

HERITAGE GREAT BRITAIN PLC

Annual Report and Consolidated Financial Statements

31 January 2001

Registered No. 2808359



Heritage Great Britain PLC

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Heritage Great Britain PLC

DIRECTORS AND ADVISERS

DIRECTORS

K R Leech	- Chairman
R P Bradshaw	- Chief Executive
S W Sim	- Non Executive

SECRETARY

P M Treherne

REGISTERED AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

National Westminster Bank plc
2/4 St Nicholas Street
Truro
Cornwall
TR1 2RN

SOLICITORS

Richard Saleh & Co
748 Wilmslow Road
Didsbury
Manchester
M20 6WF

REGISTERED OFFICE

Suite 33
The Colonnades
Albert Dock
Liverpool
L3 4AA

DIRECTORS' REPORT

The directors present their report and the audited Group consolidated financial statements of Heritage Great Britain PLC for the year ended 31 January 2001.

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 and Scotland.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider the results for the year, as set out on page 6, to be satisfactory.

The United Kingdom tourism market has had a challenging twelve months due to a number of factors including the high exchange rate, poor weather and the fuel crisis. Against this background, the directors are pleased to report significant improvements in most business areas. The directors and senior management have focused on improving the standards at sites by capital investment such as the new Sweet Manufactory on the Isle of Wight and the retail refurbishment at Snowdon Mountain Railway, Llanberis. In addition, experience has been shared to improve the company's internal systems and procedures together with a focusing on cost management. The directors have also taken action to focus on each of the businesses and certain properties have been disposed of subsequent to the year end.

Further capital investment is planned in 2001 to enhance the experience offered to our visitors. The company continues to seek out opportunities for the further development of its portfolio whilst continuing to invest in existing businesses. With this approach, the directors are hopeful that the current year will see increased levels of profitability.

RESULTS AND DIVIDENDS

The Group loss for the year, after taxation, amounted to £41,942 (2000 profit £692,211). The directors do not recommend the payment of a dividend.

FIXED ASSETS

Details of changes in tangible fixed assets are given in note 9 to the financial statements.

CREDITOR PAYMENT POLICY

The company agrees terms and conditions under which business transactions with suppliers are conducted. Payments to suppliers are made in accordance with these terms, provided that suppliers have complied with all relevant terms and conditions. In the absence of any agreement with a supplier, settlement is normally made in the month following receipt of invoice.

The company's average creditor payment period at the year end was 29 days.

DONATIONS

The Group made charitable donations of £13,942 (2000 £9,299) during the year. No political donations were made.

DIRECTORS AND THEIR INTERESTS

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

K R Leech
R P Bradshaw
S W Sim

Mr K R 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 interests in the shares of the company.

DIRECTORS' REPORT

EMPLOYEES

The Group is committed to the development of all employees, both full time and part time. This is achieved by regular training programmes and keeping all staff informed and involved in the Group's activities through regular meetings and communications. The employees are flexible in their working and are an important asset of the Group. The Group is committed to the provision of equal opportunities for all employees.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever possible.

AUDITORS

A resolution to reappoint Ernst & Young as auditors to the company will be proposed at the annual general meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the Board



P M Treherne
Secretary

26 April 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Heritage Great Britain PLC

We have audited the accounts on pages 6 to 22, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10 to 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the Group as at 31 January 2001 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Manchester

16 July 2001

Heritage Great Britain PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 January 2001

	Notes	2001 £	2000 £
TURNOVER	2	9,376,398	7,649,151
Cost of sales		(2,496,397)	(3,082,341)
GROSS PROFIT		6,880,001	4,566,810
Administrative expenses		(6,245,405)	(3,339,146)
OPERATING PROFIT		634,596	1,227,664
Profit on disposal of tangible fixed assets		51,149	-
Interest receivable and similar income	3	56,357	33,600
Interest payable and similar charges	4	(714,304)	(463,553)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	27,798	797,711
Tax on profit on ordinary activities	8	69,740	105,500
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	19	(41,942)	692,211

All operations are continuing.

The Group has no recognised gains and losses other than the gains and losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

The notes on pages 10 to 22 form an integral part of these financial statements.

