

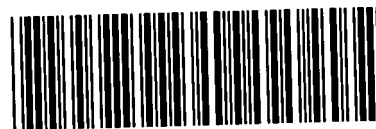
Registered number  
**02808359**

# **Heritage Great Britain PLC**

## **Annual Report and Consolidated Financial Statements**

**For the year ended  
31 January 2018**

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Registered No: 02808359

<b>Contents</b>	<b>Page</b>
COMPANY INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	5
STATEMENT OF DIRECTORS' RESPONSIBILITIES	6
INDEPENDENT AUDITOR'S REPORT	7
CONSOLIDATED PROFIT AND LOSS ACCOUNT	9
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	10
CONSOLIDATED BALANCE SHEET	11
COMPANY BALANCE SHEET	12
STATEMENT OF CHANGES IN EQUITY	13
CONSOLIDATED CASH FLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15

Registered No: 02808359

## **Company information**

### **Directors**

P M Johnson-Treherne  
A J S Leech

### **Secretaries**

G Johnson  
P M Johnson-Treherne

### **Auditor**

RSM UK Audit LLP  
14<sup>th</sup> Floor  
20 Chapel Street  
Liverpool  
L3 9AG

### **Bankers**

Santander UK PLC  
Bridle Road  
Bootle  
Merseyside  
L30 4GB

### **Solicitors**

Napthens LLP  
Darwen House  
Walker Business Park  
Blackburn  
BB1 2QE

### **Registered Office**

5<sup>th</sup> Floor  
88 Church Street  
Liverpool  
L1 3HD

# Strategic report

For the year ended 31 January 2018

## Principal activities

The principal activity of the company is that of a holding company. The Group undertakes the operation of various landmark and other day visitor attractions situated in the Isle of Wight, Cornwall, North Wales, Liverpool and holiday accommodation in Scotland through a joint venture.

## Business model

Heritage Great Britain PLC is the holding company for Heritage Attractions Limited, CQ2 Limited and Heritage Brand Ventures Limited. Heritage Great Britain provides head office, management and accounting services to the subsidiaries.

Heritage Attractions Limited operates some of the UK's most outstanding landmark destinations and popular visitor attractions. Our current portfolio stretches from Land's End at the south-western tip of Cornwall to remote John O'Groats in the far north of Scotland. In between, Snowdon Mountain Railway takes passengers from Llanberis, in the heart of Snowdonia National Park, to the summit of the highest mountain in England and Wales. The Needles Park welcomes visitors to the Isle of Wight's famous lighthouse and Needles rocks.

Heritage Attractions aims to maintain and develop the UK's heritage sensitively and responsibly for the benefit of all and to provide exciting and stimulating family value days out for its customers. Key elements of the businesses objectives are:

**Organic growth** - Capital expenditure is planned within each business unit to improve standards further and increase the attraction's growth rate. The focus will be to improve spend per head and the dwell time of guests.

**Destination accommodation** - The attractions will be supplemented by accommodation units to provide new developments to existing estate assets or to improve the overall profitability of each asset.

**Continued acquisitions** – The Group has a continued interest in available visitor attractions within the tourism market where visitor numbers exceed 100,000 pa.

**Mattel Play! Liverpool**, within Heritage Brand Ventures Limited, is home to three unique children's character themed play zones, plus a cafeteria, retail shop and green screen photo experience. Set in over 13,000 square feet of interactive adventure play, the attraction is located on the Albert Dock, Liverpool waterfront.

## Business review and results

The results for the year are set out on page 9. The Directors are pleased with the results for the year. An emphasis is placed on offering customers unique experiences. The Group profit for the year, after taxation, amounted to £847,876 (2017: £600,943). The directors do not recommend the payment of a dividend (2017: £nil).

The 2017 operating season for Heritage Attractions Limited saw an increase in turnover of £559,054 compared to the 2016 season.

Mattel Play! Liverpool made a good start to 2017 and had some of the busiest months since it opened in March 2016. The latter part of 2017 proved to be more challenging with visitor numbers decreasing compared to prior year. Admissions spend per head continues to be strong. Despite a slight increase in secondary retail and catering spend, it is still below director expectations and will continue to be reviewed in 2018.

The directors are pleased with the year end net asset position of £10,652,174 (2017: £9,750,898).

# Strategic report

For the year ended 31 January 2018

## Key performance indicators

The directors consider visitor numbers and spend per head within Heritage Attractions Limited and Heritage Brand Ventures Limited to be key performance indicators. Overall there was a decrease in visitor numbers of 1.6% and an increase in spend per head of 1%. The directors are satisfied with these results.

## Principal risks and uncertainties

The objectives of the group is to manage the group's financial risk, secure cost effective funding for the group's operations, and to minimise the adverse effects of fluctuation in the financial markets on the group's financial assets and liabilities, on reported profitability and on the cash flows of the group.

