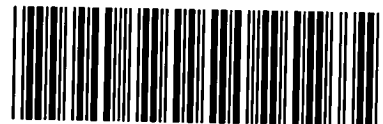


Company Registration No. 00217358 (England and Wales)

**PORTMEIRION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 JANUARY 2017**

WEDNESDAY



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# PORTMEIRION LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr D H Jones Ms C A Cooper-Willis Ms M Angharad Mr R Llywelyn Mr P Garden Ms R C Garden Mr J C Wallace Mr I W Roberts
<b>Secretary</b>	Mr I W Roberts
<b>Company number</b>	00217358
<b>Registered office</b>	Portmeirion Limited Swyddfa Gyfrifon Portmeirion Minffordd Penrhyndeudreath LL48 6ER
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants One City Place Queens Road Chester CH1 3BQ
<b>Solicitors</b>	Gamlins 31/37 Russell Road Rhyl Denbighshire LL18 3DB

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# **PORTMEIRION LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JANUARY 2017**

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The directors present the strategic report for the year ended 31 January 2017.

#### **Fair review of the business**

The directors have continued to develop the business in the light of prevailing trading conditions and the position at 31 January is reflected in the audited accounts at that date. The present intention is to continue the development of the existing business of the company and to develop the visitor attraction to provide added interest for visitors and to upgrade online sales facilities for the attraction and accommodation.

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

##### **Risk Management**

The Company's principal financial instruments comprise bank overdraft, loans, cash and short term deposits. The main purpose of these financial instruments is to manage the Company's funding and liquidity requirements. The Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The principal financial risks to which the company is exposed are those of interest rate, liquidity and credit. Each of these is managed in accordance with Board-approved policies. These policies are set out below.

##### **Liquidity risk**

The Company manages liquidity risk by maintaining access to a number of sources of funding, which are sufficient to meet anticipated funding requirements. Specifically, the Company uses bank facilities and cash resources to manage short-term liquidity and manages long-term liquidity by raising funds through medium term bank loans. The Board reviews the Company's ongoing liquidity risks annually as part of the planning process. The Board considers short-term requirements against available sources of funding taking into account cash flow.

##### **Interest rate risk**

Interest rate risk is managed by using a mix of fixed and variable rates held on a Base Rate Cap agreement over ten years. The medium term loans remain in floating rates. The portion of fixed rate debt was approved by the Board and any variation requires Board approval.

##### **Credit risk**

The Company is exposed to credit risk on trade and other receivables.

##### **Trade and other receivables**

Trade receivable exposures are managed in the operating units where they arise and credit limits set as deemed appropriate for the customer. The Company is exposed to customers ranging from government backed agencies and public companies, to privately owned businesses and individuals. Where appropriate, the Company endeavours to minimise risks by the use of credit rating checks. The Company establishes an allowance for its estimate of incurred losses in respect of specific trade and other receivables where it is deemed that a receivable may not be recoverable. When the debt is deemed irrecoverable, the allowance account is written off against the underlying receivable.

# PORTMEIRION LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

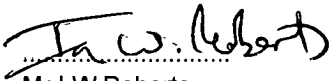
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### Key performance indicators

The business currently monitors the following KPI's and throughout the year we are satisfied with the results of these performance indicators:

- Income by department
- Average Room Rate
- Accommodation Occupancy
- Visitor Numbers
- Forward Bookings

By order of the board



Mr I W Roberts

Secretary

24/4/17

# PORTMEIRION LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JANUARY 2017

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The directors present their annual report and financial statements for the year ended 31 January 2017.

#### Principal activities

The principal activity of the company continued to be that of the provision of a tourist attraction, accommodation and catering.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D H Jones  
Ms C A Cooper-Willis  
Ms M Angharad  
Mr R Llywelyn  
Mr P Garden  
Ms R C Garden  
Mr J C Wallace  
Mr I W Roberts

#### Results and dividends

The results for the year are set out on page 6.

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

#### Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

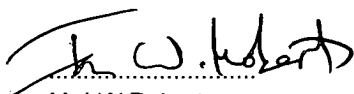
#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors 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 company's auditor is aware of that information.

