

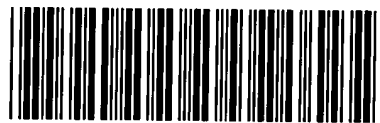
Pirate Adventure Golf Limited

Annual report and financial statements

Registered number 4970764

53 weeks ended 31 December 2016

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Strategic Report

The directors present their Strategic Report for the 53 weeks ended 31 December 2016 (*2015: 52 weeks ended 26 December 2015*).

Strategic Management

The principal activity of the Company during the year was the ongoing operation of the Pirate Adventure Golf attractions in Weymouth, Blackpool and Scarborough. At the end of March 2017, PAGL Blackpool ceased to trade.

Business environment

Competition in the leisure and entertainments industry, together with the influence of the weather and socio-economic environment on visitor numbers, represents continuing risks for the Company.

Business performance

The directors have determined that the result before tax and the net assets or liabilities are the most appropriate key performance indicators (KPIs) for an understanding of the development, performance and position of the Company. The results for the Company show a profit before tax of £92,070 (*2015: £92,998*). As at 31 December 2016, the Company had net assets of £174,095 (*26 December 2015: £103,337*). This is in line with expectations and the directors are satisfied with the performance and position of the Company.

Directors' Report

The directors present their Directors' Report and the audited financial statements for the 53 weeks ended 31 December 2016. Details of the Company's principal activity and future developments; its principal risks and uncertainties; and its KPIs can be found within the Strategic Report.

Dividends

The directors do not recommend the payment of a dividend (*2015: £140,000*).

Directors

The directors who held office during the year and up until the date of the signing of these financial statements were as follows:

K Graham
W Sheeran
T Grizzanti
S Tye

Employees

Regular informal meetings are held between management and employees in order to keep employees informed on current developments within the Company and to take account of their views in making decisions likely to affect their interests. In addition a quarterly newsletter is produced.

Disabled persons

The Company makes no differentiation between able bodied and disabled persons in terms of recruitment, training and career progression. The Company will make every effort to continue the employment and training of those persons who become disabled while employed by the Company.

Charitable and political donations

The Company made no charitable or political donations during the period (*2015: £nil*).

Directors' Report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that 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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The Strategic Report and the Directors' Report were both approved by the Board on 6 July 2017.

For and on behalf of the Board



S Tye
Director

3 Market Close
Poole
Dorset
BH15 1NQ

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent auditor's report to the members of Pirate Adventure Golf Limited

We have audited the financial statements of Pirate Adventure Golf Limited for the 53 weeks ended 31 December 2016 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the 53 weeks then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.



Independent auditor's report to the members of Pirate Adventure Golf Limited
(continued)

Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read 'James Childs-Clarke'.

James Childs-Clarke
Senior Statutory Auditor

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
Southampton
SO53 3TG

11 July 2017

Statement of comprehensive income

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

	Note	2016 £	2015 £
Revenue	2	425,627	426,850
Cost of sales		(14,480)	(13,387)
Gross profit		411,147	413,463
Operating expenses		(319,077)	(320,465)
Profit before tax		92,070	92,998
Taxation	6	(21,312)	(15,939)
Profit for the year		70,758	77,059
Other comprehensive income for the year net of income tax		-	-
Total comprehensive income for the year		70,758	77,059

Statement of financial position
at 31 December 2016 (2015: 26 December 2015)

	<i>Note</i>	2016 £	2015 £
Non-current assets			
Property, plant and equipment	7	141,473	153,000
Current assets			
Inventories	8	3,009	3,747
Trade and other receivables	9	28,632	10,172
Cash and cash equivalents		68,392	88,102
		<u>100,033</u>	<u>102,021</u>
Total assets		<u>241,506</u>	<u>255,021</u>
Current liabilities			
Trade and other payables	10	(32,119)	(117,084)
Tax payable		(20,924)	(19,921)
		<u>(53,043)</u>	<u>(137,005)</u>
Non-current liabilities			
Deferred tax liabilities	12	(14,368)	(14,679)
Total liabilities		<u>(67,411)</u>	<u>(151,684)</u>
Net assets		<u>174,095</u>	<u>103,337</u>
Capital and reserves			
Share capital	13	1,000	1,000
Retained earnings		173,095	102,337
Total equity		<u>174,095</u>	<u>103,337</u>

These financial statements were approved by the board of directors on 6 July 2017 and were signed on its behalf by:



S Tye
Director

Statement of changes in equity

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

	Share capital £	Retained earnings £	Total equity £
At 28 December 2014	1,000	165,278	166,278
Profit for the year	-	77,059	77,059
Dividends	-	(140,000)	(140,000)
At 26 December 2015	1,000	102,337	103,337
Profit for the year	-	70,758	70,758
At 31 December 2016	1000	173,095	174,095