The group finances its activities through a combination of finance leases, hire purchase contracts and cash deposits. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the group's operating activities. The group does not trade in financial instruments and has no other form of derivatives.

All the group's transactions are predominantly in sterling. The group does not hedge any currency exposures.

The directors consider that the health, safety and welfare of its employees, customers and all others who may be affected by its businesses and activities is of paramount importance. As a result, the group has made arrangements to manage all aspect of health and safety in all areas and across all sites owned or managed by the group. Included in these arrangements will be methods to monitor and review their effectiveness.

## Future developments

The company acquired a 50 year lease from Sandown Town Council, to masterplan and redevelop Sandham Gardens, in Sandown on the Isle of Wight. Investment has commenced for the 2018 season and further plans are being developed for 2019 and beyond.

The adventure golf at the Needles Park has undergone a total refurbishment for 2018 and has been extended by two holes.

Land's End is in the process of renovating Penwith House, a previously under-utilised building, into four luxury studios which will be serviced from the existing hotel. The project is scheduled to be completed by the end of May 2018.

The Shaun the Sheep attraction at Land's End has been significantly changed for 2018 and now features more of the great brands from Aardman Animations. The "Grand Experience" will open for Easter.

The directors are currently looking at a number of exciting opportunities for 2018 and beyond.

This report was approved by the board on 18 June 2018 and signed by its order.



P M Johnson-Treherne  
Director

## Directors' report

The directors present their report and the audited consolidated financial statements of Heritage Great Britain PLC for the year ended 31 January 2018.

### Directors and their interests

The directors of the company during the year were as follows:

P M Johnson-Treherne  
A J S Leech

A J S Leech is a discretionary beneficiary of a Jersey Trust which, through Cherberry Limited, a Jersey company, owns the entire share capital of the company. None of the other directors have disclosable interests in the shares of the Group.

### Results and dividends:

The results for the year are set out on page 9. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Disclosure of information to the auditor

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Matters of strategic importance

The company has chosen in accordance with Companies Act 2006, s.414C (11) to set out in the company's Strategic Report information required by Large and Medium sized companies and Group (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments.

### Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements are made, wherever possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

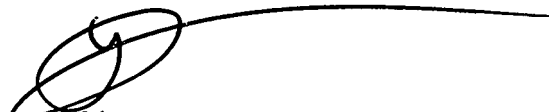
### Employee involvement

The group's policy is to involve employees, wherever possible, in matters likely to affect employees' interests. Information regarding matters of concern is communicated to employees in order to raise employee awareness of the group's performance.

### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 18 June 2018 and signed by its order.

  
G Johnson  
Company Secretary

# **Statement of directors' responsibilities**

**For the year ended 31 January 2018**

The directors are responsible for preparing the Strategic Report, the Directors Report and 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- 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 group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 Heritage Great Britain PLC

## Opinion

We have audited the financial statements of Heritage Great Britain PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2018 which comprise consolidated profit and loss account, consolidated statement of other comprehensive income, consolidated balance sheet, company balance sheet, statement of changes in equity, consolidated cash flow statement 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 group's and of the parent company's affairs as at 31 January 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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 group's or the parent 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 has been prepared in accordance with applicable legal requirements.



# Independent auditor's report to the members of Heritage Great Britain PLC *(continued)*

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

In the light of the knowledge and understanding of the group and the parent company and their 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 in relation to which 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; or

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, set out on page 6, the directors are responsible for the preparation of the financial statements 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

## **Use of our 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  
14<sup>th</sup> Floor, 20 Chapel Street  
Liverpool  
L3 9AG  
Date: 20 June 2018

# Consolidated profit and loss account

For the year ended 31 January 2018

	Notes	2018 £	2017 £
<b>Turnover: Group and share of joint ventures</b>		<b>15,005,108</b>	14,860,084
Less: share of joint ventures		(86,729)	(92,744)
	2	<b>14,918,379</b>	14,767,340
Cost of sales		(3,878,051)	(3,695,186)
<b>Gross profit</b>		<b>11,040,328</b>	11,072,154
Administrative expenses		(9,905,894)	(10,170,822)
Other operating income	3	199,801	181,220
<b>Group operating profit</b>		<b>1,334,235</b>	1,082,552
Share of operating loss in joint ventures		(12,892)	(22,818)
<b>Total operating Profit</b>		<b>1,321,343</b>	1,059,734
Interest receivable and similar income		8,353	7,237
Interest payable and similar charges:			
Group	4	(202,851)	(243,278)
Share of joint ventures	4	(25,799)	(17,797)
<b>Profit on ordinary activities before taxation</b>	5	<b>1,101,046</b>	805,896
Taxation	8	(253,170)	(204,953)
<b>Retained profit for the financial year</b>		<b>847,876</b>	600,943

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents. All amounts relate to continuing operations.