#### Matters of strategic importance

The matters of strategic importance, as required by Sch 7 of the Large & Medium sized Companies and Groups (Accounts and Report) Regulations 2008, has been included in the separate Strategic Report in accordance with s414c(11) of the Companies Act 2006.

By order of the board



Mr I W Roberts

Secretary

24/4/17

# **PORTMEIRION LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JANUARY 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTMEIRION LIMITED

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### Opinion on financial statements

We have audited the financial statements on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Scope of the audit of the financial statements

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

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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

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

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

### Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

*RSM UK Audit LLP*

Michael Fairhurst FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
One City Place  
Queens Road  
Chester  
CH1 3BQ

*9 May 2017*

# PORTMEIRION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	8,055,333	7,520,122
Cost of sales		(1,278,253)	(1,184,470)
<b>Gross profit</b>		6,777,080	6,335,652
Administrative expenses		(6,534,600)	(6,103,886)
Other operating income		213,755	131,084
<b>Operating profit</b>	<b>8</b>	456,235	362,850
Interest receivable and similar income	<b>6</b>	830	1,612
Interest payable and similar expenses	<b>7</b>	(43,573)	(24,903)
Other gains and losses	<b>10</b>	-	32,836
<b>Profit before taxation</b>		413,492	372,395
Taxation	<b>9</b>	(102,587)	(98,180)
<b>Profit for the financial year</b>	<b>24</b>	310,905	274,215

The income statement has been prepared on the basis that all operations are continuing operations.



**PORTMEIRION LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 JANUARY 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	11	5,821,665		5,482,762	
<b>Current assets</b>					
Stocks	13	105,333		95,641	
Debtors	14	381,282		367,213	
Cash at bank and in hand		9,027		9,559	
		495,642		472,413	
<b>Creditors: amounts falling due within one year</b>	15	(2,150,340)		(2,985,342)	
<b>Net current liabilities</b>		(1,654,698)		(2,512,929)	
<b>Total assets less current liabilities</b>		4,166,967		2,969,833	
<b>Creditors: amounts falling due after more than one year</b>	16	(1,293,366)		(412,117)	
<b>Provisions for liabilities</b>					
Deferred tax liability	20	154,251		149,271	
		(154,251)		(149,271)	
<b>Net assets</b>		2,719,350		2,408,445	
<b>Capital and reserves</b>					
Called up share capital	22	6,000		6,000	
Share premium account	24	206,667		206,667	
Capital redemption reserve	24	15,333		15,333	
Profit and loss reserves	24	2,491,350		2,180,445	
<b>Total equity</b>		2,719,350		2,408,445	

The financial statements were approved by the board of directors and authorised for issue on 24/4/17 and are signed on its behalf by:

Mr R Llywelyn  
Director

Mr I W Roberts  
Director

# PORTMEIRION LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2017

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 February 2015</b>	6,000	206,667	15,333	1,906,230	2,134,230
<b>Year ended 31 January 2016:</b> Profit and total comprehensive income for the year	-	-	-	274,215	274,215
<b>Balance at 31 January 2016</b>	6,000	206,667	15,333	2,180,445	2,408,445
<b>Year ended 31 January 2017:</b> Profit and total comprehensive income for the year	-	-	-	310,905	310,905
<b>Balance at 31 January 2017</b>	6,000	206,667	15,333	2,491,350	2,719,350

# PORTMEIRION LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	585,178		1,010,770	
Interest paid		(43,573)		(24,903)	
Income taxes paid		(7,227)		(49,205)	
<b>Net cash inflow from operating activities</b>		<u>534,378</u>		<u>936,662</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(353,348)		(1,977,510)	
Proceeds on disposal of tangible fixed assets		203		-	
Proceeds from other investments and loans		-		32,836	
Interest received		830		1,612	
<b>Net cash used in investing activities</b>		<u>(352,315)</u>		<u>(1,943,062)</u>	
<b>Financing activities</b>					
Proceeds of new bank and other loans		1,020,000		1,201,000	
Repayment of bank and other loans		(1,260,554)		(296,452)	
Payment of finance leases obligations		(7,434)		(4,728)	
<b>Net cash (used in)/generated from financing activities</b>		<u>(247,988)</u>		<u>899,820</u>	
<b>Net decrease in cash and cash equivalents</b>		<u>(65,925)</u>		<u>(106,580)</u>	
Cash and cash equivalents at beginning of year		(122,527)		(15,947)	
<b>Cash and cash equivalents at end of year</b>		<u><u>(188,452)</u></u>		<u><u>(122,527)</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		9,027		9,559	
Bank overdrafts included in creditors payable within one year		<u><u>(197,479)</u></u>		<u><u>(132,086)</u></u>	

