

ZIP WORLD GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

TUESDAY



A84GPUG3

A07

30/04/2019

#221

COMPANIES HOUSE

ZIP WORLD GROUP HOLDINGS LIMITED

CONTENTS

	Page (s)
Company Information	1
The Zip World Group - Experience Adventure with Zip World	2
Group Strategic Report	3 - 4
Directors' Report	5 - 6
Independent Auditors' Report to the Members of Zip World Group Holdings Limited	7 - 9
Consolidated Statement of Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15 - 16
Notes to the Financial Statements	17 - 37

ZIP WORLD GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	E S Owen Davies D J Stacey S W Taylor
Registered number	11105554
Registered office	Zip World Base Camp Denbigh Street Llanrwst Conwy Wales LL26 0LL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors One Kingsway Cardiff CF10 3PW

ZIP WORLD GROUP HOLDINGS LIMITED

THE ZIP WORLD GROUP - EXPERIENCE ADVENTURE WITH ZIP WORLD

Zip World operates adventure activities across 3 sites in North Wales:

Zip World Penrhyn Quarry – home to Zip World Velocity, the world's fastest zipline. Travel through historic Penrhyn Quarry before flying over the stunning quarry lake reaching speeds of around 100mph! Spectators can relax in the Adventure Terminal (which opened in September 2017), while watching zippers soar above the viewing platform, and experience exceptional dining with breath-taking views from Blondin's Restaurant.

Zip World Slate Caverns – mountain zippers and underground adventures. Experience a range of unique adventures in a spectacular slate mine. Challenge yourself on Caverns, the world's greatest underground zip line and adventure course, release your inner child on the world-famous Bounce Below or whizz down the mountain on Titan – the four line zipping experience.

Zip World Fforest – amazing adventures in a beautiful woodland setting. With adventures perfect for almost any age, Zip World Fforest is the perfect family day out! Zip line through the trees, bounce off Treetop Nets, soar on Skyride, leap off Plummet, or ride the new Fforest Coaster!

ZIP WORLD GROUP HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their Strategic Report for the year ended 31 December 2018.

Business review incorporating key performance indicators

2018 was a fourth year of investment for the group 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 group. The other adventure enhancement in the group was the development of Plummet at the Fforest site to Plummet 2, again doubling capacity and creating a spectacular new experience.

The group is pleased to report that turnover increased this year to £14,329,936 (2017: £10,999,883), an increase of 30%.

Across the group 398,138 (2017: 327,134) participants experienced adventure during 2018 – an increase of 22% 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 group increased again this year from 243 to 283. The average number of full time equivalent employees also increased from 159 to 196 employees.

We have also invested a further £3.1million in fixed assets during the year, including the development of Velocity 2, Plummet 2 and significant infrastructure projects, particularly increasing car park capacity at Penrhyn Quarry and Fforest.

2019 is set to be another record year for the group, with a full year of additional capacity at Zip World Velocity and capacity enhancements at Fforest on the Coaster, Plummet 2 and Skyride. 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.

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

Economic risk

The nature of the group'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 group 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 group may suffer a negative impact as a result.

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

Health and safety

The group'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 GROUP HOLDINGS LIMITED

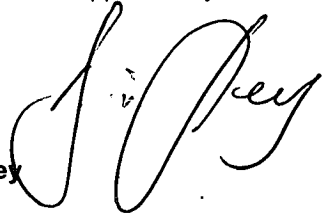
GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Staff retention

As a visitor attraction, a key part of the Zip World experience is the interaction that visitors have with the group'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 group 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:.

**D J Stacey
Director**

A handwritten signature in black ink, appearing to read 'D J Stacey', is written over the printed name and title.

Date: 18 April 2019

ZIP WORLD GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and the audited of Zip World Group Holdings Limited (the "company") for the 13 month period ended 31 December 2018 and together with its subsidiaries (the "group") for the year ended 31 December 2018.