## Consolidated statement of other comprehensive income

For the year ended 31 January 2018

	<i>Notes</i>	<i>2018</i> £	<i>2017</i> £
Profit for the financial year		847,876	600,943
Total comprehensive income for the year		<u>847,876</u>	<u>600,943</u>

# Consolidated Balance Sheet

At 31 January 2018

Registered  
number:  
**02808359**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	9	11,939,311	12,266,227
		<u>11,939,311</u>	<u>12,266,227</u>
<b>Investments in joint ventures</b>			
Share of gross assets		541,230	1,294,977
Share of gross liabilities		(561,737)	(1,276,793)
		<u>(20,507)</u>	<u>18,184</u>
<b>Current assets</b>			
Stocks	11	809,826	835,706
Debtors	12	710,392	810,429
Cash at bank and in hand		3,493,272	2,717,218
		<u>5,013,490</u>	<u>4,363,353</u>
<b>Creditors: amounts falling due within one year</b>	13	(2,980,605)	(2,976,303)
		<u>2,032,885</u>	<u>1,387,050</u>
<b>Net current assets</b>			
		<u>13,951,689</u>	<u>13,671,461</u>
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	14	(2,848,245)	(3,490,375)
<b>Provisions for liabilities</b>	16	(451,270)	(430,188)
<b>Net assets</b>		<u>10,652,174</u>	<u>9,750,898</u>
<b>Capital and reserves</b>			
Called up share capital	17	5,213,371	5,213,371
Profit and loss account	18	5,385,403	4,537,527
Other reserves	18	53,400	-
<b>Equity shareholders' funds</b>		<u>10,652,174</u>	<u>9,750,898</u>

The financial statements were approved by the Board of Directors on 18 June 2018 and were signed on its behalf by:



P M Johnson-Treherne  
Director

# Company Balance Sheet

For the year ended 31 January 2018

Registered  
number:  
02808359

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	9	20,913	23,914
Investments	10	12,585,133	12,585,140
		<u>12,606,046</u>	<u>12,609,054</u>
<b>Investments in joint ventures</b>			
Tangible assets	10	115,583	115,583
<b>Current assets</b>			
Debtors	12	1,110,338	1,537,112
Cash at bank and in hand		2,684,412	2,116,088
		<u>3,794,750</u>	<u>3,653,200</u>
<b>Creditors: amounts falling due within one year</b>	13	(7,931,184)	(6,992,238)
<b>Net current liabilities</b>		<u>(4,136,434)</u>	<u>(3,339,038)</u>
<b>Total assets less current liabilities</b>		<u>8,585,195</u>	<u>9,385,599</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(2,367,819)	(2,844,660)
<b>Net assets</b>		<u>6,217,376</u>	<u>6,540,939</u>
<b>Capital and reserves</b>			
Called up share capital	17	5,213,371	5,213,371
Profit and loss account		950,605	1,327,568
Other reserves		53,400	-
<b>Equity shareholders' funds</b>		<u>6,217,376</u>	<u>6,540,939</u>

The company's loss for the year and total comprehensive income for the year was £376,963 (2017: £935,427 profit).

The financial statements were approved by the Board of Directors on 18 June 2018 and were signed on its behalf by:



P M Johnson-Treherne  
Director

**Consolidated statement of changes in equity**Registered  
number:  
02808359

For the year ended 31 January 2018

	Share capital	Profit and loss account	Other reserves	Total
	£	£	£	£
<b>At 1 February 2016</b>	5,213,371	3,936,584	-	9,149,955
Profit for the financial year	-	600,943	-	600,943
<b>At 31 January 2017</b>	5,213,371	4,537,527	-	9,750,898
Profit for the financial year	-	847,876	-	847,876
Capital contribution	-	-	53,400	53,400
<b>At 31 January 2018</b>	5,213,371	5,385,403	53,400	10,652,174

**Company statement of changes in equity**

For the year ended 31 January 2018

	Share capital	Profit and loss account	Other reserves	Total
	£	£	£	£
<b>At 1 February 2016</b>	5,213,371	392,141	-	5,605,512
Profit for the financial year	-	935,427	-	935,427
<b>At 31 January 2017</b>	5,213,371	1,327,568	-	6,540,939
Loss for the financial year	-	(376,963)	-	(376,963)
Capital contribution	-	-	53,400	53,400
<b>At 31 January 2018</b>	5,213,371	950,605	53,400	6,217,376