Heritage Great Britain PLC

CONSOLIDATED BALANCE SHEET

at 31 January 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	13,932,289	14,710,258
Intangible assets	10	276,377	291,452
		<u>14,208,666</u>	<u>15,001,710</u>
CURRENT ASSETS			
Stocks	12	519,802	590,256
Debtors	13	1,003,644	406,439
Cash at bank and in hand		829,812	434,240
		<u>2,353,258</u>	<u>1,430,935</u>
CREDITORS: amounts falling due within one year	14	4,045,831	2,964,443
NET CURRENT LIABILITIES		<u>(1,692,573)</u>	<u>(1,533,508)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,516,093</u>	<u>13,468,202</u>
CREDITORS: amounts falling due after more than one year	15	6,243,641	7,244,237
ACCRUALS AND DEFERRED INCOME	16	139,010	149,010
PROVISION FOR LIABILITIES AND CHARGES	17	269,802	169,373
CAPITAL AND RESERVES			
Called up share capital	18	5,213,371	5,213,371
Profit and loss account	19	650,269	692,211
EQUITY SHAREHOLDERS' FUNDS	20	<u>5,863,640</u>	<u>5,905,582</u>
		<u>12,516,093</u>	<u>13,468,202</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

Heritage Great Britain PLC

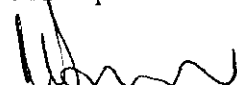
COMPANY BALANCE SHEET

at 31 January 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	26,814	32,693
Investments	11	13,434,873	13,434,871
		<u>13,461,687</u>	<u>13,467,564</u>
CURRENT ASSETS			
Debtors	13	625,134	271,501
Cash at bank and in hand		-	35
		<u>625,134</u>	<u>271,536</u>
CREDITORS: amounts falling due within one year	14	(2,921,213)	(1,522,957)
NET CURRENT LIABILITIES		<u>(2,296,079)</u>	<u>(1,251,421)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,165,608</u>	<u>12,216,143</u>
CREDITORS: amounts falling due after more than one year	15	6,132,000	7,008,672
PROVISIONS FOR LIABILITIES AND CHANGES	17	402	-
CAPITAL AND RESERVES			
Called up share capital	18	5,213,371	5,213,371
Profit and loss account	19	(180,165)	(5,900)
EQUITY SHAREHOLDERS' FUNDS	20	<u>5,033,206</u>	<u>5,207,471</u>
		<u>11,165,608</u>	<u>12,216,143</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

The financial statements on pages 6 to 22 were approved by the Board of Directors on 26 April 2001 and were signed on its behalf by:



R P Bradshaw
Director

Heritage Great Britain PLC

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 January 2001

	Notes	2001 £	2000 £
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	23	1,216,105	1,912,278
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received and similar income		56,357	33,600
Interest paid		(457,977)	(192,777)
Interest element of finance lease rental payments		(51,307)	(20,025)
		(452,927)	(179,202)
TAXATION			
Corporation tax paid (including advance corporation tax)		(25,000)	(35,000)
		(25,000)	(35,000)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(240,253)	(104,888)
Receipts from sales of tangible fixed assets		163,635	-
		(76,618)	(104,888)
ACQUISITIONS AND DISPOSALS			
Purchase of business		-	(4,822,463)
		-	(4,822,463)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		661,560	(3,229,275)
FINANCING			
Repayment of short-term loans	25	(2,437)	1,276,598
Repayment of long-term loans	25	(928,614)	1,452,614
Repayment of capital element of finance lease rentals	25	(211,377)	50,219
DECREASE IN CASH IN THE YEAR	24	(480,868)	(449,844)

The notes on pages 10 to 22 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting and Financial Reporting Standards in the United Kingdom. A summary of more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Basis of consolidation

The Group accounts consolidate the accounts of Heritage Great Britain PLC and all its subsidiary undertakings drawn up to 31 January 2001. No profit and loss account is presented for Heritage Great Britain PLC as permitted by section 230 of the Companies Act 1985 (see note 19).

Goodwill

Positive goodwill arising on businesses acquired is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments

Investments are stated at cost, less any provision necessary for permanent diminution in value.

Turnover

Turnover represents amounts (excluding value added tax) derived from provision of goods and services rendered during the period.

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	-	10%
Fixtures and fittings	-	12.5%
Motor vehicles	-	25%
Computer equipment	-	33%

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.

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.

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.

1. ACCOUNTING POLICIES (continued)

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Finance leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Pensions

The Group operates a defined contribution pension scheme for certain employees. The costs are charged to the profit and loss account as incurred. The charge for the year was £77,363 (2000: £22,380). There was no creditor outstanding at the period end.