The company was incorporated on 11 December 2017 and the company disclosures therefore present the 13 month period to 31 December 2018. During the period the company acquired the entire share capital of Zip World Limited as part of a group restructuring, and this has been accounted for using merger accounting. Accordingly, the group disclosures therefore present the year ended 31 December 2018 and the comparative year ended 31 December 2017.

Results and dividends

The profit for the financial year amounted to £2,494,066 (2017: £1,088,103).

During the year, the directors did not declare or pay an interim dividend (2017: interim dividend declared and paid of £364,988)

Directors

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

E S Owen Davies
D J Stacey
S W Taylor
N S Moriarty (resigned 24 December 2018)
M J Shaylor (resigned 24 December 2018)

Future developments

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

Financial risk management

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

Credit risk

The group'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 group uses a mixture of long term and short term debt finance.

Qualifying third party indemnity provisions

The group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

ZIP WORLD GROUP HOLDINGS LIMITED

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

Directors' responsibilities statement

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

Company law requires the to prepare for each financial year. Under that law the directors have prepared the group and parent company 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 group and the parent company and of the profit or loss of the group for that period. In preparing these , the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

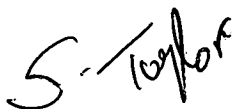
- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

S W Taylor
Director



Date: 18 April 2019

ZIP WORLD GROUP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZIP WORLD GROUP HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Zip World Group Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and cash flows 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 consolidated and company balance sheets as at 31 December 2018; the consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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 group's and 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 group's and 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 group's trade, customers, suppliers and the wider economy.

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.

ZIP WORLD GROUP HOLDINGS LIMITED

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

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 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 group and company and their 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 set out on page 6, 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 group's and 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 group or 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. 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.

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

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 GROUP HOLDINGS LIMITED

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

	Note	2018 £	2017 £
Turnover	4	14,329,936	10,999,883
Other operating income	5	30,101	30,841
Other external charges		(5,209,494)	(4,120,714)
Exceptional costs	14	(31,895)	(593,957)
Staff costs	8	(4,480,417)	(3,722,740)
Depreciation and amortisation		(1,412,361)	(1,034,295)
Operating profit	6	3,225,870	1,559,018
Interest receivable and similar income	10	1,804	213
Interest payable and similar expenses	11	(56,016)	(12,188)
Profit before tax		3,171,658	1,547,043
Tax on profit	12	(677,592)	(458,940)
Profit for the financial year		2,494,066	1,088,103
Total comprehensive income for the financial year		2,494,066	1,088,103

The notes on pages 17 to 37 form part of these financial statements.

ZIP WORLD GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 11105554

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	15	1,113,996	1,188,461
Tangible assets	16	9,189,894	7,630,061
Investments	17	4	4
		<u>10,303,894</u>	<u>8,818,526</u>
Current assets			
Stocks	18	188,238	203,833
Debtors	19	464,098	437,103
Cash at bank and in hand	20	1,789,180	856,947
		<u>2,441,516</u>	<u>1,497,883</u>
Creditors: amounts falling due within one year	21	(1,993,196)	(2,140,138)
Net current assets/(liabilities)		<u>448,320</u>	<u>(642,255)</u>
Total assets less current liabilities		<u>10,752,214</u>	<u>8,176,271</u>
Creditors: amounts falling due after more than one year	22	(1,747,233)	(1,585,582)
Provisions for liabilities			
Deferred taxation	26	(219,531)	(111,299)
Accruals and deferred income	27	(1,660,658)	(1,848,664)
Net assets		<u>7,124,792</u>	<u>4,630,726</u>
Capital and reserves			
Called up share capital	28	300	-
Merger reserve	29	-	300
Profit and loss account	29	7,124,492	4,630,426
Totals shareholders' funds		<u>7,124,792</u>	<u>4,630,726</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 17 to 37 form part of these financial statements.

