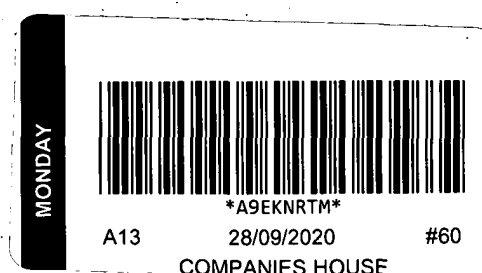


Registered number: 11639745

ZWPV LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**



ZWPV LIMITED

CONTENTS

	Page(s)
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 6
Independent Auditors' Report to the Members of ZWPV 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 - 44

ZWPV LIMITED

COMPANY INFORMATION

Directors

D A Hughes
A L Pendleton
D J Stacey
S W Taylor
G A Thorley

Registered number

11639745

Registered office

Zip World Base Camp
Denbigh Street
Llanrwst
LL26 0LL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

ZWPV LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present the Strategic Report of ZWPV Limited (the "Company") and its subsidiaries (together the "Group") for the period ended 31 December 2019.

Review of the business and future developments

The Company was incorporated on 24 October 2018 and on the 24 December 2018 the Company acquired the entire share capital of Zip World Group Holdings Limited in a management buy-out backed by LDC and supported by senior debt facilities provided by HSBC. The principal activity of the Group is providing outdoor adventure experiences to retail customers in the United Kingdom.

The Group's EBITDA before exceptional charges was £5.4m on turnover of £15.6m. The Group's loss for the financial period was £4.0m. Exceptional charges of £0.5m were principally advisor and other costs in relations to the acquisition of Zip World Group Holdings Limited.

The net liabilities of the Group as at 31 December 2019 were £3.6m.

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

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

Principal risks and uncertainties

Financial risks

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

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

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

Liquidity risk

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

Credit risk

The Group's principal financial assets are cash. The credit risk associated with cash is limited.

Interest rate risk

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

ZWPV LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Other principal risks

Other economic risk

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

Health and safety

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

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, the Group invests significantly in training and looking after the welfare of its employees to help with staff continuity. We do this through creating a positive working environment, investing in staff and paying above industry average wages for the area in which they are based.

Key performance indicators

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

Revenue	£15.6m
EBITDA before exceptionals	£ 5.6m
Gross margin %	67.9%
Average numbers of employees	300

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


S W Taylor
Director

Date: 25/9/2020

ZWPV LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their report and the audited consolidated financial statements of ZWPV Limited (the "Company") for the period from 24 October 2018 to 31 December 2019.

Principal activities

The principal activity of the Company during the period was that of a holding Company. The Company is incorporated in England and Wales with a Company registration number of 11639745. The principal activity of the Group was providing outdoor adventure experiences to retail customers in the United Kingdom.

Results and dividends

Results for the financial period and financial position for the Group are shown in the annexed financial statements. The Group's loss for the financial period was £4.0m.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who served during the period and up to the date of approval of these financial statements, unless otherwise stated, were:

D A Hughes (appointed 24 December 2018)
A L Pendleton (appointed 24 December 2018)
D J Stacey (appointed 24 December 2018)
S W Taylor (appointed 24 October 2018)
G A Thorley (appointed 21 February 2019)
T Bentham (appointed 24 December 2018, resigned 8 October 2019)
E S Owen Davies (appointed 24 December 2018, resigned 27 September 2019)

Qualifying third party indemnity provisions

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

Future developments

An indication of the likely future development of the business is included in the Strategic report on page 2.

Financial risk management

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

Supplier payment policy

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

ZWPV LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019.

Employee involvement

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

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

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

Disabled employees

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

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

Matters covered in the strategic report

The future developments of the Group are discussed in the business review section of the Strategic Report.

Going concern

The Group has net liabilities of £3.6m and the Company has net liabilities of £1.0m. The Group and the Company are financed through bank and shareholder debt and the Group is profitable at an EBITDA level and cash generative from its operating activities. The Group has prepared detailed forecasts for the next 12 month period ended 30 September 2021, including assessing sensitivities which consider the impact of Covid-19, which show that it is expected to be profitable at an EBITDA level and cash generative from its operating activities for the foreseeable future and that the Group and Company has the ability to remain within its committed lending facilities. Therefore, the directors have prepared the financial statements on a going concern basis.