The Group also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those to the company, being invested with The Equitable Life Assurance Society. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employee's working lives with the company. Further details are set out in note 26.

Deferred tax

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that is probable that a liability or asset will crystallise.

Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the estimated useful lives of the relevant assets by equal annual instalments.

2. TURNOVER AND SEGMENTAL ANALYSIS BY CLASS OF BUSINESS

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

	<i>Turnover</i>	
	<i>2001</i>	<i>2000</i>
	£	£
By activity:		
Attractions and admissions	3,526,154	2,957,859
Retailing	2,481,215	2,001,424
Catering, hotel and bar	2,915,647	2,566,346
Other revenue	453,382	123,522
	<u>9,376,398</u>	<u>7,649,151</u>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £	2000 £
Bank interest receivable	13,486	22,618
Rent receivable	42,871	10,982
	<u>56,357</u>	<u>33,600</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loans and overdrafts wholly repayable within five years	524,146	349,485
Other loans – debenture loan	138,851	94,043
Finance lease charges payable under finance leases and hire purchase contracts	51,307	20,025
	<u>714,304</u>	<u>463,553</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2001 £	2000 £
Auditors' remuneration – audit services	14,000	17,000
Auditors' remuneration – non audit services	8,351	6,500
Depreciation of tangible fixed assets – owned	544,062	220,047
Depreciation of tangible fixed assets – leased	43,729	24,581
Profit on sale of tangible fixed assets	(51,149)	-
Operating lease rentals – plant and machinery	73,824	28,021
Operating lease rentals – land and buildings	55,000	44,491
Amortisation of goodwill	15,075	10,050
Government grant – release of deferred income	(10,000)	(6,154)

Auditors' remuneration for non-audit services comprises fees for taxation compliance work.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

6. EMOLUMENTS OF DIRECTORS

	2001 £	2000 £
Aggregate emoluments (including benefits in kind)	115,492	74,698
Pension contributions to a money purchase scheme	26,675	12,992
	<u>142,167</u>	<u>87,690</u>

As disclosed in note 27, management services amounting to £71,384 were provided to TPN Holdings PLC, a related company, under a management services agreement. These services were predominantly in respect of the services of one director of this company whose emoluments are included above.

	2001 No.	2000 No.
Members of money purchase pension schemes	<u>1</u>	<u>1</u>

7. EMPLOYEE INFORMATION

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

	2001 No.	2000 No.
Management and administration	17	17
Retail, catering and other	340	325
	<u>357</u>	<u>342</u>

The figures above include part time employees expressed in full time equivalents.

	2001 £	2000 £
Staff costs for the above persons:		
Wages and salaries	3,110,214	2,211,273
Social security costs	223,597	155,926
Pension costs	87,815	43,545
	<u>3,421,626</u>	<u>2,410,744</u>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK corporation tax at 30% (2000 30%)	(30,689)	79,500
Deferred taxation	100,429	26,000
	<u>69,740</u>	<u>105,500</u>

As at 31 January 2001, tax losses of £991,000 (2000: £1,600,000) are available to, subject to agreement with the Inland Revenue, carry forward within the Land's End and John O'Groats business.

9. TANGIBLE FIXED ASSETS

Group	Land and buildings £	Railway line and rolling stock £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost:						
At 1 February 2000	11,316,969	1,600,000	864,699	15,343	1,157,875	14,954,886
Additions	352,528	-	16,389	20,043	90,848	479,808
Disposals	-	-	-	-	(15,244)	(15,244)
Transferred to properties held for resale	(657,500)	-	-	-	-	(657,500)
At 31 January 2001	<u>11,011,997</u>	<u>1,600,000</u>	<u>881,088</u>	<u>35,386</u>	<u>1,233,479</u>	<u>14,761,950</u>
Depreciation:						
At 1 February 2000	69,334	21,333	57,522	3,345	93,094	244,628
Charge for the year	190,078	80,000	92,651	9,749	215,313	587,791
Eliminated on disposal	-	-	-	-	(2,758)	(2,758)
At 31 January 2001	<u>259,412</u>	<u>101,333</u>	<u>150,173</u>	<u>13,094</u>	<u>305,649</u>	<u>829,661</u>
Net book value:						
At 31 January 2001	<u>10,752,585</u>	<u>1,498,667</u>	<u>730,915</u>	<u>22,292</u>	<u>927,830</u>	<u>13,932,289</u>
At 31 January 2000	<u>11,247,635</u>	<u>1,578,667</u>	<u>807,177</u>	<u>11,998</u>	<u>1,064,781</u>	<u>14,710,258</u>

Fixed assets with a net book value of £494,314 (2000: £264,123) which are held under finance leases are included above.

