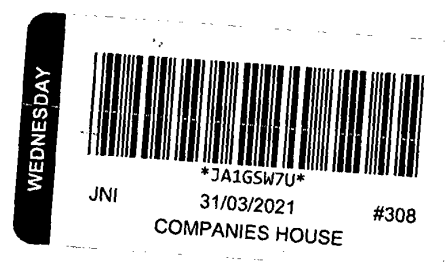


COMPANY REGISTRATION NUMBER: NI604430

TITANIC BELFAST LIMITED
FINANCIAL STATEMENTS
31 MARCH 2020



Titanic Belfast Limited

Financial statements

Year ended 31 March 2020

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Titanic Belfast Limited

Officers and professional advisers

The board of directors	Mr P J Doherty Mr C Harvey Mr N A Doherty Mr J P Doherty
Company secretary	Cypher Services Limited
Registered office	50 Bedford Street Belfast Antrim BT2 7FW
Auditor	BDO Northern Ireland Chartered accountants & statutory auditor Lindsay House 10 Callender Street Belfast BT1 5BN
Bankers	Danske Bank Donegall Square West Belfast BT1 6JS
Solicitors	Cleaver Fulton Rankin Limited 50 Bedford Street Belfast BT2 7FW

Titanic Belfast Limited

Strategic report

Year ended 31 March 2020

The directors have pleasure in presenting their strategic report and the financial statements of the company for the year ended 31 March 2020.

Principal activities and business review

The principal activity of the company was to operate the Titanic Belfast tourist attraction. Titanic Belfast Limited operates the world's largest Titanic Visitor Experience accommodated within the Titanic Belfast iconic building which commenced on 31 March 2012. The company also delivers a number of in-house events and operates conference and banqueting facilities, three catering outlets and a retail store within the building and its environs.

Trading Experience

Titanic Belfast has enjoyed a very successful trading year in the twelve months to 31 March 2020. As a leading visitor attraction for Northern Ireland and a premier attraction within the island of Ireland, it is a strong contributor to the tourism sector, cited by 22% of our overseas visitors as the primary reason for their visit.

Titanic Belfast also had a strong trading year as one of Northern Ireland's leading venues for conferences, banqueting and events. Total visitor numbers to the exhibition and events amounted to 824,479.

Contribution to Local Economy

At the year end, Titanic Belfast employed 266 fulltime/part-time/casual employees, with an average of 292 employed during the financial year, and its staff come from all parts of the city and beyond.

The company has a policy of supporting local suppliers specifically within its food and beverage operations and engaged with over 282 suppliers throughout the year. The company is a significant contributor to the tourism economy within the city with over 50% staying 1-3 overnights in Belfast. Continued growth from overseas markets including North America, Europe, Asia and Australia has contributed to this outcome.

In a report produced by Deloitte in February 2020, it confirmed that Titanic Belfast had contributed £319million in its first seven years of trading to the local economy which equated to £60million per annum in latter years.

Sustainability

The enduring appeal of the Titanic story is the basis of the strong product offering and underpins the potential of the company to trade profitably in the future. The company has consistently delivered positive customer satisfaction and the exhibition has enjoyed strong advocacy levels. Titanic Belfast is a cornerstone of the tourism strategy for Northern Ireland and works closely with Northern Ireland Tourism Association (NITA), Tourism Northern Ireland (TNI), Tourism Ireland (TI) and other marketing agencies in the city.

However, since March 2020, the Global Tourism industry has been catastrophically impacted by the Covid-19 pandemic. Titanic Belfast has been closed for protracted periods under Government instruction and when allowed to open experienced a circa 70% reduction in visitor numbers given the lack of international visitors. The company has been using extensive cash reserves and availing of the Government's Furlough scheme to sustain the business through this difficult period. As one of Northern Ireland's key strategic tourism assets and demand generators, Titanic Belfast will be integral to the rebuild and regrowth of the Tourism Industry in 2021/22. In recognition of this, and the Heritage value of the asset, the company has also been supported by a grant from the Department of Communities administered by the Heritage Lottery Fund, totalling £1.63million.

Titanic Belfast Limited**Strategic report** *(continued)***Year ended 31 March 2020**

Social Responsibility

Titanic Belfast Limited operates an open policy of employment opportunity for all eligible persons and staff members are employed from diverse ethnic and geographic backgrounds. The company pursues an active training policy to ensure the highest standards of business delivery and customer experience. A commitment to social responsibility is strongly embedded within Titanic Belfast operations. This includes working with local disability groups to support routes to work for people with disabilities.