Post balance sheet events

The outbreak of Covid-19 in early 2020 has affected business and economic activity worldwide. The Company considers this outbreak to be a non-adjusting post Balance Sheet event as at 31 December 2019. The directors have put in place a number of mitigating actions to minimise the disruption of the pandemic on the business which can be referred to in our Strategic Report on page 3.

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

ZWPV LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial 9-month period 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial 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 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 Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

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

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

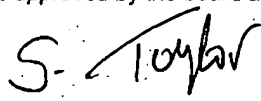
Independent auditors

PricewaterhouseCoopers LLP were appointed by the directors as auditors to the Group to fill the casual vacancy arising on incorporation.

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

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

S W Taylor
Director
Date:


25/9/2020

ZWPV LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZWPV LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, ZWPV 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 2019 and of the group's loss and cash flows for the 15 month period (the "period") 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 2019; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the period 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

We have nothing to report in respect of the following matters in relation to which 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 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.

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

ZWPV LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZWPV LIMITED (CONTINUED)

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also 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 period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, 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.

ZWPV LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZWPV LIMITED (CONTINUED)

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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

ZWPV LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Note	15 months period ended 31 December 2019 £
Turnover	4	15,577,546
Other operating income	5	31,978
Other external charges		(5,032,010)
Staff costs	8	(5,136,574)
EBITDA before exceptionals		5,440,940
Depreciation and amortisation		(5,098,024)
Exceptional operating expenses	10	(522,918)
Operating loss	6	(180,002)
Interest receivable and similar income	11	7,432
Interest payable and expenses	12	(3,473,596)
Loss before tax		(3,646,166)
Tax on loss	13	(371,701)
Loss for the financial period		(4,017,867)
Total comprehensive income for the financial period		(4,017,867)
Loss for the financial period attributable to:		
Owners of the parent Company		(4,017,867)
Total comprehensive income for the financial period attributable to:		
Owners of the parent Company		(4,017,867)

The notes on pages 17 to 44 form part of these financial statements.

ZWPV LIMITED
REGISTERED NUMBER: 11639745

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £
Fixed assets		
Intangible assets	14	32,491,175
Tangible assets	15	8,965,495
		<u>41,456,670</u>
Current assets		
Stocks	17	163,949
Debtors	18	1,229,509
Cash at bank and in hand	19	3,402,452
		<u>4,795,910</u>
Creditors: amounts falling due within one year	20	(2,615,481)
Net current assets		<u>2,180,429</u>
Total assets less current liabilities		<u>43,637,099</u>
Creditors: amounts falling due after more than one year	21	(45,268,974)
Provisions for liabilities		
Deferred taxation	24	(330,949)
Deferred income	25	(1,587,543)
Net liabilities		<u>(3,550,367)</u>
Capital and reserves		
Called up share capital	26	28,750
Share premium account	27	204,750
Capital redemption reserve	27	40,000
Merger relief reserve	27	234,000
Profit and loss account	27	(4,057,867)
Total shareholders' deficit		<u>(3,550,367)</u>

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


S W Taylor
 Director

Date:

25/9/2020

The notes on pages 17 to 44 form part of these financial statements.

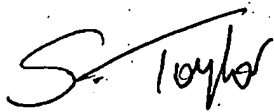
ZWPV LIMITED
REGISTERED NUMBER: 11639745

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £
Fixed assets		
Investments	16	42,168,497
Current assets		
Debtors	18	2,651,920
Cash at bank and in hand	19	51,608
		<u>2,703,528</u>
Creditors: amounts falling due within one year	20	<u>(848,552)</u>
Net current assets		<u>1,854,976</u>
Total assets less current liabilities		<u>44,023,473</u>
Creditors: amounts falling due after more than one year	21	(45,062,978)
Net liabilities		<u><u>(1,039,505)</u></u>
Capital and reserves		
Called up share capital	26	28,750
Share premium account	27	204,750
Capital redemption reserve	27	40,000
Merger relief reserve	27	234,000
Profit and loss account brought forward		-
Loss for the period		(1,507,005)
Other changes in the profit and loss account		<u>(40,000)</u>
Profit and loss account carried forward		<u>(1,547,005)</u>
Total shareholders' deficit		<u><u>(1,039,505)</u></u>

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

S W Taylor
Director



Date: 25/4/2020

The notes on pages 17 to 44 form part of these financial statements.