The net book value of land and buildings comprises:

	2001 £	2000 £
Freehold	10,619,052	11,114,102
Long leasehold	133,533	133,533
	<u>10,752,585</u>	<u>11,247,635</u>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

9. TANGIBLE FIXED ASSETS (continued)

<i>Company</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost:		
At 1 February 2000	34,803	34,803
Additions	14,969	14,969
Disposals	(15,244)	(15,244)
At 31 January 2001	34,528	34,527
Depreciation:		
At 1 February 2000	2,110	2,110
Charge for the year	8,362	8,362
Disposals	(2,758)	(2,758)
At 31 January 2001	7,714	7,714
Net book value:		
At 31 January 2001	26,814	26,814
At 31 January 2000	32,693	32,693

ERNST & YOUNG

10. INTANGIBLE FIXED ASSETS

	<i>Goodwill £</i>
Cost:	
At 1 February 2000 and 31 January 2001	301,502
Amortisation:	
At 1 February 2000	10,050
Amortised in year	15,075
At 31 January 2001	25,125
Net book value:	
At 31 January 2001	276,377
At 31 January 2000	291,452

Goodwill arising on the acquisition of businesses is amortised evenly over the directors' estimate of its useful economic life of 20 years.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

11. INVESTMENTS

<i>Company</i>	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>
Cost		
At 1 February 2000	13,434,871	-
Additions	2	13,434,871
At 31 January 2001	13,434,873	13,434,871

The principal subsidiary undertakings, registered and operating in England and Wales, are Heritage Attractions Limited, Snowdon Mountain Railway Limited, and The Land's End and John O'Groats Company Limited. The company owns the entire issued ordinary share capital of these companies. The company also acquired the entire issued ordinary share capital of LEJOG Limited during the year which is registered in England and Wales, and is currently dormant.

The company also has a controlling interest in two dormant companies registered in England and Wales, Land's End Limited and John O'Groats Limited, via the intermediary subsidiary company, Heritage Attractions Limited.

ERNST & YOUNG

12. STOCKS

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Finished goods and goods for resale	272,667	378,319	-	-
Raw materials and spares	195,291	202,513	-	-
Catering and bar stocks	51,844	9,424	-	-
	519,802	590,256	-	-

13. DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Amounts falling due within one year:				
Trade debtors	49,002	54,191	19,916	34,663
Corporation tax recoverable	31,368	-	-	-
Other debtors	43,948	21,825	11,385	4,197
Prepayments and accrued income	221,826	230,423	93,833	122,641
Amounts owed by subsidiary undertakings	-	-	500,000	110,000
Property held for resale	657,500	100,000	-	-
	1,003,644	406,439	625,134	271,501

The properties held for resale consist of certain properties in Cornwall which were disposed of subsequent to the year end.

The property held for resale at 31 January 2000 was disposed of in July 2000.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

14. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£	£	£	£
Trade creditors	403,518	268,378	98,128	32,111
Loans (secured – see note 15)	1,274,161	1,276,598	1,220,000	1,219,500
Bank overdraft (secured – see note 15)	1,760,522	884,082	1,340,623	94,184
Corporation tax	-	44,500	4,500	4,500
Other taxation and social security	45,234	72,059	8,784	7,018
Obligations under finance leases and HP contracts	202,006	101,846	6,672	7,279
Other creditors	21,485	61,386	2	-
Accruals and deferred income	338,905	255,594	242,504	109,916
Amounts owed to subsidiary companies	-	-	-	48,449
	<u>4,045,831</u>	<u>2,964,443</u>	<u>2,921,213</u>	<u>1,522,957</u>

15. CREDITORS: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£	£	£	£
Loans – secured (see below)	6,132,000	7,060,614	6,132,000	7,002,000
Obligations under finance leases and HP contracts	111,641	183,623	-	6,672
	<u>6,243,641</u>	<u>7,244,237</u>	<u>6,132,000</u>	<u>7,008,672</u>

Details of the maturity of loans are as follows:

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£	£	£	£
Amounts falling due:				
In one year or less	1,274,161	1,276,598	1,220,000	1,219,500
In more than one year but not more than two years	2,869,500	928,114	2,869,500	869,500
In more than two years but not more than five years	2,608,500	4,608,500	2,608,500	4,608,500
In more than five years	654,000	1,524,000	654,000	1,524,000
	<u>7,406,161</u>	<u>8,337,212</u>	<u>7,352,000</u>	<u>8,221,500</u>
Less: included in creditors: amounts falling due within one year	<u>1,274,161</u>	<u>1,276,598</u>	<u>1,220,000</u>	<u>1,219,500</u>
	<u>6,132,000</u>	<u>7,060,614</u>	<u>6,132,000</u>	<u>7,002,000</u>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

15. CREDITORS: amounts falling due after more than one year

The loans falling due in more than five years have minimum annual capital repayment terms agreed by the Group's bankers. The rate of interest on these loans is set by reference to the London Inter Bank Offer Rate (LIBOR) and will vary by the renewal period selected.

Each company within the Group has provided a cross-guarantee to the Group's bankers in respect of overdraft and borrowing facilities. The Group's facilities are secured by a fixed and floating charge over the Group's assets.

Obligations under finance leases and HP contracts:

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£	£	£	£
Amounts payable:				
Within one year	239,638	142,932	7,447	8,124
In two to five years	132,731	185,638	-	7,447
	<u>372,369</u>	<u>328,570</u>	<u>7,447</u>	<u>15,571</u>
Less: finance charges allocated to future periods	(58,722)	(43,101)	(775)	(1,620)
	<u>313,647</u>	<u>285,469</u>	<u>6,672</u>	<u>13,951</u>

16. ACCRUALS AND DEFERRED INCOME

	<i>Group</i>	<i>Company</i>
	£	£
Welsh Tourist Board Grant:		
At 1 February 2000	149,010	-
Released in year	(10,000)	-
At 31 January 2001	<u>139,010</u>	<u>-</u>

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

17. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i> £	<i>Company</i> £
Deferred taxation:		
At 1 February 2000	169,373	-
Charge for year	100,429	402
At 31 January 2001	<u>269,802</u>	<u>402</u>

The amounts provided for deferred taxation and the amounts unprovided are set out below:

<i>Group</i>	<i>2001</i> <i>Provided</i> £	<i>2001</i> <i>Unprovided</i> £	<i>2000</i> <i>Provided</i> £	<i>2000</i> <i>Unprovided</i> £
Differences between accumulated depreciation and capital allowances	<u>269,802</u>	<u>187,238</u>	<u>169,373</u>	<u>187,238</u>

18. SHARE CAPITAL

	<i>2001</i> £	<i>2000</i> £
Authorised:		
7,000,000 (2000:7,000,000) ordinary shares of £1 each	<u>7,000,000</u>	<u>7,000,000</u>
Allotted, issued and fully paid:		
5,213,371 (2000:5,213,371) ordinary shares of £1 each	<u>5,213,371</u>	<u>5,213,371</u>

19. RESERVES

	<i>Group</i> <i>profit</i> <i>and loss</i> <i>account</i> £	<i>Company</i> <i>profit</i> <i>and loss</i> <i>account</i> £
At 1 February 2000	692,211	(5,900)
Retained loss for the year	(41,942)	(174,265)
At 31 January 2001	<u>650,269</u>	<u>(180,165)</u>

In accordance with s230(4) Companies Act 1985 no profit and loss account has been presented for the company.

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£	£	£	£
(Loss)/profit for the financial year	(41,942)	692,211	(174,265)	(5,900)
Shares issued in the year	-	5,213,369	-	5,213,369
Opening equity shareholders' funds	5,905,582	2	5,207,471	2
Closing equity shareholders' funds	5,863,640	5,905,582	5,033,206	5,207,471

21. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£	£	£	£
Operating leases which expire:				
Within one year – other	-	1,185	-	-
In two to five years – other	68,391	31,451	22,857	18,658
In two to five years – land and buildings	16,272	5,707	16,272	5,707
Over five years – land and buildings	55,000	55,000	-	-

22. CONTINGENT LIABILITIES

The company has provided a cross-guarantee in respect of all other Group companies' bank facilities, whose overdrafts at 31 January 2001 amounted to £419,899 (2000 £789,898) in total (see note 15).