Principal risks and uncertainties

The main risk to the company's trading performance is the restrictions imposed by Government on the operations and on national and international travel, which continues to cause the operation to be either closed or to carry on at a very reduced footfall level. Both of these scenarios represent a challenge for the company until the overall environment improves which is expected to take place later in 2021. We are firmly of the view that medium and longer-term prospects remain positive.

Titanic Belfast is also relying on the forbearance of Maritime Belfast Trust in respect of contractual commitments of money to be paid annually relating to a sinking fund for exhibition upgrades. The company has reached agreement in principle, for the deferment of these payment obligations.

The company is also relying on substantial Government assistance which is being provided to mitigate the negative effects on trading due to the Covid-19 pandemic.

Future Developments

Titanic Belfast is in a strong position to take advantage of the expected recovery in the tourism market in 2021, having gone through an extensive restructure to operate as lean as possible whilst retaining its IP and the experience within the key management and staff resources. In the medium term, the company also has plans to re-invest in interpretive story-telling and exhibition upgrades which will be funded through the already accrued gallery refreshment fund.

Titanic Belfast also continues to maintain the building and equipment in good working condition by an on-going programme of investment and replacement where necessary.

Key Performance Indicators

The key performance indicators used by the company are revenue growth, gross margins and visitor numbers. These KPI's will continue to be used when the industry recovers.

This report was approved by the board of directors on 30/03/2021 and signed on behalf of the board by:



Mr C Harvey
Director

Registered office:
50 Bedford Street
Belfast
Antrim
BT2 7FW

Titanic Belfast Limited

Directors' report

Year ended 31 March 2020

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

Directors

The directors who served the company during the year were as follows:

Mr P J Doherty
Mr C Harvey
Mr N A Doherty
Mr J P Doherty

Dr H J Hastings was appointed as a company director on 4 August 2020.

Going concern

As stated in note 3, the financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The ongoing Covid-19 pandemic has had a significant adverse impact on the Company's operations. The Company's performance is closely aligned to the volume of visitors to the Visitor Centre, and with a proportion of sales generated from international visitors, to the viability of the global economy and international travel.

At the time of approval of the financial statements, the Company continues to remain closed in line with local Government restrictions. Throughout the pandemic, the Company has been reliant on Government assistance such as the Coronavirus Job Retention Scheme, and the forbearance of contractual monetary commitments to the Belfast Maritime Foundation, to mitigate the financial effect of the pandemic. The Directors expect operations to be adversely affected by the pandemic for many months following the reopening of the attraction, until visitor numbers are able to return to previous levels. The Company has been awarded a non-repayable support grant from the Heritage Lottery Fund totalling £1,630,000.

For the Company to continue as a going concern, it will be dependent on additional funding including further Government assistance. Having taken this into account, along with the cash position of the Company, it is the Director's opinion that the financial statements should be prepared on a going concern basis.

Dividends

Particulars of recommended dividends are detailed in Note 11 to the financial statements.

Employment of disabled persons

The Company prides itself as an equal opportunities employer, and makes no differentiation between disabled and non-disabled persons in terms of recruitment, training and career development, having due regard to their aptitudes and abilities in relation to positions available. The Company will make every effort to continue the employment and training of those persons who become disabled while employed by the Company.

Employee involvement

The Directors recognise the importance of informing employees of the Company's plans with regular and timely communication, promoting shared values and objectives. Employees are supported with ongoing training to reflect both Company and employee requirements, and the Company is committed to providing equal opportunities for all employees through development and promotion.

Titanic Belfast Limited

Directors' report *(continued)*

Year ended 31 March 2020

Financial instruments

The Company's operations expose it to a variety of financial risks that include liquidity risk, credit risk, and foreign exchange risk. The Company has risk management policies in place to manage financial exposures.

Liquidity risk

The Company maintains adequate bank facilities to ensure sufficient short term finance for continuing operations.

Credit risk

The Company has implemented credit control policies that require appropriate checks on potential customers. Overall exposure to any customer is managed through credit limits.

Foreign exchange risk

The Company undertakes some transactions in foreign currencies, principally Euros. No hedging takes place.

