GWRUK Acquisition Corp Limited

Annual report and consolidated financial statements

Registered number 6503311

For the year ended 31 December 2015

Contents

Strategic Report

The directors present their strategic report on the group for the year ended 31 December 2015

Principal activities

GWRUK Acquisition Corp Limited Group ("the Group") is comprised of GWRUK Acquisition Corp Limited, Guinness World Records Limited, Ripley Entertainment Limited, Guinness World Records Japan KK, Guinness World Records Consulting (Beijing) Limited and GWR (Branch Operations) Ltd The Group is engaged in the publication and licensing of intellectual property created through the adjudication of world records These activities relate primarily to the publishing, merchandising and television licensing of the main brand, the "Guinness World Records" book

The Group also operates in the attractions business and provides management services to the Ripley's Believe It or Not! Museum in London The Group's management contract runs until 30 September 2016 and the parties have agreed to extend it for another year The Group regularly reviews its participation in the attractions business as the profitability of the London museum has been challenged Even if the Group decides to exit the attractions business, it will still continue its operation of the world record adjudication business

The Group has previously been engaged in providing services to a fellow subsidiary of Jim Pattison Limited, Ripley Entertainment Inc , in relation to the publication of their books These activities related primarily to the publishing of their main brand, Ripley books in the United States In April 2014, the Company's affiliate, Ripley Entertainment Inc , communicated its decision to have its own publishing business in Orlando, Florida As a result of such decision, the Company began the wind down of its publishing operations The wind down was completed at the end of June 2015 and all appropriate provisions have been recorded in the statements The results from the publishing business have been presented as discontinued operations

Substantially all of the Group's turnover and profit is earned from Guinness World Records and it remains the dominant business in the Group The cessation of the Ripley publishing activities and the expected earnings from the attractions business are much smaller components of the Group's financial results

Business review

The profit for the year ended 31 December 2015 was £0 3 million (2014 £1 1 million) Turnover for the year for continuing operations was £23 8 million (2014 £24 7 million) giving an operating margin/profit of 11 4%/£2 7 million (2014 15 4%/£3 8 million), a gross margin of 71 6%/£17 0 million (2014 69 7%/£17 2 million), and days sales outstanding of 45 days (2014 62 days) The movement in days sales outstanding was primarily due to timing of payments of amounts owed by fellow undertakings

These key performance indicators are in line with directors' expectation

Business environment

The Group owns a trademark (Guinness World Records) that has a strong history dating back to 1954 Sales of the Guinness World Recordsbook continue to be strong and it is regularly the No 1 bestseller during the Christmas selling period The main book sells almost 3 million copies worldwide in 25 languages The publishing market has been challenged in the past due to the closure of several book retailers and distributors, as well as by the introduction of electronic books There have been no book retailer closures over the last couple of years and the electronic books have had less of an impact than originally anticipated such that the Group has been able to maintain its publishing sales over the last couple of years

The Group also generates revenue from adjudicating record attempts and this part of the business continues to perform strongly year on year Guinness World Records is the global leader in collecting, confirming and presenting World Records

In addition to publishing and records adjudications, the Group licenses the Guinness World Records brand and content via traditional trademark deals or via television programming and these business streams continue to perform successfully

Strategic Report *(continued)*

A fellow subsidiary of Jim Pattison Ltd , Ripley Entertainment Inc , to which the Group provided services, owns a brand that has a strong history of over 90 years in providing tourist museum-type attractions to the world The fellow subsidiary has been operating museum-type attractions for many years, both directly and through franchise agreements This industry continues to grow as tourists and families are looking for new and exciting entertainment venues The competitive factors affecting Ripley Entertainment Inc are less significant as substantially the Group's entire turnover and profit arises from the Guinness World Records business

Principal risks and uncertainties

The Group distributes the main Guinness World Records book through traditional bookstores and the closure of stores remains a primary risk to the Publishing business Electronic books have not had the expected negative impact on sales as their success has been mainly in the fiction market to date, however the Group acknowledges that over the longer term this remains a potential threat Guinness World Records has produced electronic books in the past and continues to actively research electronic publishing to find the best commercial solution Following the BREXIT referendum, (the decision by the UK to exist the European economic union), the UK economy is once again weak, any business risk arising as a result of this is offset by positive currency gains from overseas sales and Guinness World Records UK generates a large proportion of its revenue from overseas territories

Guinness World Records, a subsidiary company, has been involved in a litigation case in India for many years and despite the strong evidence in the company's favour, any outcome cannot be ascertained, and therefore the potential financial impact is unknown A judgment is due to be made in the case early next year, but it is expected that this will be appealed and the case is unlikely to be concluded in the near future

Guinness World Records has successfully expanded its business geographically over the last few years and now has companies in Japan, China, the Middle East in addition to London and New York