ZIP WORLD GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 11105554

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £
Fixed assets		
Investments	17	300
Total assets less current liabilities		<u>300</u>
Capital and reserves		
Called up share capital	28	300
Total shareholders' funds		<u>300</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

ZIP WORLD GROUP HOLDINGS LIMITED

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

	Called up share capital £	Merger reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2017	-	-	3,907,321	3,907,321
Comprehensive income for the financial year				
Profit for the financial year	-	-	1,088,103	1,088,103
Total comprehensive income for the financial year	-	-	1,088,103	1,088,103
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(364,998)	(364,998)
Recognised on group restructuring	-	300	-	300
Total transactions with owners	-	300	(364,998)	(364,698)
At 31 December 2017 and 1 January 2018	-	300	4,630,426	4,630,726
Comprehensive income for the financial year				
Profit for the financial year	-	-	2,494,066	2,494,066
Total comprehensive income for the financial year	-	-	2,494,066	2,494,066
Contributions by and distributions to owners				
Shares issued during the year	300	-	-	300
Release from merger reserve	-	(300)	-	(300)
Total transactions with owners	300	(300)	-	-
At 31 December 2018	300	-	7,124,492	7,124,792

The notes on pages 17 to 37 form part of these financial statements.

ZIP WORLD GROUP HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2018**

	Called up share capital £	Total shareholders' funds £
On incorporation	-	-
Contributions by and distributions to owners		
Shares issued during the year	300	300
Total transactions with owners	<u>300</u>	<u>300</u>
At 31 December 2018	<u>300</u>	<u>300</u>

The notes on pages 17 to 37 form part of these financial statements.

ZIP WORLD GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	2,494,066	1,088,103
Adjustments for:		
Taxation charge	677,592	458,940
Interest payable	56,016	12,188
Interest receivable	(1,804)	(213)
Depreciation of tangible assets	1,263,803	885,738
Amortisation of intangible assets	148,558	148,557
Decrease/(increase) in stocks	15,595	(161,784)
Increase in debtors	(26,995)	(376,610)
Increase in creditors and deferred income	58,533	1,216,710
Corporation tax paid	(455,547)	(331,218)
Net cash from operating activities	<u>4,229,817</u>	<u>2,940,411</u>
Cash flows used in investing activities		
Purchase of tangible assets	(3,119,035)	(4,726,282)
Sale of tangible fixed assets	221,307	-
Interest received	1,804	213
HP interest paid	(2,149)	-
Net cash used in investing activities	<u>(2,898,073)</u>	<u>(4,726,069)</u>
Cash flows (used in)/from financing activities		
New bank loans	-	1,761,112
Repayment of bank loans	(1,664,228)	(96,884)
New finance leases	68,683	-
Repayment of new finance leases	(14,197)	(6,086)
Dividends paid	-	(189,996)
Interest paid	(53,867)	(12,188)
Movement on Directors Loan account	(175,002)	-
Government grants introduced	-	224,000
Government interest free loans introduced	-	96,000
Government grants released to P&L	(22,404)	(14,933)
Government interest free loans repaid	(31,992)	(13,330)
Finance Wales loan repayments	-	(50,000)
Funding introduced by parent company	1,493,496	-
Net cash (used in)/from financing activities	<u>(399,511)</u>	<u>1,697,695</u>
Net increase/(decrease) in cash and cash equivalents	<u>932,233</u>	<u>(87,963)</u>

ZIP WORLD GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash and cash equivalents at beginning of year	856,947	944,910
Cash and cash equivalents at the end of year	1,789,180	856,947
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,789,180	856,947

ZIP WORLD GROUP HOLDINGS LIMITED

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

1. General information

The principal activity of Zip World Group Holdings Limited (the "company") is that of a holding company and the principal activity of Zip World Group Holdings Limited and its subsidiary companies (together the "group") 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, Conwy, 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 group management to exercise judgment in applying the group's accounting policies (see note 3).

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

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using merger accounting. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their net book values and presented as though the group has always been in existence. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income for the full current year and comparative year as though the group has always been in existence. They are deconsolidated from the date control ceases.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements and has taken the exemption from presenting its own cash flow statement under FRS102 p.1.12 (b).