Disclosure of information in the strategic report

The strategic report is included on pages 2 & 3.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Titanic Belfast Limited

Directors' report *(continued)*

Year ended 31 March 2020

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditors, BDO Northern Ireland have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on *30/03/2021* and signed on behalf of the board by:



Mr C Harvey
Director

Registered office:
50 Bedford Street
Belfast
Antrim
BT2 7FW

Titanic Belfast Limited

Independent auditor's report to the members of Titanic Belfast Limited

Year ended 31 March 2020

Opinion

We have audited the financial statements of Titanic Belfast Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to Note 3 in the financial statements, which indicate that the effects of the Covid-19 pandemic have had an adverse effect on the Company's operations and cash flow. As stated in Note 3, these events or conditions, indicate that a material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Titanic Belfast Limited

Independent auditor's report to the members of Titanic Belfast Limited *(continued)*

Year ended 31 March 2020

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

Titanic Belfast Limited

Independent auditor's report to the members of Titanic Belfast Limited (continued)

Year ended 31 March 2020

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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nigel V W Harra, senior statutory auditor
For and on behalf of BDO Northern Ireland, statutory auditor
Lindsay House
10 Callender Street
Belfast
BT1 5BN

30 March 2021

Titanic Belfast Limited**Statement of income and retained earnings****Year ended 31 March 2020**

	Note	2020 £	2019 £
Turnover	4	17,119,926	17,939,957
Cost of sales		<u>3,002,411</u>	<u>3,211,284</u>
Gross profit		14,117,515	14,728,673
Administrative expenses		<u>11,041,752</u>	10,941,566
Other operating income		<u>402,003</u>	<u>415,805</u>
Operating profit	5	3,477,766	4,202,912
Other interest receivable and similar income	9	<u>6,752</u>	<u>4,584</u>
Profit before taxation		3,484,518	4,207,496
Tax on profit	10	<u>603,841</u>	877,091
Profit for the financial year and total comprehensive income		<u>2,880,677</u>	<u>3,330,405</u>
Dividends paid and payable	11	(3,750,000)	(1,650,000)
Retained earnings at the start of the year		<u>2,776,570</u>	<u>1,096,165</u>
Retained earnings at the end of the year		<u>1,907,247</u>	<u>2,776,570</u>

All the activities of the company are from continuing operations.

Titanic Belfast Limited**Statement of financial position****31 March 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	1,332,142	1,524,824
Current assets			
Stocks	13	300,647	306,944
Debtors	14	515,413	1,027,728
Cash at bank and in hand		2,182,144	4,442,588
		<u>2,998,204</u>	<u>5,777,260</u>
Creditors: amounts falling due within one year	15	<u>2,423,098</u>	<u>4,525,513</u>
Net current assets		575,106	1,251,747
Total assets less current liabilities		1,907,248	2,776,571
Net assets		1,907,248	2,776,571
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account	18	<u>1,907,247</u>	<u>2,776,570</u>
Shareholders funds		1,907,248	2,776,571

These financial statements were approved by the board of directors and authorised for issue on 30/03/2021 and are signed on behalf of the board by:



Mr C Harvey
Director

Company registration number: NI604430

Titanic Belfast Limited**Statement of cash flows****Year ended 31 March 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	2,880,677	3,330,405
<i>Adjustments for:</i>		
Depreciation of tangible assets	553,017	519,056
Other interest receivable and similar income	(6,752)	(4,584)
Tax on profit	603,841	877,091
Accrued (income)/expenses	(1,314,951)	213,692
<i>Changes in:</i>		
Stocks	6,297	11,381
Trade and other debtors	(39,508)	1,865,589
Trade and other creditors	(300,532)	(47,970)
Cash generated from operations	2,382,089	6,764,660
Interest received	6,752	4,584
Tax paid	(1,358,290)	(393,681)
Net cash from operating activities	<u>1,030,551</u>	<u>6,375,563</u>
Cash flows from investing activities		
Purchase of tangible assets	(360,335)	(522,744)
Net cash used in investing activities	<u>(360,335)</u>	<u>(522,744)</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	–	(6,466)
Dividends paid	(3,750,000)	(1,650,000)
Net (outflow)/inflow to/from group undertakings	819,340	(1,975,044)
Net cash used in financing activities	<u>(2,930,660)</u>	<u>(3,631,510)</u>
Net (decrease)/increase in cash and cash equivalents	(2,260,444)	2,221,309
Cash and cash equivalents at beginning of year	4,442,588	2,221,279
Cash and cash equivalents at end of year	<u>2,182,144</u>	<u>4,442,588</u>

The notes on pages 13 to 22 form part of these financial statements.