ZWPV LIMITED

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

	Called up share capital £	Share premium account £	Capital redemption reserve £	Merger relief reserve £	Profit and loss account £	Total shareholders' deficit £
On incorporation	-	-	-	-	-	-
Comprehensive expense for the financial period						
Loss for the financial period	-	-	-	-	(4,017,867)	(4,017,867)
Total comprehensive expense for the financial period	-	-	-	-	(4,017,867)	(4,017,867)
Contributions by and distributions to owners						
Purchase of own shares	-	-	40,000	-	(40,000)	-
Shares issued during the financial period	28,750	204,750	-	-	-	233,500
Arising on issue of shares on acquisition	-	-	-	234,000	-	234,000
Total transactions with owners	28,750	204,750	40,000	234,000	(40,000)	467,500
At 31 December 2019	28,750	204,750	40,000	234,000	(4,057,867)	(3,550,367)

The notes on pages 17 to 44 form part of these financial statements.

ZWPV LIMITED

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

	Called up share capital £	Share premium account £	Capital redemption reserve £	Merger relief reserve £	Profit and loss account £	Total shareholders' deficit £
On incorporation	-	-	-	-	-	-
Comprehensive expense for the financial period						
Loss for the financial period	-	-	-	-	(1,507,005)	(1,507,005)
Total comprehensive expense for the financial period	-	-	-	-	(1,507,005)	(1,507,005)
Contributions by and distributions to owners						
Purchase of own shares	-	-	40,000	-	(40,000)	-
Shares issued during the financial period	28,750	204,750	-	-	-	233,500
Arising on issue of shares on acquisition	-	-	-	234,000	-	234,000
Total transactions with owners	28,750	204,750	40,000	234,000	(40,000)	467,500
At 31 December 2019	28,750	204,750	40,000	234,000	(1,547,005)	(1,039,505)

The notes on pages 17 to 44 form part of these financial statements.

ZWPV LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	2019 £
Cash flows from operating activities	
Loss for the financial period	(4,017,867)
Adjustments for:	
Taxation charge	371,701
Interest payable	3,473,596
Interest receivable	(7,432)
Amortisation of intangible assets	3,666,530
Depreciation of tangible assets	1,431,494
Profit on disposal of tangible assets	(171)
Decrease in stocks	24,289
(Increase) in debtors	(588,921)
(Decrease)/increase in creditors	(1,606,394)
Corporation tax paid	(609,521)
Net cash generated from operating activities	<u>2,137,304</u>
Cash flows from investing activities	
Purchase of tangible fixed assets	(1,271,486)
Sale of tangible fixed assets	64,562
Acquisition of subsidiary companies, net of cash received	(23,412,317)
Interest received	7,432
HP interest paid	(3,207)
Net cash used in investing activities	<u>(24,615,016)</u>
Cash flows from financing activities	
Issue of share capital	400,000
Purchase of preference shares	(40,000)
New bank loans	13,130,377
Repayment of loans	(466,667)
Other new loans	13,661,933
Repayment of finance leases	(11,185)
Interest paid	(794,294)
Net cash raised from financing activities	<u>25,880,164</u>
Net increase in cash and cash equivalents	<u>3,402,452</u>

ZWPV LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	2019 £
Cash and cash equivalents on incorporation	-
Cash and cash equivalents at the end of period	<u>3,402,452</u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	<u>3,402,452</u>

The notes on pages 17 to 44 form part of these financial statements.

ZWPV LIMITED

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

1. General Information

ZWPV Limited (the "Company") and its subsidiaries (together the "Group") is a private company limited by shares and is incorporated and domiciled in England & Wales. The address of its registered office is ZIP World Base Camp, Denbigh Street, Llanrwst, LL26 0LL.