Statement of cash flows

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit before tax		92,070	92,998
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	7	16,162	19,598
		<u>108,232</u>	<u>112,596</u>
Decrease/(increase) in inventories		738	(1,590)
Decrease/(increase) in trade and other receivables		(18,460)	3,440
(Decrease)/increase in trade and other payables		(84,965)	(44,128)
		<u>5,545</u>	<u>70,318</u>
Tax paid		(20,620)	(31,926)
Net cash inflow from operating activities		<u>(15,075)</u>	<u>38,392</u>
<i>Cash flows from investing activities</i>			
Acquisition of property, plant and equipment	7	(4,635)	(1,861)
Net cash outflow from investing activities		<u>(4,635)</u>	<u>(1,861)</u>
<i>Cash flows from financing activities</i>			
Dividends paid		-	(140,000)
Net cash outflow from financing activities		<u>-</u>	<u>(140,000)</u>
Net increase/(decrease) in cash and cash equivalents		(19,710)	(103,469)
Cash and cash equivalents at beginning of year		88,102	191,571
Cash and cash equivalents at end of year		<u>68,392</u>	<u>88,102</u>

Notes to the financial statements

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

1 Accounting policies

Basis of preparation

These financial statements have been prepared for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015).

Pirate Adventure Golf Limited (the "Company") is a company incorporated and domiciled in the UK. It is a private company Limited by shares.

These financial statements were prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Going concern

The Company has appropriate financial resources and trades profitably. The directors believe that the Company is well placed to manage its business risks successfully and that it has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses.

Where components of an item of PPE have different useful lives, they are accounted for separately.

The initial cost of PPE includes all costs incurred in bringing the asset into use and includes external costs for the acquisition, construction and commissioning of the asset, internal project costs (primarily staff expenses) and capitalised borrowing costs.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of PPE. Assets under construction are not depreciated until they come into use, when they are transferred to plant and equipment. No residual values are typically considered.

The estimated useful lives are as follows:

Plant and equipment	4 - 10 years
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Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is measured using the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

1 Accounting policies *(continued)*

Taxation

The tax charge for the year is recognised in the income statement and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and taxation purposes respectively. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

After considering forecast future profits, deferred tax assets are recognised where it is probable that future taxable profits will be available against which those assets can be utilised.

Leases

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

Accruals and deferred income

Accruals comprise balances in relation to both operating and capital costs incurred at the reporting date but for which an invoice has not been received and payment has not yet been made.

Deferred income comprises revenues received or invoiced at the reporting date which relate to future periods. The main components of deferred income relate to advanced ticket revenues in respect of online bookings and annual pass purchases.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Revenue

Revenue arises from the operation of visitor attractions in the UK. Revenue represents the amounts (excluding VAT and similar taxes) received from customers for admissions tickets and retail. Revenue from the sale of annual passes is deferred and then recognised over the period that the pass is valid. Ticket revenue is recognised at point of entry.

Cost of sales

Cost of sales represents variable expenses (excluding VAT and similar taxes) incurred from revenue generating activity.

2 Revenue

Revenue is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

Notes to the financial statements (continued)
for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

3 Operating profit

	2016 £	2015 £
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	16,162	19,598
Hire of other assets - operating leases	108,998	107,245

Auditor's remuneration:

	2016 £	2015 £
Audit of these financial statements	4,749	2,205

4 Staff numbers and costs

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

	2016	2015
Operations	3	3

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	80,630	75,270
Social security costs	(59)	92
Other pension costs	(11)	6
	80,560	75,368

Staff costs are borne by Merlin Entertainments (SEA LIFE) Limited and are recharged to Pirate Adventure Golf Limited in the period incurred.

5 Directors' remuneration

The directors received no remuneration from the Company during the year. T Grizzanti and S Tye are paid by Merlin Entertainments Group companies. K Graham and W Sheeran are paid by Teen Spirit Limited.

Notes to the financial statements (continued)

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

6 Taxation

Recognised in the income statement

	2016 £	2015 £
<i>Current tax expense</i>		
Current year	20,925	19,922
Adjustments for prior periods	698	(3,194)
Total current income tax	21,623	16,728
<i>Deferred tax expense (note 12)</i>		
Origination and reversal of temporary differences	(624)	(867)
Changes in tax rate	31	(762)
Adjustments for prior periods	282	840
Total deferred tax	(311)	(789)
Total tax expense in income statement	21,312	15,939

Reconciliation of effective tax rate

	2016 %	2016 £	2015 %	2015 £
Profit before tax		92,070		92,998
Income tax using the domestic corporation tax rate	20.0%	18,414	20.3%	18,832
Non-deductible expenses	2.0%	1,887	0.4%	405
Income not subject to tax	-	-	(0.2%)	(182)
Effect of changes in tax rate	0.0%	31	(0.8%)	(762)
Adjustment for prior periods	1.1%	980	(2.5%)	(2,354)
Total tax expense in the income statement	23.1%	21,312	17.2%	15,939

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The standard rate for UK corporation tax used in the 53 weeks ended 31 December 2016 was 20% (2015: 20.25%). Closing deferred tax balances have been valued at 19% (2015: 19%).