Titanic Belfast Limited

Notes to the financial statements

Year ended 31 March 2020

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is 50 Bedford Street, Belfast, Antrim, BT2 7FW.

The principal activity of the company during the year was to operate the Titanic Belfast visitor centre along with operating the banqueting facility, restaurants and retail shop within the building.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

The company has applied FRS 102 (March 2018) in the financial statements, which includes the amendments as a result of the Triennial Review 2017. No adjustments have been made to the financial statements for the year ended 31 March 2020.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial reporting framework that has been applied in their preparation is the Companies Act 2006 (the Act) and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The ongoing Covid-19 pandemic has had a significant adverse impact on the Company's operations. The Company's performance is closely aligned to the volume of visitors to the Visitor Centre, and with a proportion of sales generated from international visitors, to the viability of the global economy and international travel.

At the time of approval of the financial statements, the Company continues to remain closed in line with local Government restrictions. Throughout the pandemic, the Company has been reliant on Government assistance such as the Coronavirus Job Retention Scheme, and the forbearance of contractual monetary commitments to the Maritime Belfast Trust, to mitigate the financial effect of the pandemic. The Directors expect operations to be adversely affected by the pandemic for many months following the reopening of the attraction, until visitor numbers are able to return to previous levels. The Company has been awarded a non-repayable support grant from the Heritage Lottery Fund totalling £1,630,000.

For the Company to continue as a going concern, it will be dependent on additional funding including further Government assistance. Having taken this into account, along with the cash position of the Company, it is the Director's opinion that the financial statements should be prepared on a going concern basis.

Titanic Belfast Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Going concern is discussed in detail above. At the time of approving the financial statements, the Covid-19 pandemic has had a significant impact on the business and industry as a whole. In assessing the reasonableness of the going concern basis, the Directors have used judgement in preparing budgets and cashflow forecasts for the upcoming 12 months, whilst recognising the uncertainty associated with the ongoing pandemic.
- To determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- To determine whether leases entered into by the company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. At each reporting date, stocks are assessed for impairment and this value may vary depending on a number of factors.

Titanic Belfast Limited**Notes to the financial statements (continued)****Year ended 31 March 2020**

3. Accounting policies (continued)**Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax. Revenue includes; the retail sales price on the sale of entry tickets in the role of the sales principal, the sale of goods and the provision of services to external customers. Ticket sales revenue is recognised on the date that the ticket performance or event occurs as this is when the services are deemed to have been delivered.

Revenue is recognised in respect of the sale of goods when the risks and rewards of owning the goods have passed to the customer, this is generally at the point of sale.

Revenue is recognised in respect of the provision of services on the date the event occurs as this is when the services are deemed to have been delivered.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Titanic Belfast Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land & Buildings	- 10% Straight Line
Plant & Machinery	- 20% Straight Line
Fixtures & Fittings	- 25% Straight Line
Equipment	- 25-33% Straight Line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

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

Cash and cash equivalents

Cash consists of cash on hand. There are no cash equivalents at year end.

Other financial assets

Other financial assets including trade debtors for goods sold to customers on short-term credit are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Titanic Belfast Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

3. Accounting policies (continued)

Dividends

Equity dividends are recognised when they become legally payable or receivable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting.

Ordinary share capital

The ordinary share capital of the company is presented as equity.

4. Turnover

Turnover arises from:

	2020 £	2019 £
Rendering of services	13,390,149	14,617,071
Sale of goods	3,729,777	3,322,886
	<u>17,119,926</u>	<u>17,939,957</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Depreciation of tangible assets	553,017	519,056
Impairment of trade debtors	141,076	2,400
Foreign exchange differences	<u>(49,180)</u>	<u>(55,151)</u>

6. Auditor's remuneration

	2020 £	2019 £
Fees payable for the audit of the financial statements	<u>12,000</u>	<u>12,000</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020 No.	2019 No.
Production staff	<u>292</u>	<u>221</u>

Titanic Belfast Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	3,958,166	3,784,502
Social security costs	259,904	247,720
Other pension costs	146,456	151,647
	<u>4,364,526</u>	<u>4,183,869</u>

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	<u>17,289</u>	<u>17,214</u>

9. Other interest receivable and similar income

	2020	2019
	£	£
Interest on cash and cash equivalents	<u>6,752</u>	<u>4,584</u>

10. Tax on profit

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	686,861	850,326
Adjustments in respect of prior periods	(83,020)	26,765
Total current tax	<u>603,841</u>	<u>877,091</u>
Tax on profit	<u>603,841</u>	<u>877,091</u>