# Consolidated cash flow statement

For the year ended 31 January 2018

	Notes	2018 £	2017 £
<b>Net cash inflow from operating activities</b>	20	<b>1,665,658</b>	<b>1,185,879</b>
<b>Financing activities</b>			
Interest received and similar income		8,353	7,237
Interest paid on bank loans and overdrafts		(145,939)	(182,627)
Interest element of finance lease rental payments		(56,912)	(60,651)
Repayments of borrowings		(344,459)	(333,688)
Repayments of finance lease liabilities		(341,710)	(242,669)
Proceeds from new finance lease		-	850,000
Proceeds from parent company loan		300,000	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(580,667)</b>	<b>37,602</b>
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(394,697)	(894,355)
Acquisition of a business		-	(1)
Receipts from sales of tangible fixed assets		5,213	750,000
<b>Net cash used in investing activities</b>		<b>(389,484)</b>	<b>(144,356)</b>
<b>Net Increase in cash in the year and cash equivalents</b>		<b>695,507</b>	<b>1,079,125</b>
<b>Cash and cash equivalents at 1 February</b>		<b>2,451,826</b>	<b>1,372,701</b>
<b>Cash and cash equivalents at 31 January</b>		<b>3,147,333</b>	<b>2,451,826</b>
<b>Relating to:</b>			
Bank balances included in "cash at bank and in hand"		3,493,272	2,717,218
Overdrafts included in "creditors: amounts due within one year"		(345,939)	(265,392)
		<b>3,147,333</b>	<b>2,451,826</b>

# Notes to the financial statements

For the year ended 31 January 2018

## 1. Accounting policies

### Basis of preparation

Heritage Great Britain PLC is a company limited by shares incorporated in England and Wales. The registered office is 5<sup>th</sup> Floor, 88 Church Street, Liverpool, L1 3HD.

The group consists of Heritage Great Britain and all of its subsidiaries.

The company's and group's principal activities are disclosed in the Directors' Report.

The Group and parent company financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and the requirements of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Heritage Great Britain Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company continues to adopt the reduced disclosure framework of FRS 102 in its financial statements.

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

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 January 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.



## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 1. Accounting policies *(continued)*

#### Investment

Interests in subsidiaries 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.

#### Going concern

The directors have considered the group and company's projected future cash flows, working capital requirements and its banking facilities, and are confident that they have sufficient cash flows to meet their working capital requirements for the next 12 months. For the reasons noted, the Directors continue to prepare the financial statements on a going concern basis.

#### Foreign currency

Transactions in foreign currencies are translated to the Group companies's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### Other financial instruments

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

##### *Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 1. Accounting policies *(continued)*

#### Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

#### Jointly controlled activities

Entities in which the group has a long term interest and shares controlled under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method.

#### Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes to the financial statements (*continued*)

For the year ended 31 January 2018

### 1. Accounting policies (*continued*)

#### Impairment excluding stocks and deferred tax assets (*continued*)

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

#### **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 provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# Notes to the financial statements (*continued*)

For the year ended 31 January 2018

## 1. Accounting policies (*continued*)

### Expenses

#### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

#### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

### Turnover

Turnover is stated net of value added tax and represents the total amount receivable by the company in respect of admission, accommodation, catering and retail sales provided during the year. For admission, food and beverage and retail 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.

### Tangible fixed assets

The cost of tangible fixed assets is their purchase or construction cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Freehold buildings	-	2%
Plant and machinery	-	5% to 10%
Fixtures and fittings	-	12.5%
Motor vehicles	-	25%

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 1. Accounting policies *(continued)*

#### **Tangible fixed assets *(continued)***

The long leasehold premises are depreciated over 50 years or the length of the lease, whichever is shorter. Freehold and long leasehold land is not depreciated. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Locomotives and rolling stock are depreciated on a straight line basis over 50 years, with the exception of some significant components, which are depreciated over 5 to 20 years.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives and the terms of the lease.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverable amount is calculated as being the higher of the amount at which the assets could be disposed of, less any direct selling costs, and the present value of the future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred in bringing each item to its present location and condition.

#### **Leased assets**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

#### **Pensions**

The Group operates a defined contribution pension scheme for certain employees. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The costs are charged to the profit and loss account as incurred. The charge for the year was £184,036 (2017: £200,438). There are no contributions payable at the period end.

#### **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.

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 1. Accounting policies *(continued)*

#### Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### Critical accounting estimates and judgements

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. The Directors do not believe that any accounting estimates or judgements to be critical.