An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

Analysis of current tax recognised in the income statement

	2016 £	2015 £
UK corporation tax	21,312	15,939

Notes to the financial statements (continued)
for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

7 Property, plant and equipment

	Plant and equipment £
Cost	
At 28 December 2014	545,894
Additions	1,861
Disposals	(26,709)
At 26 December 2015	521,046
Additions	4,635
At 31 December 2016	525,681
Depreciation	
At 28 December 2014	375,157
Charge for the year	19,598
Disposals	(26,709)
At 26 December 2015	368,046
Charge for the year	16,162
At 31 December 2016	384,208
Carrying value	
At 28 December 2014	170,737
At 26 December 2015	153,000
At 31 December 2016	141,473

8 Inventories

	2016 £	2015 £
Goods for resale	3,009	3,747

Notes to the financial statements (continued)
for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

9 Trade and other receivables

	Current 2016 £	Current 2015 £
Trade debtors	1,865	-
Amounts owed by related parties	6,380	2,251
Other taxation and social security	17,165	4,225
Prepayments and accrued income	3,222	3,696
	<u>28,632</u>	<u>10,172</u>

10 Trade and other payables

	Current 2016 £	Current 2015 £
Trade creditors	-	281
Amounts owed to associated undertakings	13,820	18,001
Other creditors	-	1,141
Accruals and deferred income	18,299	97,661
	<u>32,119</u>	<u>117,084</u>

11 Financial risk management

Liquidity risk

Liquidity risk is the risk that the Company would not have sufficient funds to meet its financial obligations as they fall due. The Company produces cash forecasts to identify relevant liquidity requirements.

As at the reporting date the Company had £68,392 of cash and cash equivalents (2015: £88,102), in order to meet its obligations and commitments that will fall due.

The following table sets out the contractual maturities of financial liabilities:

	0 to <1 year £
2016	
Amounts owed to associated undertakings	<u>13,820</u>
	<u>13,820</u>
2015	
Trade creditors	281
Amounts owed to associated undertakings	18,001
Other creditors	1,141
	<u>19,423</u>

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

11 Financial risk management *(continued)*

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is limited to the carrying value of the Company's monetary assets. The Company has limited credit risk with its customers, the vast majority of whom pay in advance or at the time of their visit.

Fair value versus carrying amounts

Short term receivables, payables and cash and cash equivalents carrying amounts are a reasonable approximation to fair value.

12 Deferred taxation

Recognised deferred tax liabilities:

Deferred tax liabilities are attributable to the following:

	2016 £	2015 £
Property, plant and equipment	(14,368)	(14,679)

Movement in deferred tax during the current year:

	At 26 December 2015 £	Recognised in income statement £	At 31 December 2016 £
Property, plant and equipment	(14,679)	311	(14,368)

Movement in deferred tax during the previous year:

	At 27 December 2014 £	Recognised in income statement £	At 26 December 2015 £
Property, plant and equipment	(15,468)	789	(14,679)

Unrecognised deferred tax assets:

	2016 £	2015 £
Tax value of loss carry-forwards	3,824	3,824

Notes to the financial statements (continued)

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

13 Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
500 Ordinary A shares of £1 each	500	500
500 Ordinary B shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends of £nil (2015: £140,000) equivalent to £nil (2015: £140) per qualifying ordinary share were recognised during the year.

14 Related party transactions

Related party		Sales to related party £	Purchases from related party £	Amounts owed by related party £	Amounts owed to related party £
Merlin Entertainments (SEA LIFE) Limited	2016	102,274	288,939	6,380	13,820
Merlin Entertainments (SEA LIFE) Limited	2015	136,278	249,640	2,251	18,001
Merlin Attractions Operations Limited	2016	-	-	-	-
Merlin Attractions Operations Limited	2015	-	8,868	-	-

All charges were made on an arm's length basis.

15 Commitments

- (a) There are no capital commitments at the end of the financial period (2015: £nil).
- (b) The minimum rentals payable under non-cancellable operating lease rentals are as follows:

	2016 £	2015 £
Less than one year	50,634	104,605
Between one and five years	123,946	207,726
More than five years	333,546	373,065
	<u>508,126</u>	<u>685,396</u>

16 Ultimate parent company and ultimate controlling party

Private Adventure Golf is a joint venture between Teen Spirit Limited and Merlin Entertainments (SEA LIFE) Limited. The registered address of Merlin Entertainments (SEA LIFE) Limited is 3 Market Close, Poole, Dorset, BH15 1NQ. The registered address of Teen Spirit Limited is The Tower Cinema, 111 Lumley Road, Skegness, Lincs, PE25 3LZ.

17 Subsequent event

At the end of March 2017, one of the three attractions, PAGL Blackpool, ceased to trade.