Strategy

The main challenge for the Company is to seek ways to diversify The majority of revenue still comes from Publishing, and the Company has put a renewed effort into expanding its publishing business by producing more titles that can be sold at different times during the year The expanded offering allows the Company to reach a broader audience and it reduces the reliance on the Christmas selling season

The Company is also focused on growing the Records & Licensing businesses The approach that the company has taken is to restructure internally to put more resources behind Records & Licensing and by expanding geographically

Over the last few years, the UK economy has been weak and sterling has suffered as a result but this has benefitted the Group in its overseas markets The approach that the Group has taken to currency risk over this period is via natural hedging, seeking to cover its foreign debts by bringing in cash in the same currency from foreign debtors Following the BREXIT referendum, (the decision by the UK to exit the European economic union), the UK economy is once again weak which means that any future foreign currency sales will be worth more to the Company The Company will continue to monitor foreign exchange risk using a combination of natural hedging and forward contracts

Strategic Report *(continued)*

Future Outlook

The Group's future results should remain positive as the Guinness World Records brand is strong and the operations continue to grow throughout the world Although the Group was no longer providing publishing services to its fellow undertaking, Ripley Entertainment Inc , this change has a minor impact as Guinness World Records provides substantially all of the Group's turnover and profit

The Group has replaced the Ripley publishing income with management services revenue from the operation of the London Ripley museum Ripley Entertainment Limited assumed temporary responsibility for managing and operating the location in April 2014 and has earned management fees for doing so Attendance declined in 2015 which resulted in an operating loss and the operations continued to be a challenge The Group has extended the management services contract until September 30, 2017 and will continue to focus on improving the profitability of the operations Ripley Entertainment Limited regularly reviews its participation in this business and may cease operations in the future

The directors feel that by adopting the strategies described, the Group will continue to retain and grow its market share Costs increased in the prior year as the Group increased its infrastructure to support new business lines and new geographic areas, and the benefits will be realized in future years The economic environment, although improving, continues to be challenging, however the directors are optimistic about the Group's ability to meets its future growth targets

By order of the board

Alison Ozanne
Director

Date 23/09/2016

South Quay Building, 183 Marsh Wall,
London E14 9SH

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2015

Dividends

On 25 April 2015 the Company paid interim dividends to its parent, Jim Pattison Entertainment Ltd, of £3 0 million

Directors

The directors who held office during the year and at the date of this report were as follows

A Ozanne
J Paddock
R Barrington-Foote

Change of business

The directors have reported on the change in the Group's business in the Strategic Report In place of the Ripley publishing services, the Group now manages and operates a Ripley museum-attraction in London Substantially all of the Group's turnover and profit is still generated by the operations of Guinness World Records

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2014 £nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1-3

Auditors

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

By order of the board

Alison Ozanne

Alison Ozanne
Director

Date 28 Sept. 2016

South Quay Building, 183 Marsh Wall,
London E14 9SH

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GWRUK ACQUISITION CORP LIMITED

We have audited the financial statements of GWRUK Acquisition Corp Limited for the year ended 31 December 2015 set out on pages 8 to 32 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GWRUK ACQUISITION CORP LIMITED *(continued)*

Matters on which we are required to report by exception

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

• adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or

• the Parent Company 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

M. Smith

Mark Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London, E14 5GL
United Kingdom

27 September 2016

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2015

	Note			2015			2014
		Con-tinuing £000	**Dis-continued £000**	**Total £000**	Con-tinuing £000	Dis-continued £000	Total £000
Group Turnover	*2,26*	**23,805**	**89**	**23,894**	24,732	695	25,427
Cost of sales		**(6,762)**	**-**	**(6,762)**	(7,499)	-	(7,499)
Gross profit		**17,043**	**89**	**17,132**	17,233	695	17,928
Selling, marketing and distribution costs		**(1,118)**	**(10)**	**(1,128)**	(1,001)	(34)	(1,035)
Administrative expenses		**(13,205)**	**(69)**	**(13,274)**	(12,421)	(618)	(13,039)
Group operating profit		**2,720**	**10**	**2,730**	3,811	43	3,854
Interest receivable and similar income	*6*	**3**	**1**	**4**	1	-	1
Interest payable and similar expenses	*7*	**(1,135)**	**(3)**	**(1,138)**	(1,152)	(8)	(1,160)
Profit on ordinary activities before taxation	*3*	**1,588**	**8**	**1,596**	2,660	35	2,695
Tax on profit on ordinary activities	*8*	**(1,289)**	**-**	**(1,289)**	(1,628)	-	(1,628)
Profit for the financial year and other comprehensive income		**299**	**8**	**307**	1,032	35	1,067

There are no recognised gains or losses other than those stated above, therefore no separate statement of other comprehensive income has been presented

There is no difference between profit on ordinary activities and the retained profit for the year stated above and their historical cost equivalents

Prior year comparatives have been retrospectively updated to align the financial statements to FRS 102 (see note 27)