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2017

---

### 1 Accounting policies

#### Company information

Portmeirion Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office and principal place of business is Portmeirion Limited, Swyddfa Gyfrifon, Portmeirion, Minffordd, Penrhyndeudreath, LL48 6ER.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Going concern

The company made a profit before tax for the year of £413,492 (2016: £372,395). The balance sheet shows net current liabilities of £1,654,698 (2016: £2,512,929). The company meets its day to day working capital requirement through a combination of bank and other loans and a bank overdraft. The Directors have reviewed and approved financial projections including cash flow forecasts for the period to January 2019. The Board anticipates the facilities will meet their requirements for the next 12 months. In the light of this review and consideration of available finance facilities the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

#### Turnover

Turnover is stated net of value added tax and represents the total amount receivable by the company in respect of admission, accommodation and catering provided during the year. For toll income and food and beverage income, revenue is recognised on receipt of cash basis. For hotel accommodation and other miscellaneous income, revenue is recognised on delivery of the goods or performance of the service.

#### Interest income

Interest income is accrued on a time-apportionment basis, by reference to the principal outstanding at the effective interest rate.

#### Rental income

Rental income on assets leased under operating leases is recognised on a straight-line basis over the lease term and is presented within other operating income.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

---

### 1 Accounting policies (Continued)

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of a tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Assets under construction	Not depreciated until assets are brought into use
Leasehold improvements	Over the shorter of life of the lease or 20-50 years
Fixtures & Fittings	15% on cost
Other Equip, IT equip & Biomass boiler	5%, 20% and 33% on reducing balance or straight line over the life of the lease
Motor vehicles	20% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Investments

Investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

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### 1 Accounting policies (Continued)

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

---

### 1 Accounting policies (Continued)

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

---

### 1 Accounting policies (Continued)

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.



# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

---

### 1 Accounting policies (Continued)

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Capitalisation policy**

The critical area of judgment which has a significant risk of causing a material adjustment to the carrying amount of assets is the application of the capitalisation policy as there is an element of judgement involved in the directors assessment of whether expenditure on improvement to tangible fixed assets held by the company meets the criteria for capitalisation in s17 of FRS 102 or whether the expenditure should be accounted for as repairs and included in expenditure in the statement of comprehensive income.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Admissions, accomodation, food & beverage income	8,055,333	7,520,122

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 3 Turnover and other revenue (Continued)

<b>Other revenue</b>		
Interest income	830	1,612
Commissions received	59,774	-
Grants received	7,624	13,824
	<u>          </u>	<u>          </u>

#### Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	8,055,333	7,520,122
	<u>          </u>	<u>          </u>

### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Administration	10	9
Catering	24	23
Workshop, grounds & garden	14	14
Toll	16	16
Hotel	103	96
Castell Deudraeth	38	38
Spa	4	4
	<u>          </u>	<u>          </u>
	209	200
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	3,285,452	3,076,847
Social security costs	208,089	187,836
Pension costs	37,650	40,499
	<u>          </u>	<u>          </u>
	3,531,191	3,305,182
	<u>          </u>	<u>          </u>

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 5 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	129,663	122,809
Company pension contributions to defined contribution schemes	4,939	4,661
	<u>134,602</u>	<u>127,470</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2016 - 2).

