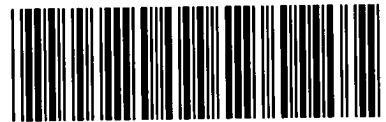


Company Registration No. 00217358 (England and Wales)

PORTMEIRION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2018

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COMPANIES HOUSE

PORTMEIRION LIMITED

COMPANY INFORMATION

Directors	Mr D H Jones Ms C A Cooper-Willis Ms M A Cooper Mr R Llywelyn Mr P W Garden Ms R C Garden Mr J C Wallace Mr I W Roberts
Secretary	Mr I W Roberts
Company number	00217358
Registered office	Portmeirion Limited Swyddfa Gyfrifon Portmeirion Minffordd Penrhyndeudreath LL48 6ER
Auditor	RSM UK Audit LLP Chartered Accountants 5th Floor One City Place Queens Road Chester CH1 3BQ
Solicitors	Gamlins 31/37 Russell Road Rhyl Denbighshire LL18 3DB

PORTMEIRION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors present the strategic report for the year ended 31 January 2018.

Fair review of the business

The directors are pleased with the company's performance for the year. Turnover has increased by £458k (5.6%) due to the increase in the accommodation average room rate and the day visitor admission prices. Increases in wages cost is mitigated by controls over other overhead costs, meaning profit before tax remained fairly static at £432k (2017 - £413k).

The financial position remained strong with net assets of £3m (2017 - £2.7m). £546k has been spent on improvements to facilities during the year and bank borrowings of £513k have been paid from cashflow.

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

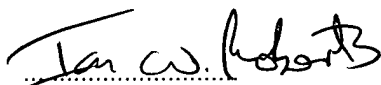
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

Future developments

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.

By order of the board



Mr I W Roberts

Secretary

23/4/18.

PORTMEIRION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2018

The directors present their annual report and financial statements for the year ended 31 January 2018.

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 A Cooper
Mr R Llywelyn
Mr P W 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 7.

Ordinary dividends were approved amounting to £34,441 (2017: £nil) at the December 2017 board meeting. The directors do not recommend payment of a further dividend.

Auditor

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

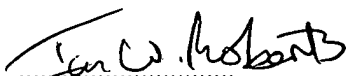
Statement of disclosure to auditor

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 company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director 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

Date: 23/4/18.

PORTMEIRION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2018

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

Opinion

We have audited the financial statements of Portmeirion Limited (the 'company') for the year ended 31 January 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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 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.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTMEIRION LIMITED (CONTINUED)

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 and 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.

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

RSM UK Audit LLP

Michael Fairhurst FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
5th Floor
One City Place
Queens Road
Chester
CH1 3BQ

2 May 2018

PORTMEIRION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2018

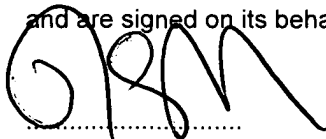
		2018 £	2017 £
	Notes		
Turnover	3	8,513,194	8,055,333
Cost of sales		(1,315,019)	(1,278,253)
Gross profit		7,198,175	6,777,080
Administrative expenses		(6,958,841)	(6,534,600)
Other operating income		229,360	213,755
Operating profit	7	468,694	456,235
Interest receivable and similar income	6	486	830
Interest payable and similar expenses	8	(36,696)	(43,573)
Profit before taxation		432,484	413,492
Tax on profit	9	(88,073)	(102,587)
Profit for the financial year		344,411	310,905

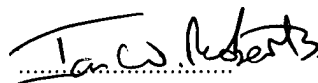
The Income Statement has been prepared on the basis that all operations are continuing operations.