The principal activity of the Group is the operation of adventure experience activities.

The Company was incorporated on 24 October 2018 to facilitate investment in the Group which was acquired on 24 December 2018. As such, these financial statements present the result of the Company from the date of incorporation to 31 December 2019 and the results of the Group from the date of acquisition to 31 December 2019.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 Group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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 judgement in applying the Group's accounting policies (see note 3).

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.

The following principal accounting policies have been applied:

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 the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group has net liabilities of £3.6m and the Company has net liabilities of £1.0m. The Group and the Company are financed through bank and shareholder debt and the Group is profitable at an EBITDA level and cash generative from its operating activities. The Group has prepared detailed forecasts for the next 12 month period ended 30 September 2021, including assessing sensitivities which consider the impact of Covid-19, which show that it is expected to be profitable at an EBITDA level and cash generative from its operating activities for the foreseeable future and that the Group and Company has the ability to remain within its committed lending facilities. Therefore, the directors have prepared the financial statements on a going concern basis.

ZWPV LIMITED

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Turnover

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

Sale of adventure experiences

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

Sale of merchandising

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

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

ZWPV LIMITED

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

2. Accounting policies (continued)

2.8 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 profit or loss 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.

2.9 Interest income

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

2.10 Finance costs

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

2.11 Borrowing costs

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

2.12 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 profit or loss 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.

ZWPV LIMITED

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

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.14 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.

ZWPV LIMITED

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

2. Accounting policies (continued)

2.15 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:

Goodwill	-	10	years
Website	-	3	years

2.16 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:

Freehold property	-	4%
Plant and machinery	-	10% to 25%
Motor vehicles	-	25%
Fixtures and fittings	-	25%

Assets under construction are not depreciated until they are brought into use.

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 profit or loss.

ZWPV LIMITED

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

2. Accounting policies (continued)

2.17 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.18 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 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.

2.20 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell. Cost is based on the cost of purchase on a first in, first out basis.

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 sell. The impairment loss is recognised immediately in profit or loss.

2.21 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.

ZWPV LIMITED

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

2. Accounting policies (continued)

2.22 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.

2.23 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.

2.24 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 profit or loss 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.

2.25 Financial Instruments

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

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

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

ZWPV LIMITED

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

2. Accounting policies (continued)

2.25 Financial instruments (continued)

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

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

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. The 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 are:

Fair value of assets and liabilities acquired in a business combination

Management are required to assess, within one year of the date of acquisition, whether the book values of assets and liabilities acquired as part of a business combination reflect the fair value of those assets. Any adjustment to the book values will have a consequential impact on the level of goodwill arising on acquisition and therefore the annual goodwill amortisation charge.

Goodwill amortisation

Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 10 years. The appropriateness of the amortisation rate is assessed annually by management.

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****4. Turnover**

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

	15 months period ended 31 December 2019 £
Adventure sales	13,446,159
Sale of goods	2,004,554
Other sales	126,832
	<u>15,577,545</u>

All turnover arose within the United Kingdom.

5. Other operating income

	15 months period ended 31 December 2019 £
Other operating income	9,574
Government grants receivable	22,404
	<u>31,978</u>

6. Operating loss

The operating loss is stated after charging:

	15 months period ended 31 December 2019 £
Depreciation of tangible assets	1,431,494
Amortisation of intangible assets	3,666,530
Exchange differences	1,524
Other operating lease rentals	<u>1,623,074</u>

ZWPV LIMITED

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

7. Auditors' remuneration

	15 months period ended 31 December 2019 £
Fees payable to the Company's auditor for the audit of the Company and the Group's consolidated financial statements	28,500
Fees payable to the Company's auditor for other services:	
The audit of the Company's subsidiaries	28,500
Taxation compliance services	37,000
Other services relating to taxation	98,750
All other services	7,190

8. Employees

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	4,750,173	-	743,194	-
Social security costs	318,171	-	97,234	-
Cost of defined contribution scheme	68,230	-	21,942	-
	<u>5,136,574</u>	<u>-</u>	<u>862,370</u>	<u>-</u>

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

	Group 15 months period ended 31 December 2019 No.	Company 15 months period ended 31 December 2019 No.
Operations	300	6

The average number of full time equivalent employees during the period was 93.