### 2. Turnover and segmental analysis by class of business

Turnover, which is stated net of value added tax, consists entirely of sales made in Great Britain. An analysis of turnover by activity is given below:

	2018	2017
	£	£
By activity:		
Attractions and admissions	6,206,229	6,243,270
Retail	3,692,982	3,618,570
Catering, hotel and bar	4,631,031	4,370,059
Marketing and advertising	107,316	167,840
Other revenue	280,821	367,601
	<u>14,918,379</u>	<u>14,767,340</u>

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 3. Other operating income

	2018 £	2017 £
Rental income	112,359	110,527
Fair value gain on interest rate swap	87,442	70,693
	<u>199,801</u>	<u>181,220</u>

### 4. Interest payable and similar charges

	2018 £	2017 £
Bank loans and overdrafts	145,932	175,425
Finance lease charges payable under finance leases and hire purchase contracts	56,912	60,651
Other interest payable	7	7,202
	<u>202,851</u>	<u>243,278</u>
Share of joint ventures	<u>25,799</u>	<u>17,797</u>

### 5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/ (crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets - owned	597,901	578,486
Depreciation of tangible fixed assets - leased	116,740	106,240
Operating lease rentals - plant and machinery	36,830	47,241
Operating lease rentals - land and buildings	58,771	47,186
Carrying amount of stock sold	3,878,051	3,695,186
Amortisation of goodwill	-	45,879
Impairment of goodwill	-	67,017
Auditor's remuneration:		
Audit of these financial statements	20,085	19,500
Taxation compliance services	4,000	4,000
Government grant - release of deferred income	(6,000)	(6,000)
	<u></u>	<u></u>

# Notes to the financial statements (continued)

For the year ended 31 January 2018

## 6. Emoluments of directors

	2018 £	2017 £
Aggregate emoluments (including benefits in kind)	218,791	214,395
Pension contributions to a money purchase scheme	53,636	44,999
	<u>272,427</u>	<u>259,394</u>
	2018 £	2017 £
Highest paid director:		
Aggregate emoluments (including benefits in kind)	105,084	115,221
Pension contributions to a money purchase scheme	38,221	15,188
	<u>143,305</u>	<u>130,409</u>
	2018 No.	2017 No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase pension schemes	2	2

## 7. Employee information

The average (head count) monthly number of employees (including paid executive directors) employed by the Group during the year was:

	Group		Company	
	2018 No.	2017 No.	2018 No.	2017 No.
Management and administration	44	48	10	10
Retail, catering and other	295	301	-	-
	<u>339</u>	<u>349</u>	<u>10</u>	<u>10</u>

The average (full time equivalent) monthly number of employees (including paid executive directors) employed by the Group during the year was:

	Group		Company	
	2018 No.	2017 No.	2018 No.	2017 No.
Management and administration	44	48	10	10
Retail, catering and other	196	197	-	-
	<u>240</u>	<u>245</u>	<u>10</u>	<u>10</u>



## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 7. Employee information *(continued)*

Aggregate payroll costs of these persons were as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	£	£	£	£
Wages and salaries	5,248,216	5,224,940	340,997	309,445
Social security costs	378,093	356,199	46,137	46,238
Pension costs	184,036	200,438	73,056	57,231
	<u>5,810,345</u>	<u>5,781,577</u>	<u>460,190</u>	<u>412,914</u>

### 8. Tax on profit on ordinary activities

#### a) Analysis of tax charge in period

	<i>2018</i>	<i>2017</i>
	£	£
Current tax:		
UK corporation tax on profit for the year	226,698	144,106
Adjustments in respect of prior periods	5,390	(9,245)
Total current tax	<u>232,088</u>	<u>134,861</u>
Deferred tax:		
Origination and reversal of timing differences	21,082	90,099
Adjustments in respect of prior periods	-	(20,007)
Total deferred tax (note 16)	<u>21,082</u>	<u>70,092</u>
Tax on profit on ordinary activities (note 8b)	<u>253,170</u>	<u>204,953</u>

All current and deferred tax charges are recognised in the statement of profit and loss.

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 8. Tax on profit on ordinary activities *(continued)*

#### b) Factors affecting tax charge for the year

	2018 £	2017 £
Profit for the year	847,876	600,943
Total tax expense	253,170	204,953
	<u>          </u>	<u>          </u>
Profit excluding taxation	1,101,046	805,896
	<u>          </u>	<u>          </u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.16% (2017:20.16%)	210,985	161,169
Effects of:		
Expenses not deductible for tax purposes	-	9,387
Differences between capital allowances and depreciation	62,848	78,300
Adjustment in respect of previous periods	5,390	(9,245)
Income not taxable for tax purposes	(26,774)	(14,139)
Amounts relating to change in tax rates	(3,133)	(38,509)
Overseas company losses	-	9,058
Goodwill amortisation	-	13,403
Share of JV losses	7,413	8,123
Deferred tax not recognised	(3,559)	(12,594)
	<u>          </u>	<u>          </u>
Total tax expense recognised in profit or loss	253,170	204,953
	<u>          </u>	<u>          </u>

The current rate of corporation tax is 19%. Corporation tax rates for financial years 2017-2019 is set at 19%. On 6 September 2016, the 2016 Finance Bill was substantively enacted. This Bill includes provision for the corporation tax rate to be reduced to 17 percent from 1 April 2020. The company's tax provisions factor in these rate changes.