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

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue 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 revenue 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)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

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
Goodwill	-	10	years

2.6 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 group 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 group. 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 Consolidated Statement of Comprehensive Income.

ZIP WORLD GROUP HOLDINGS LIMITED

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

2. Accounting policies (continued)

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

2.9 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.

2.10 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.11 Financial instruments

The group and Company only enters into basic financial instruments 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 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 Consolidated 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.

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

2. Accounting policies (continued)

2.11 Financial instruments (continued)

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.

2.12 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.

2.13 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 Consolidated 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 Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.14 Foreign currency translation

Functional and presentation currency

The Group and 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.

2.15 Finance costs

Finance costs are charged to the Consolidated 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.

2.16 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.

ZIP WORLD GROUP HOLDINGS LIMITED

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

2. Accounting policies (continued)

2.17 Operating leases

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

2.18 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated 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 group in independently administered funds.

2.19 Interest income

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

2.20 Borrowing costs

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

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the group 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 Consolidated Statement of Comprehensive Income in the year that the group 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.

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

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 and the group operate and generate 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 group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.23 Exceptional items

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

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 group 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.

ZIP WORLD GROUP HOLDINGS LIMITED

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

4. Turnover

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

	2018 £	2017 £
Adventure sales	11,919,933	9,887,490
Sale of goods	1,435,559	476,237
Other sales	974,444	636,156
	<u>14,329,936</u>	<u>10,999,883</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	7,697	7,979
Government grants receivable	22,404	22,862
	<u>30,101</u>	<u>30,841</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets	1,221,561	1,297,332
Amortisation of intangible assets, including goodwill	190,800	148,557
Operating lease rentals	<u>1,149,854</u>	<u>1,035,728</u>

ZIP WORLD GROUP HOLDINGS LIMITED

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

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	3,000	14,000
Fees payable to the Group's auditors in respect of:		
Audit of the Company's subsidiaries	21,100	6,000
Taxation compliance services	8,700	5,000
All other services	4,610	27,250
	34,410	38,250

8. Staff costs

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	4,040,885	3,294,643	-	-
Social security costs	257,334	212,505	-	-
Other pension costs	182,198	215,592	-	-
	4,480,417	3,722,740	-	-

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

	2018 Number	2017 Number
Operations	283	243

The average number of full time equivalent employees during the year was 196 (2017:159).

ZIP WORLD GROUP HOLDINGS LIMITED

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

9. Directors' remuneration

	2018 £	2017 £
Aggregate directors' emoluments	153,738	12,800
Company contributions to defined contribution pension schemes	133,613	200,000
	<u>287,351</u>	<u>212,800</u>

During the year retirement benefits were accruing to 5 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>1,804</u>	<u>213</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	52,682	8,486
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>12,189</u>

ZIP WORLD GROUP HOLDINGS LIMITED

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

12. Tax on profit

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	646,304	433,090
Adjustments in respect of prior years	(76,944)	(8,459)
Total current tax	569,360	424,631
Deferred tax		
Origination and reversal of timing differences	75,985	36,202
Adjustment in respect of prior years	40,245	(1,893)
Effect of changes in tax rates	(7,998)	-
Total deferred tax	108,232	34,309
Tax on profit	677,592	458,940

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 tax	3,171,659	1,547,043
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	602,615	297,806
Effects of:		
Non-tax deductible expense	119,674	147,826
Adjustments from previous periods	(36,699)	(10,352)
Permanent differences	-	28,444
Tax rate changes	(7,998)	(4,784)
Total tax charge for the year	677,592	458,940

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.

ZIP WORLD GROUP HOLDINGS LIMITED

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

13. Dividends

	2018 £	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>

The dividends disclosed in 2017 are fully paid.

14. Exceptional cost

	2018 £	2017 £
Impairment of investment	-	411,594
Discontinued projects	<u>31,895</u>	<u>182,363</u>
	<u>31,895</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 included impairment of the Group's investment in The City Zip Company Limited in 2017.