PORTMEIRION LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11	6,000,469		5,821,665	
Current assets					
Stocks	13	117,249		105,333	
Debtors	14	331,328		381,282	
Cash at bank and in hand		7,000		9,027	
		<u>455,577</u>		<u>495,642</u>	
Creditors: amounts falling due within one year	15	<u>(2,270,940)</u>		<u>(2,150,340)</u>	
Net current liabilities			<u>(1,815,363)</u>		<u>(1,654,698)</u>
Total assets less current liabilities			4,185,106		4,166,967
Creditors: amounts falling due after more than one year	16		(975,169)		(1,293,366)
Provisions for liabilities					
Deferred tax liability	20	180,617		154,251	
		<u>(180,617)</u>		<u>(154,251)</u>	
Net assets			<u>3,029,320</u>		<u>2,719,350</u>
Capital and reserves					
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	2,801,320		2,491,350	
Total equity			<u>3,029,320</u>		<u>2,719,350</u>

The financial statements were approved by the board of directors and authorised for issue on 23/4/18
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 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 February 2016		6,000	206,667	15,333	2,180,445	2,408,445
Year ended 31 January 2017:						
Profit and total comprehensive income for the year		-	-	-	310,905	310,905
Balance at 31 January 2017		6,000	206,667	15,333	2,491,350	2,719,350
Year ended 31 January 2018:						
Profit and total comprehensive income for the year		-	-	-	344,411	344,411
Dividends	10	-	-	-	(34,441)	(34,441)
Balance at 31 January 2018		6,000	206,667	15,333	2,801,320	3,029,320

PORTMEIRION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	25	959,202		585,177	
Interest paid		(36,696)		(43,573)	
Income taxes paid		(78,643)		(7,227)	
Net cash inflow from operating activities		<u>843,863</u>		<u>534,377</u>	
Investing activities					
Purchase of tangible fixed assets		(546,391)		(353,348)	
Proceeds on disposal of tangible fixed assets		-		204	
Interest received		486		830	
Net cash used in investing activities		<u>(545,905)</u>		<u>(352,314)</u>	
Financing activities					
Proceeds of new bank loans		-		1,020,000	
Repayment of bank loans and other borrowings		(520,814)		(1,260,554)	
Payment of finance leases obligations		(37,200)		(7,434)	
Net cash used in financing activities		<u>(558,014)</u>		<u>(247,988)</u>	
Net decrease in cash and cash equivalents		<u>(260,056)</u>		<u>(65,925)</u>	
Cash and cash equivalents at beginning of year		(188,452)		(122,527)	
Cash and cash equivalents at end of year		<u><u>(448,508)</u></u>		<u><u>(188,452)</u></u>	
Relating to:					
Cash at bank and in hand		7,000		9,027	
Bank overdrafts included in creditors payable within one year		<u><u>(455,508)</u></u>		<u><u>(197,479)</u></u>	

PORTMEIRION LIMITED

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

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 £432,484 (2017: £413,492). The balance sheet shows net current liabilities of £1,815,363 (2017: £1,654,698). 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 2020. 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 net of depreciation and any impairment losses.

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

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:

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
Assets under construction	No depreciation

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 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 2018

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 2018

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.

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

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 2018

1 Accounting policies (Continued)

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 leased asset are consumed.

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.

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:

	2018 £	2017 £
Turnover analysed by class of business		
Admissions, accomodation, food & beverage income	8,513,194	8,055,333

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

3 Turnover and other revenue (Continued)

	2018 £	2017 £
Other revenue		
Interest income	486	830
Commissions received	82,411	59,774
Grants received	10,424	7,624
	<u> </u>	<u> </u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	8,513,194	8,055,333
	<u> </u>	<u> </u>

4 Employees

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

	2018 Number	2017 Number
Administration	11	10
Catering	29	27
Workshop, grounds & garden	14	14
Toll	18	18
Hotel	114	110
Castell Deudraeth	45	41
Spa	5	4
	<u> </u>	<u> </u>
	236	224
	<u> </u>	<u> </u>

The comparative figures have been restated as the prior year numbers were based on National Statistic calculations and not on total average employee head count.

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	3,567,733	3,279,253
Social security costs	234,388	208,089
Pension costs	45,382	37,650
	<u> </u>	<u> </u>
	3,847,503	3,524,992
	<u> </u>	<u> </u>

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	125,734	123,464
Company pension contributions to defined contribution schemes	5,029	4,939
	<u>130,763</u>	<u>128,403</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2017 - 2).