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****9. Directors' remuneration**

	15 months period ended 31 December 2019 £
Directors' emoluments	743,194
Company contributions to defined contribution pension schemes	21,942
Amounts paid to third parties in respect of directors' services	40,700
	<u>805,836</u>

During the period retirement benefits were accruing to 4 directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £271,956.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,125.

10. Exceptional operating expenses

	15 months period ended 31 December 2019 £
Discontinued projects	22,635
Professional fees in relation to the acquisition of Zip World Group Holdings Limited by ZWPV Limited	215,037
Costs associated with historical rental arrears	285,246
	<u>522,918</u>

ZWPV LIMITED

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

11. Interest receivable and similar income

**15 months
period
ended
31
December
2019
£**

Other interest receivable

7,432

12. Interest payable and similar expenses

**15 months
period
ended
31
December
2019
£**

Bank interest payable

1,019,453

Other loan interest payable

2,450,937

Finance leases and hire purchase contracts

3,207

3,473,597

ZWPV LIMITED

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

13. Tax on loss

	15 months period ended 31 December 2019 £
Corporation tax	
Current tax on loss for the year	301,922
Adjustments in respect of previous periods	(41,639)
Total current tax	260,283
Deferred tax	
Origination and reversal of timing differences	89,920
Effect of changes in tax rates	(9,465)
Adjustments in respect of previous periods	30,963
Total deferred tax	111,418
Total tax	371,701

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****13. Tax on loss (continued)****Factors affecting tax charge for the period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	15 months period ended 31 December 2019 £
Loss before taxation	(3,646,166)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19%	(692,772)
Effects of:	
Expenses not deductible for tax purposes	1,084,614
Adjustments in respect of prior periods	(10,676)
Tax rate changes	(9,465)
Total tax charge for the financial period	371,701

Factors that may affect future tax charges

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

Subsequent to the Balance Sheet date, a further change was substantively enacted on 17 March 2020 to maintain the rate at 19%. Had this been substantively enacted at the Balance Sheet date, deferred tax liabilities would have increased by £38,935.

ZWPV LIMITED

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

14. Intangible assets

Group and Company

	Computer software £	Goodwill £	Total £
Cost			
On incorporation	-	-	-
On acquisition of subsidiaries	74,093	36,083,612	36,157,705
At 31 December 2019	74,093	36,083,612	36,157,705
Amortisation			
On incorporation	-	-	-
Charge for the period	58,169	3,608,361	3,666,530
At 31 December 2019	58,169	3,608,361	3,666,530
Net book value			
At 31 December 2019	15,924	32,475,251	32,491,175

ZWPV LIMITED

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

15. Tangible assets

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Asset in construction £	Total £
Cost						
On incorporation	-	-	-	-	-	-
Additions	16,774	831,636	60,907	263,221	98,948	1,271,486
Acquisition of subsidiary	3,474,500	4,641,331	123,051	741,600	209,412	9,189,894
Disposals	-	(35,706)	(14,695)	(28,944)	-	(79,345)
Transfers between classes	136,493	99,935	-	-	(236,428)	-
At 31 December 2019	<u>3,627,767</u>	<u>5,537,196</u>	<u>169,263</u>	<u>975,877</u>	<u>71,932</u>	<u>10,382,035</u>
Depreciation						
On incorporation	-	-	-	-	-	-
Charge for the period on owned assets	142,656	887,318	48,056	353,464	-	1,431,494
Disposals	-	(12,854)	(2,100)	-	-	(14,954)
At 31 December 2019	<u>142,656</u>	<u>874,464</u>	<u>45,956</u>	<u>353,464</u>	<u>-</u>	<u>1,416,540</u>
Net book value						
At 31 December 2019	<u>3,485,111</u>	<u>4,662,732</u>	<u>123,307</u>	<u>622,413</u>	<u>71,932</u>	<u>8,965,495</u>

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****15. Tangible assets (continued)**