Notes to the consolidated financial statements are reported on pages 15 - 32

Consolidated Balance Sheet
As at 31 December 2015

	Note	£000	2015 £000	£000	2014 £000
Fixed assets					
Intangible assets	*10*		37,516		42,206
Tangible fixed assets	*11*		326		611
			37,842		42,817
Current assets					
Stocks	*13*	245		261	
Debtors	*14*	3,418		4,611	
Cash at bank and in hand		16,864		12,512	
		20,527		17,384	
Creditors amounts falling due within one year	*16*	(8,708)		(5,946)	
Net current assets			11,819		11,438
Total assets less current liabilities			49,661		54,255
Creditors amounts falling due after more than one year	*17,18*		(27,607)		(29,107)
Provisions for liabilities	*19*		(3,765)		(4,178)
Net assets			18,289		20,970
Capital and reserves					
Called up share capital	*20*		29,217		29,217
Share premium			108		108
Cumulative translation adjustment			(20)		(32)
Profit and loss account			(11,016)		(8,323)
Shareholders' funds			18,289		20,970

The notes on pages 15 to 32 form part of these financial statements

These financial statements were approved by the board of directors on 23 Sept. 2016 and were signed on its behalf by

Alison Ozanne

Alison Ozanne
Director

Company Balance Sheet
As at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	*12*	58,214	58,214
Current assets			
Cash at bank and in hand		654	272
Creditors amounts falling due within one year	*16*	(1,000)	-
Net current (liabilities)/assets		(346)	272
Total assets		57,868	58,486
Creditors: amounts falling due after more than one year	*17,18*	(27,607)	(29,107)
Net assets		30,261	29,379
Capital and reserves			
Called up share capital	*20*	29,217	29,217
Share Premium		108	108
Profit and loss account		936	54
Shareholders' funds		30,261	29,379

The notes on pages 15 to 32 form part of these financial statements

These financial statements were approved by the board of directors on and were signed on its behalf by

Alison Ozanne

Alison Ozanne
Director

Date 23/09/2016

Consolidated Statement of Changes in Equity
for the year ended 31 December 2015

	Called up Share capital	Share premium	Cumulative Translation adjustment	Profit and loss account	Total Equity
Balance at 1 January 2014	**29,217**	**108**	**(30)**	**(5,590)**	**23,705**
Profit for the year	-	-	-	1,067	1,067
Dividends paid	-	-	-	(3,800)	(3,800)
Foreign currency translation adjustment	-	-	(2)	-	(2)
Balance at 31 December 2014	**29,217**	**108**	**(32)**	**(8,323)**	**20,970**
Profit for the year	-	-	-	307	307
Dividends paid	-	-	-	(3,000)	(3,000)
Foreign currency translation adjustment	-	-	12	-	12
Balance at 31 December 2015	**29,217**	**108**	**(20)**	**(11,016)**	**18,289**

The notes on pages 15 to 32 form part of these financial statements

Company Statement of Changes in Equity

for the year ended 31 December 2015

	Called up Share capital	Share premium	Profit and loss account	Total Equity
Balance at 1 January 2014	**29,217**	**108**	**(241)**	**29,084**
Profit for the year	-	-	4,095	4,095
Dividends paid	-	-	(3,800)	(3,800)
Balance at 31 December 2014	**29,217**	**108**	**54**	**29,379**
Profit for the year	-	-	3,882	3,882
Dividends paid	-	-	(3,000)	(3,000)
Balance at 31 December 2015	**29,217**	**108**	**936**	**30,261**

The notes on pages 15 to 32 form part of these financial statements

Consolidated Cash Flow Statement
for the year ended 31 December 2015

	Note			**2015**			2014
		Continuing £000	**Discontinued £000**	**Total £000**	Continuing £000	Discontinued £000	Total £000
Cash flows from operating activities							
Profit for the financial year	.	**299**	**8**	**307**	1,032	35	1,067
Adjustments for							
Depreciation of property, plant and equipment	*11*	**359**	**3**	**362**	342	13	355
Amortization of intangible assets	*10*	**4,690**	**-**	**4,690**	4,690	-	4,690
Interest receivable and similar income	*6*	**(3)**	**(1)**	**(4)**	(1)	-	(1)
Interest payable and similar charges	*7*	**1,135**	**3**	**1,138**	1,152	8	1,160
Taxation	*8*	**1,289**	**-**	**1,289**	1,628	-	1,628
Decrease (increase) in trade and other receivables		**1,179**	**62**	**1,241**	(305)	(92)	(397)
Decrease in inventories	*13*	**16**	**-**	**16**	16	-	16
Increase (decrease) in trade and other payables		**2,983**	**(85)**	**2,898**	654	50	704
Cash from operations		**11,947**	**(10)**	**11,937**	9,208	14	9,222
Interest received		**3**	**1**	**4**	1	-	1
Interest paid		**(1,135)**	**(3)**	**(1,138)**	(1,152)	(8)	(1,160)
Income taxes paid		**(1,473)**	**-**	**(1,473)**	(1,693)	-	(1,693)
Net cash generated from operating activities		**9,342**	**(12)**	**9,330**	6,364	6	6,370
Cash flows from investing activities							
Purchases of property, plant and equipment, net	*11*			**(77)**			(215)
Net cash used in investing activities				**(77)**			(215)
Cash flows from financing activities							
Change in provision for liabilities	*19*			**(413)**			(7)
Change in creditors (long-term)	*17*			**(1,500)**			-
Dividends paid	*21*			**(3,000)**			(3,800)
Cumulative translation adjustment				**12**			(2)
Net cash used in financing activities				**(4,901)**			(3,809)