6 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	482	824
Other interest income	4	6
	<u>486</u>	<u>830</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>482</u>	<u>824</u>
--	------------	------------

7 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(10,424)	(7,624)
Fees payable to the company's auditor for the audit of the company's financial statements	14,100	13,700
Depreciation of owned tangible fixed assets	347,156	323,705
Depreciation of tangible fixed assets held under finance leases	20,425	15,008
(Profit)/loss on disposal of tangible fixed assets	-	253
Cost of stocks recognised as an expense	1,315,019	1,278,253
Operating lease charges	<u>238,735</u>	<u>190,362</u>

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	29,402	42,019
Other finance costs:		
Interest on finance leases and hire purchase contracts	7,294	1,554
	<u>36,696</u>	<u>43,573</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	79,958	96,899
Adjustments in respect of prior periods	(18,251)	708
Total current tax	<u>61,707</u>	<u>97,607</u>
Deferred tax		
Origination and reversal of timing differences	<u>26,366</u>	<u>4,980</u>
Total tax charge	<u>88,073</u>	<u>102,587</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:

	2018 £	2017 £
Profit before taxation	<u>432,484</u>	<u>413,492</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.16% (2017: 20.00%)	82,864	82,698
Tax effect of expenses that are not deductible in determining taxable profit	-	1,195
Tax effect of income not taxable in determining taxable profit	(576)	(601)
Effect of change in corporation tax rate	7	-
Under/(over) provided in prior years	(18,251)	414
Ineligible depreciation	19,920	29,582
Effect of changes in tax rates	(2,511)	(10,671)
Deferred tax not recognised	6,620	(30)
Taxation charge for the year	<u>88,073</u>	<u>102,587</u>

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

10 Dividends

	2018 £	2017 £
Final paid	34,441	-

Dividends were approved by the board pre year end therefore have been accrued within the financial statement to be paid in the next financial year.

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

11 Tangible fixed assets

	Leasehold improvements	Assets under construction	Fixtures & Fittings	Other Equip, IT equip & Biomass boiler	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 February 2017	5,036,850	-	646,639	2,957,312	283,392	8,924,193
Additions	160,940	137,692	115,000	129,259	3,500	546,391
At 31 January 2018	5,197,790	137,692	761,639	3,086,571	286,892	9,470,584
Depreciation and impairment						
At 1 February 2017	1,392,782	-	464,121	1,073,245	172,386	3,102,534
Depreciation charged in the year	103,956	-	85,330	156,094	22,201	367,581
At 31 January 2018	1,496,738	-	549,451	1,229,339	194,587	3,470,115
Carrying amount						
At 31 January 2018	3,701,052	137,692	212,188	1,857,232	92,305	6,000,469
At 31 January 2017	3,644,068	-	182,521	1,884,070	111,006	5,821,665

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

11 Tangible fixed assets (Continued)

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

	2018 £	2017 £
Fixtures & Fittings	314	646
Other Equip, IT equip & Biomass boiler	338,950	359,044
	<u>339,264</u>	<u>359,690</u>
Depreciation charge for the year in respect of leased assets	<u>20,425</u>	<u>15,008</u>

12 Fixed asset investments

Portmeirion Limited owns 20,000 ordinary shares (2017: 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 (2017: £nil) at the year end.

13 Stocks

	2018 £	2017 £
Raw materials and consumables	4,959	4,912
Finished goods and goods for resale	112,290	100,421
	<u>117,249</u>	<u>105,333</u>

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	28,546	18,351
Other debtors	122,536	183,985
Prepayments and accrued income	180,246	178,946
	<u>331,328</u>	<u>381,282</u>

At the year end an impairment loss of £1,708 (2017: £5,595) was recognised in respect of trade receivables.