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

	2019 £
Motor vehicles	<u>35,736</u>

16. Investments**Group**

	Investment in joint ventures £
Cost	
On incorporation	-
On acquisition of subsidiaries	4
At 31 December 2019	<u>4</u>
Impairment	
On incorporation	-
On acquisition of subsidiaries	4
At 31 December 2019	<u>4</u>
Net book value	
At 31 December 2019	<u>-</u>

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****16. Investments (continued)****Company****Investments
in
subsidiary
companies
£****Cost**

On incorporation

Additions

42,168,497

At 31 December 2019

42,168,497**Net book value**

At 31 December 2019

42,168,497**Direct subsidiary undertaking**

The following was a direct subsidiary undertaking of the Company:

Name	Class of shares	Holding
ZIP World Group Holdings Limited	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding
ZIP World Limited	Ordinary	100%
ZIP World Fforest Limited	Ordinary	100%
ZIP World RAK Limited	Ordinary	100%
Bounce Below Limited	Ordinary	100%

The registered office of all subsidiary undertakings is Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL.

ZWPV LIMITED

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

16. Investments (continued)

Joint venture

The following was a joint venture of the Company:

Name	Registered office	Holding
ZIP World Adventure Hotel Limited	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL.	50%

17. Stocks

	Group 2019 £
Finished goods and goods for resale	163,949

18. Debtors

	Group 2019 £	Company 2019 £
Amounts owed by group undertakings	-	2,634,241
Amounts owed by joint ventures and associated undertakings	94,460	-
Other debtors	447,629	16,245
Prepayments and accrued income	510,930	1,434
Tax recoverable	176,490	-
	1,229,509	2,651,920

19. Cash at bank and in hand

	Group 2019 £	Company 2019 £
Cash at bank and in hand	3,402,452	51,608

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****20. Creditors: amounts falling due within one year**

	Group 2019 £	Company 2019 £
Bank loans	845,252	845,252
Other loans	18,686	-
Trade creditors	217,640	-
Amounts owed to group undertakings	-	300
Corporation tax	194,731	-
Other taxation and social security	450,092	-
Obligations under finance lease and hire purchase contracts	11,186	-
Other creditors	44,564	-
Accruals and deferred income	833,330	3,000
	<u>2,615,481</u>	<u>848,552</u>

Details of loans are provided in note 22.

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

	Group 2019 £	Company 2019 £
Bank loans	12,075,150	12,075,150
Other loans	17,960,598	17,960,598
Net obligations under finance leases and hire purchase contracts	41,737	-
Other creditors	15,000	15,000
Government grants received	164,259	-
Accruals and deferred income	1,152,730	1,152,730
Share capital treated as debt	13,859,500	13,859,500
	<u>45,268,974</u>	<u>45,062,978</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 26.

Details of loans are provided in note 22.

ZWPV LIMITED

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

22. Loans

	Group 2019 £	Company 2019 £
Amounts falling due within one year		
Bank loans	845,252	845,252
Other loans	18,686	-
Amounts falling due 2-5 years		
Bank loans	12,075,150	12,075,150
Other loans	14,781,281	14,781,281
Amounts falling due after more than 5 years		
Other loans	3,179,317	3,179,317
	30,899,686	30,881,000

Bank loans are interest bearing at a margin between 2.75% to 4% over LIBOR and are repayable partly by installments until December 2023 and £10 million payable in one amount at that time as well.

Other loans principally comprise:

- £3 million vendor loan notes, plus accrued interest of £179,317, which are repayable in full on 24 December 2026 or earlier in the event of a listing or sale of the business. Interest accrues at a margin of 5% over LIBOR and is repayable at the same time the loan notes are redeemed.
- £7,390,640 in respect of A1 secured loan notes and £7,360,640 in respect of A2 unsecured loan notes, which both attract interest at a fixed rate per annum of 8% and both are repayable in full in December 2023. 50% of interest is payable quarterly starting in March 2020 with the remainder being repayable at the same time as the loan notes are redeemed.

The bank loans are secured on the assets of the Group by means of a fixed and floating debenture charge.