Consolidated Cash Flow Statement *(continued)*
for the year ended 31 December 2015

	Note	**2015**	2014
		£000	£000
Net increase in cash and cash equivalents		**4,352**	2,346
Cash and cash equivalents, beginning of year		**12,512**	10,166
Cash and cash equivalents, end of year		**16,864**	12,512
Components of cash and cash equivalents			
Cash		**16,864**	12,512
Overdraft		**-**	-
Cash equivalents		**-**	-
		16,864	12,512

Notes to the financial statements are reported on pages 15 – 32

Notes

1 Principal accounting policies

These Group and Parent Company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014

In transition to FRS 102 from old UK GAAP, the Group has made measurement and recognition adjustments An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in note 27

In transition to FRS 102 from old UK GAAP, the Company has not made any measurement and recognition adjustments

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements On first time adoption of FRS 102, the Group and Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition, accounting estimates or discontinued operations

In these financial statements the Group has changed its accounting policy in the following area

Trademarks arising on acquisition of Guinness World Records Limited in 2008 is now being amortised over 10 years, a change from the previous accounting policy which estimated the economic life to be 40 years

Basis of accounting

The Group and Parent Company financial statements are prepared on a going concern basis, under historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards

A summary of the significant accounting policies which have been applied is set out below

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1-3 The Group has considerable financial resources together with a diverse customer base across different geographic areas As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements

The Company financial statements have been prepared on a going concern basis in view of the fact that the ultimate parent company, Jim Pattison Limited, has formally indicated that it will provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least twelve months from the date of approval of these financial statements The directors have no reason to believe that the Parent Company will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on a going concern basis

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to December 31, 2015

The Company has provided a statement of guarantee that its subsidiary undertakings listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006

Guinness World Records Limited

GWR (Branch Operations) Limited

Ripley Entertainment Limited

The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition

Notes *(continued)*

1 Principal accounting policies *(continued)*

The Parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1 8 to 1 12 The following exemptions available under FRS 102 in respect of certain disclosures for the Parent Company financial statements have been applied

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time, and
- No separate Parent Company Cash Flow Statement with related notes is included

Significant estimates and assumptions

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates

Turnover

Turnover is measured at fair value of consideration received or receivable and represents amounts receivable for good and services provided by the Group in the normal course of business net of discounts, returns and value added tax Revenue from the sale of publications is recognised as goods are shipped to customers Turnover is stated net of deductions and expected returns are based on management judgement and historical experience Revenues from television programme sales, royalty revenues from licenses granting publication, trademark usage and other rights and net fees from exhibition are recognized on a receivable basis Licence fees earned from programme content are recognised on the later of the start date or delivery of the associated programme Revenue from adjudication services provided is recognized as it is earned Revenues from ticket sales are recognized at the time of sale Revenues from sales of combined attraction tickets, sales to third party ticket vendors and sales of seasonal passes are recognized when earned

Provision for returns

The provision for returns represents management's estimates for future returns of publications and merchandise and is based on historical return rates and current market conditions

Stocks

Stocks are stated at the lower of cost and estimated selling prices less costs to sell and complete and valued on a first-in, first-out basis Cost includes raw materials, direct labour and directly attributable expenses Expenditure on books not yet published is included in work-in-progress and reclassified as cost of finished goods on publication

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight-line basis The expected useful lives of the assets to the business are reassessed periodically

Asset	**Estimated useful life**
Fixtures, fittings and equipment	3-10 years
Computer equipment	3 years

Computer equipment includes certain website development costs capitalised to the extent that they lead to an enduring asset delivering benefits at least as great as the amount capitalised

Notes *(continued)*

1 Principal accounting policies *(continued)*

Intangible fixed assets and amortisation

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably

Trademarks are amortised to nil by equal annual instalments over their useful economic life of 10 years in accordance with FRS 102

Investments

Investments in subsidiary undertakings are stated at cost

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Interest bearing borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after the deduction of issue costs The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease The Group has no finance leases

Employee benefits

One of the group's subsidiaries operates a defined contribution pension scheme The assets of the scheme are held separately from those of the group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Taxation

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand less overdrafts payable on demand