### 6 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	824	1,612
Other interest income	6	-
	<u>830</u>	<u>1,612</u>

### 7 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	42,019	23,871
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	1,554	1,032
	<u>43,573</u>	<u>24,903</u>

### 8 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(7,624)	(13,824)
Fees payable to the company's auditor for the audit of the company's financial statements	13,700	14,562
Depreciation of owned tangible fixed assets	323,705	261,291
Depreciation of tangible fixed assets held under finance leases	15,008	5,200
Loss on disposal of tangible fixed assets	253	321
Cost of stocks recognised as an expense	1,278,253	1,184,470
Operating lease charges	190,362	218,783
	<u></u>	<u></u>

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	96,899	6,548
Adjustments in respect of prior periods	708	2,779
	<u>97,607</u>	<u>9,327</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,980	88,853
	<u>102,587</u>	<u>98,180</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	<u>413,492</u>	<u>372,395</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	82,698	74,479
Tax effect of expenses that are not deductible in determining taxable profit	1,195	3,394
Tax effect of income not taxable in determining taxable profit	(601)	(601)
Other non-reversing timing differences	-	(1,825)
Under/(over) provided in prior years	414	2,779
Ineligible depreciation	29,582	38,117
Effect of changes in tax rates	(10,671)	(16,586)
Deferred tax not recognised	(30)	(1,577)
	<u>102,587</u>	<u>98,180</u>

### 10 Other gains and losses

	2017 £	2016 £
Gain on disposal of investment	<u>-</u>	<u>32,836</u>

# **PORTMEIRION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 JANUARY 2017**

### **11 Tangible fixed assets**

	Assets under construction	Leasehold improvements	Fixtures & Other Equip, Fittings IT Motor vehicles Biomass boiler equip &		Total
	£	£	£	£	£
<b>Cost</b>					
At 1 February 2016	1,430,530	4,809,560	507,948	1,246,754	255,595
Additions	274,404	227,289	70,892	73,440	32,047
Disposals	-	-	-	-	(4,250)
Transfer	(1,704,934)	-	67,813	1,637,121	-
At 31 January 2017	-	5,036,849	646,653	2,957,315	283,392
<b>Depreciation and impairment</b>					
At 1 February 2016	-	1,292,044	312,444	1,014,709	148,428
Depreciation charged in the year	-	100,737	83,876	126,348	27,752
Eliminated in respect of disposals	-	-	-	-	(3,794)
Transfer	-	-	67,812	(67,812)	-
At 31 January 2017	-	1,392,781	464,132	1,073,245	172,386
<b>Carrying amount</b>					
At 31 January 2017	-	3,644,068	182,521	1,884,070	111,006
At 31 January 2016	1,430,530	3,517,516	195,504	232,045	107,167

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2017 £	2016 £
Fixtures & Fittings	646	1,060
Other Equip, IT equip & Biomass boiler	359,044	12,833
	<u>359,690</u>	<u>13,893</u>

### 12 Fixed asset investments

Portmeirion Limited owns 20,000 ordinary shares (2016: 20,000 ordinary shares) of FN 6 Limited which represents a 5% shareholding in this entity. These shares have a nominal value of 0.001p but are deemed to be impaired to nil (2016: £nil) at the year end.

### 13 Stocks

	2017 £	2016 £
Raw materials and consumables	4,912	5,204
Finished goods and goods for resale	100,421	90,437
	<u>105,333</u>	<u>95,641</u>

### 14 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	18,351	14,748
Other debtors	183,985	216,853
Prepayments and accrued income	178,946	135,612
	<u>381,282</u>	<u>367,213</u>

At the year end an impairment loss of £5,595 (2016: £5,595) was recognised in respect of trade receivables.

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 15 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	421,734	1,226,280
Obligations under finance leases	18	34,667	4,728
Other borrowings	17	99,996	60,000
Trade creditors		550,829	762,042
Corporation tax		96,899	6,519
Other taxation and social security		61,212	49,869
Government grants	23	3,824	3,824
Other creditors		3,857	-
Accruals and deferred income		877,322	872,080
		<u>2,150,340</u>	<u>2,985,342</u>

### 16 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	17	945,318	355,929
Obligations under finance leases	18	295,306	7,955
Government grants	23	44,409	48,233
Other creditors		8,333	-
		<u>1,293,366</u>	<u>412,117</u>

The bank loans are repayable by equal monthly and annual instalments and bear interest at different rates according to each agreement ranging from 1.82% - 2.5% above the Banks Sterling Base Rate, and one loan is at a fixed rate of 3.05%..