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	17	526,753	421,734
Obligations under finance leases	18	35,698	34,667
Other borrowings	17	8,333	99,996
Trade creditors		476,621	550,829
Corporation tax		79,958	96,899
Other taxation and social security		55,370	61,212
Government grants	23	3,824	3,824
Dividends payable		34,441	-
Other creditors		3,306	3,857
Accruals and deferred income		1,046,636	877,322
		<u>2,270,940</u>	<u>2,150,340</u>

16 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	17	677,510	945,318
Obligations under finance leases	18	257,074	295,306
Government grants	23	40,585	44,409
Other creditors		-	8,333
		<u>975,169</u>	<u>1,293,366</u>

During the year loans were repaid, leaving one bank loan outstanding, repayable by equal monthly instalments and bear interest 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 2018

17 Borrowings

	2018 £	2017 £
Bank loans	748,755	1,169,573
Bank overdrafts	455,508	197,479
Other loans	8,333	108,329
	<u>1,212,596</u>	<u>1,467,048</u>
Payable within one year	535,086	521,730
Payable after one year	<u>677,510</u>	<u>953,651</u>

Bank security on the borrowings is detailed in Note 16.

18 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Less than one year	41,934	44,494
Between one and five years	154,937	157,132
After five years	<u>151,743</u>	<u>190,443</u>
	348,614	392,069
Less: future finance charges	<u>(55,842)</u>	<u>(62,096)</u>
	<u>292,772</u>	<u>329,973</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

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>150,413</u>	<u>202,336</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>1,837,078</u>	<u>2,154,717</u>

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

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 2018 £	Liabilities 2017 £
Balances:		
Accelerate Capital allowances	155,447	155,447
Other timing differences	25,170	(1,196)
	<u>180,617</u>	<u>154,251</u>
		2018
		£
Movements in the year:		
Liability at 1 February 2017		154,251
Charge to profit or loss		26,366
		<u>180,617</u>
Liability at 31 January 2018		<u>180,617</u>

£20,680 (2017: £67,743) 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

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>45,382</u>	<u>37,650</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

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
6,000 Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>
	<u>6,000</u>	<u>6,000</u>

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

23 Government grants

Deferred income is included in the financial statements as follows:

	2018 £	2017 £
Current liabilities	3,824	3,824
Non-current liabilities	40,585	44,409
	<u>44,409</u>	<u>48,233</u>

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

	2018 £	2017 £
Profit for the year after tax	344,411	310,905
Adjustments for:		
Taxation charged	88,073	102,587
Finance costs	36,696	43,573
Investment income	(486)	(830)
(Gain)/loss on disposal of tangible fixed assets	-	252
Depreciation and impairment of tangible fixed assets	367,581	338,713
Movements in working capital:		
(Increase) in stocks	(11,917)	(9,692)
Decrease/(increase) in debtors	49,954	(14,069)
Increase/(decrease) in creditors	88,713	(182,438)
(Decrease) in deferred income	(3,823)	(3,824)
Cash generated from operations	<u>959,202</u>	<u>585,177</u>

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2018

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	20,250	-
Acquisition of intangible assets	15,600	-
	<u>35,850</u>	<u>-</u>

27 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:

	2018 £	2017 £
Within one year	197,167	148,200
Between one and five years	727,800	592,800
In over five years	11,115,000	11,263,200
	<u>12,039,967</u>	<u>12,004,200</u>

At the reporting end date the total future minimum sublease payments expected to be received under non-cancellable subleases was £85,500 (2017: £85,500) per annum on a 15 year lease which expired in 2028.

Operating leases taken out on land and buildings are as follows:

Portmeirion Village – lease ending 2098
Snowdonia Business Park – lease ending 2018
Borthwen – lease ending 2098
Plas Brondanw – lease ending 2019

28 Related party transactions

Remuneration of key management personnel

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

	2018 £	2017 £
Aggregate compensation	<u>146,837</u>	<u>144,138</u>

PORTMEIRION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2018

28 Related party transactions (Continued)

Transactions with related parties

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

	Sale of goods		Purchase of goods	
	2018	2017	2018	2017
	£	£	£	£
Jointly controlled entity	102,629	107,066	87,037	58,976
Key management personnel	1,484	-	6,949	6,656
Other related parties	-	-	195,001	151,789
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Owed by related parties at		Owed to related parties at	
	31 January		31 January	
	2018	2017	2018	2017
	£	£	£	£
Jointly controlled entity	121,877	133,915	255	4,394
Key management personnel	137	-	3,306	3,857
Other related parties	12	12	500	250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Other related parties of the company are related because certain directors of the company are also trustees of the related charitable trusts.

Dividends payable to directors amounted to £20,808 (2017: £nil).