Discontinued operations

Discontinued operations are components of the Group that have been disposed of at the reporting date and previously represented a separate major line of business

They are included in the profit and loss account in a separate column for the current and comparative periods

Notes *(continued)*

2 Analysis of turnover

	2015 £000	2014 £000
By geographical market.		
United Kingdom	**5,316**	6,827
Rest of Europe	**5,343**	5,438
Rest of World	**2,413**	2,404
United States	**6,347**	6,291
Japan	**1,715**	1,649
China	**1,996**	1,432
Middle East	**675**	691
	23,805	24,732

	2015 £000	2014 £000
By class of business:		
Publishing and other	**16,724**	17,078
Licensing	**6,826**	6,041
Television	**741**	766
Management and operation of a museum-attraction	**(486)**	847
	23,805	24,732

3 Expenses and auditor's remuneration

	2015 £000	2014 £000
Included in profit on ordinary activities before taxation are the following:		
Amortisation of trademark	**4,690**	4,690
Depreciation and other amounts written off owned tangible fixed assets	**359**	342
Operating lease rentals	**504**	459

Auditors' remuneration

	£000	£000
Audit of these financial statements	**102**	74
Other services relating to taxation	**53**	100

Notes *(continued)*

4 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	**707**	572
Company contributions to money purchase pension schemes	**36**	31

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £483,000 (2014 £465,000), and Company pension contributions of £30,000 (2014 £24,000) were made to a money purchase scheme on his behalf

Two directors did not receive any remuneration in respect of their services to the Group in the current period or prior year None of the directors have any shares or options in the Group

5 Staff numbers and costs

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

	Number of employees 2015	2014
Service providers	**-**	6
Publishing	**21**	25
Television	**3**	4
Records Management	**27**	23
Licensing	**32**	21
Other – support	**35**	30
Total	**118**	109

The aggregate payroll costs of these persons were as follows

	2015 £000	2014 £000
Wages and salaries	**5,582**	5,233
Social security costs	**542**	517
Pension costs	**238**	141
	6,362	5,891

The payroll costs stated above included £23,000 (2014 £304,000) which relate to the publishing operations and were included in the results of discontinued operations in the profit and loss account

The amounts charged for pension costs represent the contributions paid to the defined contribution scheme in respect of the accounting period

Notes *(continued)*

6 Interest receivable and similar income

	2015	2014
	£000	£000
Bank interest received	**4**	1
	4	1

7 Interest payable and similar charges

	2015	2014
	£000	£000
Interest paid to fellow undertakings	**960**	750
Bank fees, foreign exchange and other charges	**178**	410
	1,138	1,160

Notes *(continued)*

8 Taxation

	2015 £000	2014 £000
Current tax		
Current tax on income for the year	**1,290**	1,541
Adjustment in respect of previous years	**11**	10
Foreign taxes suffered	**29**	5
Total current tax	**1,330**	1,556
Deferred tax		
Origination and reversal of timing differences	**(43)**	64
Change in tax rates	**2**	8
Total deferred tax (note 15)	**(41)**	72
Total tax	**1,289**	1,628

Total tax analysed as

	2015			2014		
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
	£000	**£000**	**£000**	£000	£000	£000
Recognised in Profit and loss account	**1,330**	**(41)**	**1,289**	1,556	72	1,628

Notes *(continued)*

8 Taxation *(continued)*

The current tax charge for the year is higher *(2014 higher)* than the standard rate of corporation tax in the UK effective for the year 20 25% *(2014 21 5%)* The differences are explained below

	2015 £000	2014 £000
Profit on ordinary activities before tax	**1,588**	2,660
Profit on ordinary activities multiplied by the rate of 20 25% *(2014 21 5 %)*	**321**	572
Effects of		
Capital allowances for year less than (in excess of) depreciation	**48**	(5)
Expenses not deductible for tax purposes	**1**	2
Other permanent differences	**949**	1,016
Rate differences in other jurisdictions	**34**	8
Losses utilized in current year	**-**	(46)
Allocation of losses for group relief	**323**	195
Losses surrendered by other group companies for nil payment	**(323)**	(195)
Adjustment in respect of previous years	**(23)**	9
Deferred tax charge	**(41)**	72
Total tax expense included in profit (see above)	**1,289**	1,628

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 The deferred tax asset at 31 December 2015 has been calculated based on these rates An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016 This will reduce the company's future current tax charge accordingly

9 Profit of the Company

Under section 408 of the Companies Act 2006 the Company is exempt from the requirements to present its own profit and loss account The Company's profit for the year amounted to £3,882,000 (2014 £4,095,000), after receiving dividends of £5,000,000 (2014 £5,000,000) from its subsidiary Guinness World Records Limited