ZIP WORLD GROUP HOLDINGS LIMITED

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

15. Intangible assets

Group

	Website £	Goodwill £	Total £
Cost			
At 1 January 2018	-	1,485,576	1,485,576
Transfer between classes	116,335	-	116,335
At 31 December 2018	116,335	1,485,576	1,601,911
Accumulated amortisation			
At 1 January 2018	-	297,115	297,115
Charge for the year	42,242	148,558	190,800
At 31 December 2018	42,242	445,673	487,915
Net book value			
At 31 December 2018	74,093	1,039,903	1,113,996
At 31 December 2017	-	1,188,461	1,188,461

ZIP WORLD GROUP HOLDINGS LIMITED

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

16. Tangible assets

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Asset in construction £	Total £
Cost						
At 1 January 2018	3,210,351	3,660,044	225,941	1,924,205	1,004,859	10,025,400
Additions	447,127	234,504	130,017	253,479	2,053,909	3,119,036
Disposals	-	-	(87,728)	(168,682)	-	(256,410)
Transfers between classes	-	2,733,021	-	-	(2,849,356)	(116,335)
At 31 December 2018	3,657,478	6,627,569	268,230	2,009,002	209,412	12,771,691
Accumulated Depreciation						
At 1 January 2018	42,271	1,199,328	122,148	1,031,592	-	2,395,339
Charge for the year	140,707	786,911	58,134	235,809	-	1,221,561
Disposals	-	-	(35,103)	-	-	(35,103)
At 31 December 2018	182,978	1,986,239	145,179	1,267,401	-	3,581,797
Net book value						
At 31 December 2018	3,474,500	4,641,330	123,051	741,601	209,412	9,189,894
At 31 December 2017	3,168,080	2,460,716	103,792	892,614	1,004,859	7,630,061

ZIP WORLD GROUP HOLDINGS LIMITED

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

17. Investments

Group

	Investment in joint ventures £	Investments held for sale £	Total £
Cost			
At 1 January 2018	4	411,594	411,598
At 31 December 2018	4	411,594	411,598
Impairment			
At 1 January 2018	-	411,594	411,594
At 31 December 2018	-	411,594	411,594
Net book value			
At 31 December 2018	4	-	4
At 31 December 2017	4	-	4

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.

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Zip World Limited	Ordinary	100 %	Adventure activities
Zip World Fforest Limited*	Ordinary	100 %	Adventure activities
Zip World RAK Limited*	Ordinary	100 %	Dormant
Bounce Below Limited*	Ordinary	100 %	Dormant

Name	Registered office
Zip World Limited	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL
Zip World Fforest Limited*	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL
Zip World RAK Limited*	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL
Bounce Below Limited*	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL

* Held indirectly

ZIP WORLD GROUP HOLDINGS LIMITED

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

17. Investments (continued)

Participating interests

Joint ventures

Name	Country of incorporation	Class of shares	Holding	Principal activity
Zip World Adventure Hotel Limited*	England & Wales	Ordinary	50%	Development of building projects

* Held indirectly

Company

	Investments in subsidiary companies £
Cost	
On incorporation	-
Additions	300
At 31 December 2018	<u>300</u>
Net book value	
At 31 December 2018	<u>300</u>
At 31 December 2017	<u>-</u>

The additions in the year reflects the purchase of 100% of the shares in Zip World Limited.

18. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £
Finished goods and goods for resale	<u>188,238</u>	<u>203,833</u>	<u>-</u>

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 other external charges against stock during the year due to slow-moving and obsolete stock.