## Notes to the financial statements (continued)

For the year ended 31 January 2018

### 9. Tangible fixed assets

<i>Group</i>	<i>Freehold / leasehold Land and buildings</i>	<i>Railway line and rolling stock</i>	<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Cost:						
At 1 February 2017	10,914,935	3,507,601	4,171,165	145,141	3,182,050	21,920,892
Additions	30,888	-	66,860	10,300	286,649	394,697
Disposals	-	-	(104,644)	-	(8,883)	(113,527)
At 31 January 2018	10,945,823	3,507,601	4,133,381	155,441	3,459,816	22,202,062
Depreciation:						
At 1 February 2017	3,533,355	775,523	2,529,259	111,937	2,704,591	9,654,665
Charge for the year	243,722	65,323	268,285	4,813	132,498	714,641
Disposals	-	-	(97,773)	-	(8,782)	(106,555)
At 31 January 2018	3,777,077	840,846	2,699,771	116,750	2,828,307	10,262,751
Net book value:						
At 31 January 2018	<b>7,168,746</b>	<b>2,666,755</b>	<b>1,433,610</b>	<b>38,691</b>	<b>631,509</b>	<b>11,939,311</b>
At 31 January 2017	7,381,580	2,732,078	1,641,906	33,204	477,459	12,266,227

Fixed assets with a net book value of £1,678,069 (2017: £1,794,809) which are held under finance leases are included above. The depreciation charge for assets held under a finance lease amounted to £116,740 (2017: £106,240).

The net book value of land and buildings comprises:

	<i>2018</i>	<i>2017</i>
	<i>£</i>	<i>£</i>
Freehold	<b>7,168,746</b>	7,381,580
	<b>7,168,746</b>	7,381,580

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 9. Tangible fixed assets *(continued)*

<i>Company</i>	<i>Total £</i>
Cost:	
At 1 February 2017	146,557
Additions	5,375
At 31 January 2018	151,932
Depreciation:	
At 1 February 2017	122,643
Charge for the year	8,376
At 31 January 2018	131,019
Net book value: <b>At 31 January 2018</b>	<b>20,913</b>
At 31 January 2017	23,914

### 10. Investments

<i>Company</i>	<i>2018 £</i>	<i>2017 £</i>
Cost and net book value		
At 1 February	12,585,140	12,585,139
(Disposal)/addition	(7)	1
At 31 January	12,585,133	12,585,140

The undertakings in which the Group and Company's interest at the year end is more than 20% are as follows:

	<b>Principal activity</b>	<b>Class and percentage of shares held</b>	<b>Country of incorporation</b>
Heritage Attractions Limited	Operation of various landmark day visitor attractions	100% ordinary	England
Heritage Brand Ventures Limited	Day visitor attraction	100% ordinary	England
Snowdon Mountain Railway Limited	Dormant	100% ordinary	England
The Land's End and John O'Groats Company Limited	Dormant	100% ordinary	England
LEJOG Limited	Dormant	100% ordinary	England
CQ2 Limited	Dormant	100% ordinary	England
End to End Limited	Dormant	100% ordinary	England
Port Soderick Developments Limited	Dormant	100% ordinary	Isle of Man

The registered office for the companies listed above is: 5<sup>th</sup> Floor, 88 Church Street, Liverpool, L1 3HD.

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 10. Investments *(continued)*

The company also has a controlling interest in two dormant companies registered in England and Wales, via the intermediary subsidiary company, Heritage Attractions Limited.

	Principal activity	Class and percentage of shares held
Lands End Limited	Dormant	100% ordinary
John O'Groats Limited	Dormant	100% ordinary

The registered office for the companies listed above is: 5<sup>th</sup> Floor, 88 Church Street, Liverpool, L1 3HD.

### Joint Venture Investments

The company currently has a total of three jointly controlled entities with the Natural Retreats group with a total investment of £115,583 (2017: £115,583).

The joint ventures are all registered in England and Wales, with 31 December accounting year ends:

	Principal activity	Percentage ownership
JOG Highlands LLP	Operation of luxury self-catering accommodation	50% control
JOG 2 Limited	Public realm development	50% control
JOG 3 LLP	Rental of retail and catering properties	50% control

The registered office for the companies listed above is: Whitecroft House, 51 Water Lane, Wilmslow, SK9 5BQ.