Notes *(continued)*

10 Intangible assets

The Group	Trademarks £000	Total £000
Cost at beginning and end of year	55,172	55,172
Amortisation		
At beginning of year	**12,966**	**12,966**
Charge for year	**4,690**	**4,690**
At end of year	**17,656**	**17,656**
Net book value		
At 31 December 2015	**37,516**	**37,516**
At 31 December 2014	42,206	42,206

Trademarks represent the value attributed to the Guinness World Records brand and arose when GWRUK Acquisition Corp acquired Guinness World Records Limited The trademarks have 8 years remaining of useful economic life (note 27)

11 Tangible fixed assets

The Group	Fixtures, fittings and equipment £000	Total £000
Cost		
At 1 January 2015	**1,869**	**1,869**
Additions	**78**	**78**
Disposals	**(79)**	**(79)**
FX translation	**8**	**8**
At 31 December 2015	**1,876**	**1,876**
Depreciation		
At 1 January 2015	**1,258**	**1,258**
Charge for year	**359**	**359**
Charge for year included in discontinued operations	**3**	**3**
Disposals	**(76)**	**(76)**
FX translation	**6**	**6**
At 31 December 2015	**1,550**	**1,550**
Net book value		
At 31 December 2015	**326**	**326**
At 31 December 2014	611	611

Notes *(continued)*

12 Investments

The Company

	Shares in group undertakings £000	Total £000
Cost		
At beginning and end of year	**58,214**	**58,214**

	Country of incorporation	Principal activity	Class and percentage of shares held
Guinness World Records Limited	United Kingdom	Publication and licensing of intellectual property	Ordinary 100%
Ripley Entertainment Limited	United Kingdom	Management and operation of a museum-attraction	Ordinary 100%
Guinness World Records Japan KK	Japan	Sales	Ordinary 100%
Guinness World Records Consulting (Beijing) Limited	China	Sales	Ordinary 100%
GWR (Branch Operations) Ltd	United Kingdom	Sales	Ordinary 100%

The closing reserves of Guinness World Records Limited at 31 December 2015 are £6,632,000 (2014 £5,858,000) and the profit for the year ended 31 December 2015 is £5,774,000 (2014 £5,063,000)

The closing reserves of Ripley Entertainment Limited at 31 December 2015 are £490,000 (2014 £972,000) and the loss for the year ended 31 December 2015 is £482,000 (2014 profit of £879,000)

The closing reserves of Guinness World Records Japan KK at 31 December 2015 are £155,000 (2014 £160,000) and the loss for the year ended 31 December 2015 is £5,000 (2014 £68,000)

The closing reserves of Guinness World Records Consulting (Beijing) Limited at 31 December 2015 are £549,000 (2014 £107,000) and the profit for the year ended 31 December 2015 is £442,000 (2014 £323,000)

The closing reserves of GWR (Branch Operations) Ltd at 31 December 2015 are £907,000 (2014 £520,000) and the profit for the year ended 31 December 2015 is £387,000 (2014 £520,000)

Notes *(continued)*

13 Stocks

The Group	2015 £000	2014 £000
Work in progress	**93**	139
Finished goods and goods for resale	**152**	122
	245	261

Included in cost of sales for the year ended 31 December 2015 are amounts relating to stocks of £5,542,000 (2014 £5,869,000)

14 Debtors

The Group	2015 £000	2014 £000
Trade debtors	**2,731**	3,127
Other debtors	**137**	129
Amounts owed by fellow undertakings	**91**	943
Prepayments and accrued income	**286**	287
Deferred tax asset (note 15)	**173**	125
	3,418	4,611

The current period amount owed by fellow undertakings represents balances owed by Ripley Entertainment Inc The prior period amount owed by fellow undertakings represents balances owed by Guinness World Records North America Inc and Ripley Entertainment Inc Amounts owed by group companies are repayable on demand and no interest is charged on these amounts

Notes *(continued)*

15 Deferred tax

The Group

Deferred tax assets are attributable to the following

	2015 £000	2014 £000
Accelerated capital allowances	5	(45)
Short-term timing differences	168	170
	173	125

16 Creditors: amounts falling due within one year

The Group

	2015 £000	2014 £000
Trade creditors	472	290
Other creditors (note 26)	175	222
Amounts owed to fellow undertakings	3,243	-
Corporation tax	203	339
Accruals and deferred income	4,615	5,095
	8,708	5,946

The current period amount owed to fellow undertakings represents balances owed to Guinness World Records North America Inc and Great Pacific Switzerland GmbH Amounts owed to Guinness World Records North America Inc are repayable on demand and no interest is charged on these amounts Amounts owed to Great Pacific Switzerland GmbH represent the current portion of long-term non-revolving loan (notes 17 and 18)

The Company

	2015 £000	2014 £000
Amounts owed to fellow undertakings	1,000	-

The current period amount owed to fellow undertakings represents the current portion of long-term non-revolving loan owed to Great Pacific Switzerland GmbH (notes 17 and 18)