Titanic Belfast Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

10. Tax on profit (continued)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	3,484,518	4,207,496
Profit on ordinary activities by rate of tax	662,058	800,414
Adjustment to tax charge in respect of prior periods	(83,020)	26,765
Effect of expenses not deductible for tax purposes	22,314	12,087
Effect of revenue exempt from tax	(570)	—
Deferred tax not recognised	(4,823)	9,631
Fixed asset differences	20,192	16,689
Impact of change in deferred tax rates	(15,346)	1,134
Transfer pricing adjustment	3,036	10,371
Tax on profit	603,841	877,091

11. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	3,750,000	1,650,000

12. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost					
At 1 April 2019	150,772	137,586	3,208,133	1,674,165	5,170,656
Additions	116,246	16,780	48,695	178,614	360,335
At 31 March 2020	267,018	154,366	3,256,828	1,852,779	5,530,991
Depreciation					
At 1 April 2019	150,772	85,164	2,559,065	850,831	3,645,832
Charge for the year	17,015	20,820	218,560	296,622	553,017
At 31 March 2020	167,787	105,984	2,777,625	1,147,453	4,198,849
Carrying amount					
At 31 March 2020	99,231	48,382	479,203	705,326	1,332,142
At 31 March 2019	—	52,422	649,068	823,334	1,524,824

Titanic Belfast Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

13. Stocks

	2020 £	2019 £
Raw materials and consumables	<u>300,647</u>	<u>306,944</u>

The estimated replacement costs do not materially exceed the values shown in the financial statements.

14. Debtors

	2020 £	2019 £
Trade debtors	59,739	22,041
Amounts owed by group undertakings	61,195	909,533
Prepayments and accrued income	59,832	92,663
Corporation tax repayable	296,515	—
Other debtors	<u>38,132</u>	<u>3,491</u>
	<u>515,413</u>	<u>1,027,728</u>

All debtors are due within one year.

All trade debtors are due within the company's normal terms, which is thirty days. Trade debtors are shown net of impairment in respect of doubtful debts.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	355,212	523,929
Amounts owed to group undertakings	11,765	40,763
Accruals and deferred income	1,784,091	3,099,042
Corporation tax	—	457,934
Social security and other taxes	248,096	365,100
Other creditors	<u>23,934</u>	<u>38,745</u>
	<u>2,423,098</u>	<u>4,525,513</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The repayment terms of trade creditors vary between on demand and ninety days. No interest is payable on trade creditors.

Tax and social insurance are subject to the terms of the relevant legislation.

The terms of the accruals are based on the underlying contracts.

Titanic Belfast Limited

Notes to the financial statements (continued)

Year ended 31 March 2020

16. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £146,456 (2019: £151,647).

17. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

18. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

19. Analysis of changes in net debt

	At 1 Apr 2019	Cash flows	At 31 Mar 2020
	£	£	£
Cash at bank and in hand	4,442,588	(2,260,444)	2,182,144
Debt due within one year	(40,763)	28,998	(11,765)
	<u>4,401,825</u>	<u>(2,231,446)</u>	<u>2,170,379</u>

20. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not later than 1 year	805,895	805,895
Later than 1 year and not later than 5 years	3,205,234	3,205,234
Later than 5 years	9,576,330	10,382,225
	<u>13,587,459</u>	<u>14,393,354</u>

21. Related party transactions

Titanic Belfast Limited, Titanic Exhibition Centre Limited and Abercorn Construction Limited are all related parties by virtue of common directors and shareholdings.

During the year, the company charged Titanic Exhibition Centre Limited £50,000 (2019: £108,003) for expenses incurred by the company. No balances were outstanding at year end (2019: £Nil).

Titanic Belfast Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2020

21. Related party transactions *(continued)*

Key management personnel include all directors of the company; they have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company is in note 8.

Consultancy fees of £42,195 were paid to a related party during the year (2019: £25,000). At the year end, the company owed £1,834 (2019: £2,083).

22. Controlling party

The company is a wholly owned subsidiary of Dockside Investments Limited, a company incorporated and operating on the island of Jersey with a registered office at 12 Castle Street, St Helier, Jersey, JE2 3RT. The ultimate controlling interest in the company is the Doherty family.

23. Comparative information

Comparative information has been reclassified where necessary to conform to current year presentation.