## Notes to the financial statements (continued)

For the year ended 31 January 2018

### 11. Stocks

	<i>Group</i>	
	2018	2017
	£	£
Finished goods and goods for resale	474,997	512,573
Raw materials and spares	279,460	271,269
Catering and bar stocks	55,369	51,864
	<b>809,826</b>	<b>835,706</b>

### 12. Debtors

	<i>Group</i>		<i>Company</i>	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	36,816	155,860	15,528	18,292
Other debtors	427,258	369,289	359,928	333,941
Amounts falling due from jointly controlled entities	-	30,945	-	26,572
Amounts falling due from other group undertakings	-	-	675,572	1,101,175
Prepayments and accrued income	246,318	254,335	56,835	57,132
Deferred tax asset	-	-	2,475	-
	<b>710,392</b>	<b>810,429</b>	<b>1,110,338</b>	<b>1,537,112</b>
Amounts due after more than one year included in:				
Other debtors	257,302	249,074	257,302	249,074
Amounts falling due from other group undertakings	-	-	150,000	575,603
	<b>257,302</b>	<b>249,074</b>	<b>407,302</b>	<b>824,677</b>

Total other debtors include amounts owed from JOG 3 LLP of £160,000 (2017: £160,000) and JOG 2 Limited of £97,302 (2017: £89,074). All amounts are due in more than one year.

### 13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	557,380	497,025	68,776	32,205
Bank overdraft	345,939	265,392	-	-
Loans	348,297	344,459	348,297	344,459
Corporation tax	116,226	45,380	-	-
Other taxation and social security	75,844	124,722	12,445	13,492
Obligations under finance leases and hire purchase contracts	341,077	343,796	175,789	187,957
Other creditors	500,170	593,228	310,881	219,998
Accruals and deferred income	423,672	421,039	44,603	56,009
Deferred grant income	272,000	278,000	-	-
Amounts owed to jointly controlled entities	-	63,262	-	63,262
Amounts owed to subsidiary companies	-	-	6,970,393	6,074,856
	<b>2,980,605</b>	<b>2,976,303</b>	<b>7,931,184</b>	<b>6,992,238</b>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

# Notes to the financial statements (continued)

For the year ended 31 January 2018

## 14. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	£	£	£	£
Obligations under finance leases and hire purchase contracts	635,884	974,875	165,458	339,160
Loans – secured (see below)	1,719,331	2,067,628	1,719,331	2,067,628
Other creditors	283,600	151,000	273,600	141,000
Interest rate swap	209,430	296,872	209,430	296,872
	<b>2,848,245</b>	<b>3,490,375</b>	<b>2,367,819</b>	<b>2,844,660</b>

Obligations under finance leases and hire purchase contracts:

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	£	£	£	£
Amounts falling due:				
Within one year	341,077	343,796	175,789	187,957
Within two to five years	635,884	974,875	165,458	339,160
	<b>976,961</b>	<b>1,318,671</b>	<b>341,247</b>	<b>527,117</b>

Finance lease payments represent rentals payable by the Group for certain items of plant and machinery. 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 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Details of the maturity of loans are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	£	£	£	£
Amounts falling due:				
In one year or less	348,297	344,459	348,297	344,459
In more than one year but not more than two years	352,292	348,297	352,292	348,297
In more than two years but not more than five years	1,062,931	1,069,478	1,062,931	1,069,478
In more than five years	304,108	649,853	304,108	649,853
	<b>2,067,628</b>	<b>2,412,087</b>	<b>2,067,628</b>	<b>2,412,087</b>

The loans falling due in more than five years have annual capital repayment terms agreed by the Group's bankers. The rate of interest on the overall loan balance is fixed at 5.45% on £1,554,108 and fixed at 3.99% on £513,520 by way of a fixed interest agreement. The bank loans are secured against the assets held within the company's subsidiary holdings. The company has provided a cross-guarantee to the company's bankers in respect of all group companies overdraft and borrowing facilities. If other companies in the Group were to default on their overdraft arrangements then Heritage Great Britain PLC would be liable for any outstanding liabilities. The net position of the Group on 31 January 2018 was £2,974,880 positive (2017: £2,358,389 positive).

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

## Notes to the financial statements (*continued*)

For the year ended 31 January 2018

### 15. Financial Instruments

#### Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2018 £	2017 £
Assets measured at amortised cost	378,898	814,813
Liabilities measured at fair value through profit or loss	209,430	296,872
Liabilities measured at amortised cost	5,149,051	5,861,149

#### Interest Rate Swaps

The Company uses interest rates swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of £1.5m (2017: £1.75m) fix interest payments on variable rate debts at an average rate of Bank of England Base rate at each reset date (2016 Bank of England Base rate at each reset for periods up until 2023). Contracts with nominal values of £1.5m (2017: £1.75m) swap fixed interest payments of 5.45% (2017 5.45%) to variable interest rates linked to Bank of England Base Rate. The movement on the fair value of the interest rate swap in the year was £87,442 (2017: 70,693).

#### Financial instruments measured at fair value

##### *Derivative financial instruments*

The fair value of interest rate swaps is based on information provided by the Company's bankers and is reviewed annually to determine the impact on future cash flows.