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

The Group & Company

	2015 £000	2014 £000
Amounts owed to fellow undertakings	**28,607**	29,107
Less amounts falling due within one year (note 16)	**(1,000)**	-
	27,607	29,107

The current period amount owed to fellow undertakings represents a non-revolving term loan owed to Great Pacific Switzerland GmbH, fellow subsidiary undertaking of Jim Pattison Ltd The term loan is repayable in quarterly instalments of £250,000, secured by a promissory note, bearing interest at 4%, and maturing on June 30, 2020 The prior period amounts owed to fellow undertakings are secured by a promissory note, bearing interest at 3 month LIBOR plus 2 0% and maturing on February 14, 2018 These bonds were previously listed on the Channel Islands Stock Exchange but this listing was cancelled in 2015

18 Interest bearing loans and borrowings

	2015 £000	2014 £000
The Group & Company		
Creditors falling due after more than one year	**27,607**	-

	2015 £000	2014 £000
The Group & Company		
Creditors falling due within one year	**1,000**	-

Notes *(continued)*

19 Provisions for liabilities

	Returns provisions	Other provisions	Total
	£000	£000	£000
The Group			
At 1 January 2015	1,911	2,267	4,178
Utilised during period	(1,911)	(441)	(2,352)
Additional amounts provided	1,803	136	1,939
At 31 December 2015	1,803	1,962	3,765

The provision for returns represents management's estimates for future returns of sold publications and merchandise and is based on historical sales and return rates, as well as current market conditions The majority of the other provisions relate to a litigation case in India referred to in the Strategic Report

20 Called up share capital

The Group & Company

	2015 £000	2014 £000
Allotted, called up and fully paid		
29,217 Ordinary shares of £1,000 each	29,217	29,217

21 Dividends

The aggregate amount of dividends comprises

	2015 £000	2014 £000
Final dividends paid in respect of prior year but not recognised as liabilities in that year	-	-
Interim dividends paid in respect of the current year	3,000	3,800
	3,000	3,800

On 25 April 2015 a cash dividend of £3 0 million was approved and paid to Jim Pattison Entertainment Ltd

The aggregate amount of dividends proposed and not recognised as liabilities as at the year-end is £nil (2014 £nil)

Notes *(continued)*

22 Operating Lease Commitments

At 31 December 2015, the Group had total commitments under non-cancellable operating leases as follows

	2015 Land and Buildings £000	2014 Land and Buildings £000
Within one year	**255**	328
Between one and five years	**91**	346
More than five years	**-**	-
	346	674

23 Related Party Transactions

The Group

The Group is a wholly owned subsidiary of Jim Pattison Entertainment Ltd

During the year, the Group received £6,347,000 in sales included in turnover (*2014 £6,291,000*) from Guinness World Records North America, Inc and Ripley Entertainment Inc , fellow subsidiaries undertaking of Jim Pattison Ltd

During the year, the Group received £89,000 in sales included in profit on discontinued operations (2014 £695,000) from Ripley Entertainment Inc , a fellow subsidiary undertaking of Jim Pattison Ltd

During the year, the Group paid £1,676,000 in marketing and sales services included in cost of sales (*2014 £1,662,000*) to Guinness World Records North America, Inc , fellow subsidiary undertaking of Jim Pattison Ltd

During the year, the Group paid £960,000 (*2014 £660,000*) in interest included in interest payable and similar charges to Great Pacific Switzerland GmbH, fellow subsidiary undertaking of Jim Pattison Ltd

During the year, the Group paid £106,000 in management fees included in administrative expenses (2014 £123,000) to Great Pacific Capital Corp , fellow subsidiary undertaking of Jim Pattison Ltd

During the year, the Group paid £998,000 (2014 £971,000) in key management compensation included in administrative expenses

At 31 December 2015, the Group owed £2,243,000 included in creditors, to Guinness World Records North America Inc , fellow subsidiary undertaking of Jim Pattison Ltd (note 16)

At 31 December 2015, the Group was owed £91,000 included in debtors, (*2014 £143,000*) from Ripley Entertainment Inc , fellow subsidiary undertaking of Jim Pattison Ltd (note 14)

At 31 December 2014, the Group was owed £800,000 included in debtors, from Guinness World Records North America Inc , fellow subsidiary undertaking of Jim Pattison Ltd (note 14)

During 2014, the Group paid £90,000 in interest included in interest payable and similar charges to Great Pacific Insurance Ltd , fellow subsidiary undertaking of Jim Pattison Ltd

Notes *(continued)*

23 Related Party Transactions *(continued)*

The Company

The Company is a wholly owned subsidiary of Jim Pattison Entertainment Ltd

During the year, the Company paid £960,000 in interest (2014 £660,000) to Great Pacific Switzerland GmbH, fellow subsidiary undertaking of Jim Pattison Ltd

During the year, the Company paid £106,000 in management fees (2014 £123,000) to Great Pacific Capital Corp , fellow subsidiary undertaking of Jim Pattison Ltd