The bank loan and overdraft are secured by a debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets, goodwill, undertaking and uncalled capital, both present and future of Portmeirion Limited. There is a first legal mortgage over the leasehold property of Portmeirion Limited known as Portmeirion Village and surrounding land, Minffordd.

The Hire Purchase and asset finance agreements were secured over the assets to which they relate.

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 17 Borrowings

	2017 £	2016 £
Bank loans	1,169,573	1,450,123
Bank overdrafts	197,479	132,086
Other loans	99,996	60,000
	<u>1,467,048</u>	<u>1,642,209</u>
Payable within one year	521,730	1,286,280
Payable after one year	<u>945,318</u>	<u>355,929</u>

Bank security on the borrowings is detailed in Note 16.

### 18 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Less than one year	44,494	5,760
Between one and five years	157,132	9,675
After five years	190,443	-
	<u>392,069</u>	<u>15,435</u>
Less: future finance charges	<u>(62,096)</u>	<u>(2,752)</u>
	<u>329,973</u>	<u>12,683</u>

Finance lease payments represent rentals payable by the company for certain items of equipment. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 19 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>202,336</u>	<u>103,227</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>2,154,717</u>	<u>2,613,707</u>



# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerate Capital allowances	155,447	149,732
Other timing differences	(1,196)	(461)
	<u>154,251</u>	<u>149,271</u>

There were no deferred tax movements in the year.

£67,743 (2016: £65,935) of the deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 21 Retirement benefit schemes

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	37,650	40,499
	<u>37,650</u>	<u>40,499</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 22 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
6,000 Ordinary shares of £1 each	6,000	6,000
	<u>6,000</u>	<u>6,000</u>

### 23 Government grants

Deferred income is included in the financial statements as follows:

	2017 £	2016 £
Current liabilities	3,824	3,824
Non-current liabilities	44,409	48,233
	<u>48,233</u>	<u>52,057</u>

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 24 Reserves

#### Share premium

There was no movement on the share premium account or the capital reserves during the financial year.

#### Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

### 25 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	310,905	274,215
<b>Adjustments for:</b>		
Taxation charged	102,587	98,180
Finance costs	43,573	24,903
Investment income	(830)	(1,612)
Loss on disposal of tangible fixed assets	253	321
Depreciation and impairment of tangible fixed assets	338,713	266,491
Other gains and losses	-	(32,836)
<b>Movements in working capital:</b>		
(Increase) in stocks	(9,692)	(19,060)
(Increase) in debtors	(14,069)	(96,292)
(Decrease)/increase in creditors	(182,438)	500,283
(Decrease) in deferred income	(3,824)	(3,823)
<b>Cash generated from operations</b>	<b>585,178</b>	<b>1,010,770</b>

The principal non cash transactions are £324,724 relating to new finance leases.

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	-	140,327

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2017 £	2016 £
Aggregate compensation	144,058	136,649

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017 £	2016 £	2017 £	2016 £
Jointly controlled entity	107,066	200,164	58,976	212,123
Key management personnel	-	-	6,656	-
	<u>107,066</u>	<u>200,164</u>	<u>65,632</u>	<u>212,123</u>

	Owed by related parties at 31 January		Owed to related parties at 31 January	
	2017 £	2016 £	2017 £	2016 £
Jointly controlled entity	133,915	88,450	4,394	50
Key management personnel	-	147	3,857	-
	<u>133,915</u>	<u>88,597</u>	<u>8,251</u>	<u>50</u>

No guarantees have been given or received.

# PORTMEIRION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

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### 28 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	148,200	163,660
Between two and five years	592,800	592,800
In over five years	11,559,600	11,707,800
	<u>12,300,600</u>	<u>12,464,260</u>

At the reporting end date the total future minimum sublease payments expected to be received under non-cancellable subleases was £85,500 (2015: £85,500) per annum on a 15 year lease which expired in 2028.