There is no difference between the fair value and carrying value of financial instruments.

### 16. Provisions for liabilities and charges

<i>Group</i>	<i>Deferred taxation £</i>
At 1 February 2017	430,188
Additional provision in the year	21,082
At 31 January 2018	451,270

#### *Deferred taxation*

The amounts provided for deferred taxation are set out below:

<i>Group</i>	2018 £	2017 £
Differences between accumulated depreciation and capital allowances	451,270	430,188
	451,270	430,188

The amount of the net reversal of deferred tax expected to occur next year is £21,082 (2017: 70,092), relating to the reversal of existing timing differences on tangible fixed assets and the origination of new timing differences on tangible fixed assets.



## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 17. Share capital

Share Capital	2018	Ordinary shares 2017
Ordinary shares £1 each		
On issue at 1 February	5,213,371	5,213,371
On issue at 31 January – fully paid	5,213,371	5,213,371

Ordinary shares carry no right to fixed income, each carry the rate to one value at general meetings of the company.

### 18. Reserves

#### Profit and loss account

Cumulative profit and loss net of distributions to owners.

#### Other reserves

Cumulative effect of financing from parent company.

### 19. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases:

	<i>Group</i>		<i>Company</i>	
	2018	2017	2018	2017
	£	£	£	£
Operating leases which expire:				
Within one year - other	24,442	33,985	3,322	3,332
In two to five years - other	4,195	29,287	-	3,332
Within one year - land and buildings	80,280	95,352	3,613	21,680
In two to five years - land and buildings	530,013	510,653	-	3,613
Over five years – land and buildings	1,833,400	1,943,404	-	-

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 20. Reconciliation of profit after tax to net cash inflow from operating activities

	2018	2017
	£	£
Profit after tax	847,876	600,943
Depreciation	714,641	684,726
Amortisation of goodwill	-	45,879
Impairment of goodwill	-	67,017
Share of loss in joint venture	12,892	22,818
Taxation	253,170	204,953
Interest receivable and similar charges	(8,353)	(7,237)
Interest payable	228,650	261,075
Loss / (profit) on sale of tangible assets	1,759	(39,027)
Fair value gain on financial instruments	(87,442)	(70,693)
Release of deferred grant income	(6,000)	-
	<u>1,957,193</u>	<u>1,770,454</u>
Decrease / (Increase) in stocks	25,880	(103,739)
Decrease in debtors	100,037	629,770
Decrease increase in creditors	(256,210)	(1,015,085)
	<u>(130,293)</u>	<u>(489,054)</u>
Tax paid	(161,242)	-
Cash generated from operating activities	<u>1,665,658</u>	<u>1,185,879</u>

### 21. Related party transactions

Significant related party transactions are detailed below. The directors have taken advantage of the exemption available under FRS 102 Section 33 not to disclose transactions with other members of the Heritage Great Britain PLC group on the grounds that these are eliminated on consolidation.

- 1) In a previous year the company received £10,000 from La Vignette Ltd (a company invested into by the Family Trust based in Jersey of which Mr A J S Leech is also a beneficiary) as a contribution in the form of a loan towards various capital projects. The full £10,000 was outstanding at the year end (2017: £10,000).
- 2) The company has an outstanding loan due from La Vignette Ltd (a company invested into by the family Trust based in Jersey of which Mr A J S Leech is also a beneficiary) to the value of £79,859 (2017: £79,859).
- 3) When the group purchased the Lands End & John O'Groats Company in 1999, that company had an existing loan in place for £350,000 with AAAL Industries Ltd which was to allow them to carry out certain capital expenditure projects. AAAL Industries Ltd is another Trust company. The balance of this loan at the year end was £141,000 (2017: £255,000). The loan will be repaid at £9,500 per month until the balance is cleared.

## Notes to the financial statements *(continued)*

For the year ended 31 January 2018

### 22. Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows:

	2018	2017
	£	£
Aggregate compensation	<u>299,826</u>	<u>286,153</u>

### 23. Ultimate controlling party

The entire share capital of Heritage Great Britain PLC is wholly owned by a Jersey company, Cherberry Limited. Cherberry Limited is wholly owned by the Trustees of a settlement. In the opinion of the directors, there is no single individual or entity that can or does exercise ultimate control, as defined under FRS 102 Section 33, over that company.

### 24. Post balance sheet events

On the 14 March 2018, the directors made the decision to terminate the company's interest rate swap agreement. The interest rate swap was entered into on 13 August 2009 to fix the company's term loan borrowings at 5.45%. After careful consideration, the directors decided termination of this agreement was commercially in the best interest of the company. At 31 January 2018 the interest rate swap valuation was £209,430, but due to favourable movements the early termination fee on the 14 March 2018 had reduced to £188,500. Payment of the termination fee was funded from surplus cash reserves.