During 2014, the Company paid £90,000 in interest to Great Pacific Insurance Ltd , fellow subsidiary undertaking of Jim Pattison Ltd

The Company has taken advantage of the exemption available under FRS 102 from disclosing transactions with other group undertakings that form part of the wholly owned Group

24 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Jim Pattison Entertainment Ltd which is the immediate parent company The ultimate parent company is Jim Pattison Ltd incorporated in British Columbia, Canada

The largest group in which the results of the Company and its group are consolidated is that headed by Jim Pattison Entertainment Ltd, incorporated in Canada No other group financial statements include the results of the Company The consolidated financial statements of these groups are not available to the public

25 Subsequent events

In April 2016, the Company entered into a building lease agreement The five year lease, commenced on April 1, 2016, provides for the lease by the Company of the office building known as South Quay Building in London for an annual rent of £306,204 per annum The Company relocated its office to this new location on June 13, 2016

On 28 April 2016 the Company paid a dividend to its parent Jim Pattison Entertainment Ltd of £2,500,000

26 Discontinued operations

In May 2014, the Company notified its employees that the publishing operations would be terminated no later than 31 March 2015, as a fellow subsidiary of Jim Pattison Ltd , Ripley Entertainment Inc , would be setting up its own publishing operations in Orlando, Florida The employees were guaranteed employment until the end of 2014 The Company incurred severance, retention bonus and other restructuring provisions of £60,000 Such costs have been fully recognized during the year ended December 31, 2014 As at December 31, 2014, the accrual of £60,000 remained in creditors (note 16) and was paid by the end of the second quarter of 2015

The results of operation of the publishing services have been presented as discontinued operations in the profit and loss account

27 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Group's and Company's first financial statements prepared in accordance with FRS 102

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014

Notes *(continued)*

27 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

The Group

In preparing its FRS 102 financial statements, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP) An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following tables and notes that accompany the tables

Reconciliation of shareholders' funds

	Note	UK GAAP	31 December 2014 Effect of transition to FRS 102	FRS 102
		£000	£000	£000
Fixed assets				
Intangible assets	*10*	45,517	(3,311)	42,206
Tangible fixed assets	*11*	611	-	611
		46,128	**(3,311)**	**42,817**
Current assets				
Stocks	*13*	261	-	261
Debtors	*14*	4,611	-	4,611
Cash at bank and in hand		12,512	-	12,512
		17,384	-	**17,384**
Creditors amounts falling due within one year	*16*	(5,946)	-	(5,946)
Net current assets		**11,438**	-	**11,438**
Total assets less current liabilities		**57,566**	**(3,311)**	**54,255**
Creditors amounts falling due after more than one year	*17,18*	(29,107)	-	(29,107)
Provision for liabilities	*19*	(4,178)	-	(4,178)
Net assets		**24,281**	**(3,311)**	**20,970**
Capital and reserves				
Called up share capital	*20*	29,217	-	29,217
Share premium		108	-	108
Cumulative translation adjustment		(32)	-	(32)
Profit and loss account		(5,012)	(3,311)	(8,323)
		24,281	**(3,311)**	**20,970**

Notes *(continued)*

27 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Notes to the reconciliation of shareholders' funds

In preparing its FRS 102 Balance Sheet, the Group has changed the useful economic life of its intangible assets to 10 years effective 1 January 2014 Under its old basis of accounting (UK GAAP), the Group amortizes its intangible assets over their useful economic life of 40 years The cumulative effect of the change in policy for the comparative period is a decrease in the net book value of the intangible assets of £3 3 million and a corresponding increase in reserves

Reconciliation of consolidated profit for the year ending 31 December 2014

	Note	**UK GAAP**	**2014 Effect of transition to FRS 102**	**FRS 102**
		£000	£000	£000
Group Turnover				
Continuing operations	*2*	24,732	-	24,732
Discontinued operations	*26*	695	-	695
		25,427	-	25,427
Cost of sales		(7,499)	-	(7,499)
Gross profit		**17,928**	-	**17,928**
Selling, marketing and distribution costs		(1,035)	-	(1,035)
Administrative expenses		(9,728)	(3,311)	(13,039)
Group operating profit		**7,165**	**(3,311)**	**3,854**
Interest receivable and similar income	*6*	1	-	1
Interest payable and similar expenses	*7*	(1,160)	-	(1,160)
Profit on ordinary activities before taxation	*3*	**6,006**	**(3,311)**	**2,695**
Tax on profit on ordinary activities	*8*	(1,628)	-	(1,628)
Profit for the financial year		**4,378**	**(3,311)**	**1,067**

Notes to the reconciliation of profit

In preparing its Profit and Loss Account, the Group has amortised its intangible assets over their useful economic life 10 years in accordance with FRS 102 The net impact on the profit and loss account for the comparative period is an expense of £3 3 million comprising of an increase in amortization of intangible assets