b>2,049,669</b>	<b>1,857,848</b>

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans	-	1,320,751
Net obligations under finance leases and hire purchase contracts	<b>48,388</b>	5,086
Amounts owed to parent company	<b>1,493,496</b>	-
	<b>1,541,884</b>	<b>1,325,837</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**23. Bank and other loans**

	<b>2018</b> £	2017 £
<b>Amounts falling due within one year</b>		
Bank loans	-	343,477
<b>Amounts falling due 1-2 years</b>		
Bank loans	-	1,320,751
	<u>-</u>	<u>1,664,228</u>

**24. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>2018</b> £	2017 £
Within one year	<b>15,720</b>	4,526
Between 1-5 years	<b>48,388</b>	11,172
	<u><b>64,108</b></u>	<u>15,698</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**25. Deferred taxation**

	2018 £
At beginning of year	68,973
Credited to profit or loss	60,428
Adjustments in respect of prior years	46,630
<b>At end of year</b>	<b>176,031</b>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	176,031	68,973

**26. Deferred income**

	2018 £	2017 £
Deferred income	1,606,198	1,794,410

**27. Called up share capital**

	2018 £	2017 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
300 (2017: 300) Ordinary shares of £1 (2017: £1) each	300	300

**28. Reserves**

**Profit and loss account**

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

**29. 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 £49,397 (2017: £15,592) represents contributions payable by the company to the fund.

The company also contributes to personal pension schemes. The pension cost charge of £133,134 (2017: £200,000) represents contributions payable by the company to the personal pension schemes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**30. Related party transactions**

Other creditors includes £Nil (2017: £173,305) of loans due to the directors of the company. These loans are interest free and were fully repaid during the year.

During the financial year company purchased goods worth £122,228 (2017: £13,884) from Dropzone (UK) Ltd, a company owned by M J Shaylor, a director of the company.

During the year the company purchased goods worth £129,588 (2017: £88,537) from Ropes Course Developments Ltd a company owned by N S Moriarty, a director of the company,

During the year the company purchased goods worth £26,199 (2017: £15,000) from Treetop Trek Ltd, a company owned by M J Shaylor, director of the company

During the year the company purchased goods and services worth £111,767 (2017: £93,247) from Snowdonia Services Cyf, a company owned by S W Taylor, a director of the company

During the year the company purchased and goods and services worth £25,200 from Barford Owen Davies Ltd, a company owned by E S Owen Davies, a director of the company.

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

The immediate parent company is Zip World Group Holdings Limited. Upon completion of the management buy-out in December 2018, 100% of the issued share capital of Zip World Group Holdings Limited was acquired by ZWPV Limited who are now the ultimate parent company.

Due to the timing of this transaction, for the year ended 31 December 2018 Zip World Group Holdings Limited is the smallest and largest group company to consolidate these financial statements. ZWPV Limited will prepare the consolidated group accounts for the following year end. 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.