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
	£	£
Operating profit	634,596	1,227,664
Depreciation	587,791	244,628
Amortisation of goodwill	15,075	10,050
(Release) of deferred income	(10,000)	(6,154)
Decrease/(increase) in stocks	70,454	(243,055)
(Increase)/decrease in debtors	(28,516)	272,479
(Decrease)/increase in creditors	(53,295)	406,666
Net cash inflow from operating activities	1,216,105	1,912,278

Heritage Great Britain PLC

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2001

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £	2000 £
Decrease in cash in the period	(480,868)	(449,844)
Cash decrease/(inflow) from increase in net debt and lease financing	1,142,428	(2,779,431)
Change in net debt arising from cash flows	661,560	(3,229,275)
Loans and finance leases acquired with subsidiaries	-	(3,858,000)
Debenture loan issued on acquisition of subsidiary	-	(2,000,000)
New finance leases	(239,555)	14,750
Movement in the year	422,005	(9,072,525)
Net funds at 31 January 2000	(9,072,523)	2
Net debt at 31 January 2001	(8,650,518)	(9,072,523)

25. ANALYSIS OF CHANGES IN NET DEBT

	At 31 January 2000	Cash flows £	Other movements £	At 31 January 2001 £
Cash at bank and in hand	434,240	395,572	-	829,812
Bank overdraft	(884,082)	(876,440)	-	(1,760,522)
Liquid resources	(449,842)	(480,868)	-	(930,710)
Short term loans	(1,276,598)	2,437	-	(1,274,161)
Long term loans	(5,060,614)	928,614	-	(4,132,000)
Debenture loans	(2,000,000)	-	-	(2,000,000)
Finance leases	(285,469)	211,377	(239,555)	(313,647)
	(9,072,523)	661,560	(239,555)	(8,650,518)

26. PENSION SCHEME

The Group operates a pension scheme providing benefits based on final pensionable pay funded by payment of contributions to a separately administered fund. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuation using the projected unit method. The most recent valuation was at 5 April 1999 when the market value of the scheme's assets was £385,253. The assumptions, which have the most significant effect on the results of the valuation, are that the rate of investment return would exceed future salary increases by 1% per annum.

The pension charge for the period in respect of this scheme amounted to £28,768 (2000: £30,988).

The most recent actuarial valuation showed that the actuarial value of the scheme represented 92% of the benefits that had accrued to members, after allowing for expected future increases in earnings. To eliminate this deficit the contributions of the Group to the pension scheme have been increased. Based on the recommendations of the actuary, the contributions of the Group and employees are 7.8% and 3% of earnings respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2001

27. RELATED PARTY TRANSACTIONS

Significant related party transactions are detailed below. The directors have taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosure" not to disclose transactions with other members of the Heritage Great Britain PLC group on the grounds that these are eliminated on consolidation.

- 1) During the year, Heritage Great Britain PLC provided management and/or accounting services to a number of companies with which Mr K R Leech, a director of this company, has a significant interest. All transactions were on an arms length basis and the details are as follows:

	<i>Value of services provided</i>	<i>Amounts outstanding at 31 January 2001</i>
TPN Holdings PLC	£71,384	£5,875
Bygone Times International PLC	£5,000	£5,000
Oystertec plc	£3,000	£nil

Mr R P Bradshaw, Chief Executive of Heritage Great Britain PLC, is also a director of both TPN Holdings PLC and Bygone Times International PLC.

- 2) A company controlled by TPN Holdings PLC, Avatar Interactive Limited, provided internet design services to Heritage Great Britain PLC, on an arms length basis, to the value of £10,305. There was no balance outstanding at the year end.
- 3) The group purchased printing services from Centrix Communications Limited. Centrix Communications Limited is ultimately controlled by TPN Holdings PLC. The purchases were on normal commercial terms with a value of £32,921. There was no balance outstanding at the year end.
- 4) During the year the group incurred certain garaging and related costs on behalf of Mr K R Leech, a director of Heritage Great Britain PLC. These were recharged to Mr K R Leech, on commercial terms, to the value of £28,807 of which £19,807 was outstanding at the year end (31 January 2000 £25,000).
- 5) Bygone Times International PLC, were contracted in the year to undertake building and refurbishment work at the group's Needles Park and Snowdon Mountain Railway sites. The contracts, which were on an arms length basis, in total amounted to £327,324 of which £2,500 was outstanding at the year end.

28. 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 FRS8, over that company.