ZIP WORLD GROUP HOLDINGS LIMITED

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

19. Debtors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £
Amounts owed by joint ventures and associated undertakings	94,460	104,460	-
Other debtors	206,973	199,181	-
Prepayments and accrued income	162,665	133,462	-
	464,098	437,103	-

20. Cash at bank and in hand

	Group 2018 £	Group 2017 £	Company 2018 £
Cash at bank and in hand	1,789,180	856,947	-

21. Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £
Bank loans and overdrafts	-	343,477	-
Other loans	31,992	31,992	-
Trade creditors	184,072	731,856	-
Corporation tax	367,479	253,666	-
Other creditors	39,103	178,126	-
Other taxation and social security	440,108	167,366	-
Obligations under finance lease and HP	15,720	4,536	-
Accruals	914,722	429,119	-
	1,993,196	2,140,138	-

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

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

	Group 2018 £	Group 2017 £	Company 2018 £
Bank loans	-	1,320,751	-
Other loans	18,686	50,678	-
Net obligations under finance leases and HP	48,388	5,086	-
Amounts owed to parent company	1,493,496	-	-
Government grants received	186,663	209,067	-
	1,747,233	1,585,582	-

Amounts owed to group are interest free, unsecured and not repayable on demand.

23. Bank and other loans

	Group 2018 £	Group 2017 £	Company 2018 £
Amounts falling due within one year			
Bank loans	-	343,477	-
Other loans	31,992	31,992	-
Amounts falling due 1-2 years			
Bank loans	-	1,320,751	-
Other loans	18,686	50,678	-
	50,678	1,746,898	-

The other loans are unsecured and interest free.

24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2018 £	Group 2017 £
Within one year	15,720	4,536
Between 1-2 years	48,388	5,086
	64,108	9,622

ZIP WORLD GROUP HOLDINGS LIMITED

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

25. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £
Financial assets			
Financial assets that are debt instruments measured at amortised cost	<u>301,433</u>	<u>303,641</u>	<u>-</u>
Financial liabilities			
Financial liabilities measured at amortised cost	<u>(2,859,477)</u>	<u>(3,095,621)</u>	<u>-</u>

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by joint ventures and other debtors.

Financial liabilities measured at amortised cost comprise of bank loans and overdrafts, other loans, trade creditors, other creditors, net obligations under finance leases and HP, accruals and amounts owed to group undertakings.

26. Deferred taxation

Group

	2018 £
At beginning of year	111,299
Credited to profit or loss	67,987
Adjustments in respect of prior years	40,245
At end of year	<u>219,531</u>

	Group 2018 £	Group 2017 £
Origination and reversal of timing differences	<u>219,531</u>	<u>111,299</u>

27. Accruals and Deferred income

	Group 2018 £	Group 2017 £	Company 2018 £
Deferred income	<u>1,660,658</u>	<u>1,848,664</u>	<u>-</u>

ZIP WORLD GROUP HOLDINGS LIMITED

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

28. Called up share capital

	2018 £
Shares classified as equity	
Allotted, called up and fully paid	
30,000 Ordinary shares of £0.01 each	300

On incorporation the company issued 1 Ordinary share of £1 for consideration of £1.

On 1 January 2018 the company issued 299 Ordinary shares of £1 each for consideration of £299.

On 14 March 2018 the company subdivided 300 Ordinary shares of £1 each into 30,000 Ordinary shares of £0.01 each.

29. Reserves

Merger Reserve

The merger reserves represent amounts recognised in applying merger accounting following group restructuring.

Profit and loss account

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

30. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge of £49,397 (2017: £15,592) represents contributions payable by the group to the fund.

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

ZIP WORLD GROUP HOLDINGS LIMITED

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

31. 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.

£94,460 (2017: £104,460) was owed to the group as at 31 December 2018 by Zip World Adventure Hotel Ltd, a company which is 50% owned by Zip World Ltd. There is no fixed repayment terms and no interest charged.

During the financial year the group purchased goods worth £125,377 (2017: £13,884) from Dropzone (UK) Ltd, a company owned by M J Shaylor, a director of the group.

The group also purchased goods worth £137,088 (2017: £88,537) from Ropes Course Developments Ltd, a company owned by N S Moriarty, a director of the group.

The group also purchased goods worth £41,199 (2017: £15,000) from Treetop Trek Ltd, a company owned by N S Moriarty and M J Shaylor, directors of the group

The group also 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 group

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

32. Ultimate parent undertaking and controlling party

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 immediate and 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.

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