The A1 secured loan notes are secured by means of a fixed and floating mortgage charge on the assets of the Group.

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £
Within one year	11,186
Between 1-5 years	41,737
	52,923

ZWPV LIMITED

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

24. Deferred taxation

Group

	2019 £
On incorporation	-
Charged to profit or loss	111,418
Arising on business combinations	219,531
At end of year	330,949

The deferred taxation balance is made up as follows:

	Group 2019 £
Accelerated capital allowances	333,552
Short- term timing differences - trading	2,603
	330,949

25. Deferred Income

	Group 2019 £
Deferred income	1,587,543

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****26. Share capital**

	2019 £
Shares classified as equity	
Allotted, called up and fully paid	
200,000 A Ordinary shares of £0.01 each	2,000
200,000 B Ordinary shares of £0.10 each	20,000
67,500 C Ordinary shares of £0.10 each	6,750
	<u>28,750</u>
	2019 £
Shares classified as debt	
Allotted, called up and fully paid	
13,859,500 Preference shares of £1.00 each	<u>13,859,500</u>

On incorporation, one full paid ordinary of £1 was issued at par. On 24 December 2018, this share was converted into 10 £0.10 B ordinary shares.

On 24 December 2018, the following issues of share capital were made:

- 200,000 £0.01 A ordinary shares were issued for £1 each with consideration satisfied in cash.
- 199,990 £0.01 B ordinary shares were issued at an effective value of £1 each in part consideration for the acquisition of some of the issued share capital of ZIP World Group Holdings Limited.

Under section 612 of the Companies Act 2006, the Company is prohibited from recognising the difference in the between the nominal value of the shares issued and the fair value of consideration received as share premium. Instead, the Company has utilised the provisions of section 615 of the Companies Act 2006 to recognise this difference in the merger relief reserve.

- 60,000 £0.10 C ordinary shares were issued for £1 each with consideration satisfied in cash.
- 13,807,000 £1 preference shares were issued at par in part consideration for the acquisition of some of the issued share capital of ZIP World Group Holdings Limited.

On 21 February 2019, the following issues of share capital were made:

- 7,500 £0.10 C ordinary shares were issued for £1 each with consideration satisfied in cash.
- 92,500 £1 preference shares were issued at par with consideration satisfied in cash.

On 27 September 2019, the Company repurchased out of reserves 40,000 £1 preference shares at par.

ZWPV LIMITED

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

26. Share capital (continued)

The shares of the Company carry the following key rights:

Voting

Holders of A and B ordinary shares are entitled to receive notice of, attend, speak and vote at General Meetings of the Company, save that the voting rights of one specified shareholder and its associates are limited to 44.8% of the total voting rights.

Appointment of directors

The holders of the A ordinary shares are entitled to appoint up to two persons and the holders of the B ordinary shares are entitled to appoint one person to the Board of Directors.

Other directors can be appointed with the approval of a majority of the members entitled to vote at a General Meeting.

Dividends

The preference shares attract a fixed cumulative dividend of 8% per annum, of which up to 50% is payable in quarterly installments from 1 January 2020 with the remainder payable on an exit event or the redemption of the loan notes issued by the Company.

Dividends will not be payable to holders of the A, B or C ordinary shares until the preference dividend has been paid in full and even then, subject to constraints stipulated in the Articles of Association. If such a dividend is made the three classes of ordinary shares will rank pari-passu.

Return of capital

The preference share holders have the first right of return of any distribution of capital by the Company. Thereafter, priority is given to the A and B ordinary shareholders (ranking pari-passu) and then the C ordinary shareholders. Any residual capital is then distributable to the A, B and C ordinary shareholders (ranking pari-passu).

27. Reserves

Share premium account

The share premium account represents amounts raised on the initial allotment of share capital in excess of the nominal value of shares issued, less any costs directly attributable to the issue of that share capital.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares previously issued by the Company and subsequently repurchased.

Merger relief reserve

The merger relief reserve represents the difference between the nominal value of the shares issued and the fair value of consideration received in respect of shares issued by the Company as part of the consideration to acquire at least a 90% equity holding in another company.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Group and Company.

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****28. Business combinations****Acquisition of ZIP World Group Holdings Limited**

On 24 December 2018, the Company acquired the entire issued share capital of ZIP World Group Holdings Limited and its subsidiary entities.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
Fixed assets			
Tangible	74,093	-	74,093
Intangible	9,189,894	-	9,189,894
Investments in joint ventures	4	(4)	-
	<u>9,263,991</u>	<u>(4)</u>	<u>9,263,987</u>
Current assets			
Stocks	188,238	-	188,238
Debtors	464,098	-	464,098
Cash at bank and in hand	1,789,180	-	1,789,180
Total assets	<u>11,705,507</u>	<u>(4)</u>	<u>11,705,503</u>
Due within one year	(1,993,196)	-	(1,993,196)
Due after one year	(1,747,233)	-	(1,747,233)
Deferred tax on differences between fair value and tax bases	(219,531)	-	(219,531)
Deferred income	(1,660,658)	-	(1,660,658)
Total identifiable net assets	<u>6,084,889</u>	<u>(4)</u>	<u>6,084,885</u>
Goodwill			<u>36,083,612</u>
Total purchase consideration			<u>42,168,497</u>

ZWPV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019****28. Business combinations (continued)****Consideration**

	£
Cash	24,833,000
Equity instruments	13,967,000
Debt instruments	3,000,000
Directly attributable costs	368,497
Total purchase consideration	42,168,497

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	24,833,000
Directly attributable costs	368,497
	25,201,497
Less: Cash and cash equivalents acquired	(1,789,180)
Net cash outflow on acquisition	23,412,317

The goodwill arising on acquisition is primarily attributable to the brand of the ZIP World Group and the customer lists developed by the Group.

The results of ZIP World Group Holdings Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	15,577,546
Profit for the period	3,172,144

ZWPV LIMITED

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

29. Analysis of net debt

	On incorporation £	Cash flows £	Acquisition and disposal of subsidiaries £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	-	1,613,272	1,789,180	-	3,402,452
Debt due after 1 year	-	(25,493,697)	(18,686)	(18,382,865)	(43,895,248)
Debt due within 1 year	-	(831,946)	(31,992)	-	(863,938)
Finance leases	-	11,185	(64,107)	-	(52,922)
	-	(24,701,186)	1,674,395	(18,382,865)	(41,409,656)

30. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £68,230. Contributions totaling £15,585 were payable to the fund at the Balance Sheet date and are included in creditors.

31. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2019 £
Not later than 1 year	83,003
Later than 1 year and not later than 5 years	64,386
	<u>147,389</u>

ZWPV LIMITED

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

32. Related party transactions

During the period the Group purchased goods and services worth £80,686 from Snowdonia Services Cyf, a company owned by S W Taylor, a director of the Group.

Various directors subscribed for £13,899,500 of preference share capital issued by the Group. Further details of these shares is given in note 26. Interest of £1,152,272 accrued on these shares during the period.

The company repurchased £40,000 of preference share capital during the period from E S Owen Davies, a former director of the Group.

Lloyds Development Capital ("LDC"), a significant shareholder in the Group, charged the Group £45,000 in respect of investment monitoring fees in the period.

LDC also subscribed for £13,707,000 of A1 and A2 loan notes issued by the Group. Further details of these can be found in note 22. Interest charges of £1,119,348 accrued under the effective interest rate method during the period.

£94,460 is owed to the Group as at 31 December 2019 by Zip World Adventure Hotel Ltd, a company which is 50% owned by the Group. The loan is interest free and repayable on demand.

33. Post balance sheet events

The outbreak of Covid-19 in early 2020 has affected business and economic activity worldwide. The Company considers this outbreak to be a non-adjusting post Balance Sheet event as at 31 December 2019. The directors have put in place a number of mitigating actions to minimise the disruption of the pandemic on the business which can be referred to in our Strategic Report on page 3.

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

34. Ultimate parent undertaking and controlling party

ZWPV Limited is the smallest and largest group to prepare consolidated financial statements incorporating the Company.

The Company recognised S Taylor as the ultimate controlling party by virtue of his shareholding in the Company.