Company Registration No. 06330688 (England and Wales)

SNOWCENTRES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

SNOWCENTRES LIMITED

COMPANY INFORMATION

Directors	R J Cook	
	T W Harris	
	D I Brown	(Appointed 13 December 2018)
Company number	06330688	
Registered office	The Snow Centre St Albans Hill Hemel Hempstead Hertfordshire HP3 9NH	
Auditor	Mercer & Hole 72 London Road St Albans Hertfordshire AL1 1NS	

SNOWCENTRES LIMITED

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SNOWCENTRES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present the strategic report for the year ended 30 September 2019.

Fair review of the business

This year we celebrated our 10th anniversary (we opened in May 2009) and held a number of events for guests, suppliers / partners, and our team. Over 25% of our team have worked here for the whole 10 years, which is testament to our culture and ethos. Sales of £8,098k (2018: £8,089k) were achieved, generating an operating profit of £855k (2018: £2,906k).

Principal risks and uncertainties

Another good trading year, particularly over the winter months up to February half term. Thereafter, we saw a slight softening, partly due to comparing with a Winter Olympics year last year. It is also noticeable, guests are booking closer to their visit date.

The economic uncertainties surrounding Brexit, the continuing deterioration of the value of Sterling along with the squeeze on the public's disposable income continue to be challenges we need to tackle going forward.

Key performance indicators

The group monitors the following key performance indicators:

- Slope spend per guest
- Lodge Cafe spend per guest
- Guest visits
- Total guest database
- Profit margin and payroll margin.

Spend per head increased 3% on slope products. The number of paying slope customers increased 4% on last year (total footfall in our centre is more than double our slope users). Our database (active email addresses) increased by 11.7%, with an 8% increase in those we can promote to. Our social media followers increased by over 20%.

We focus on our customer experience and receive ongoing feedback via online surveys following a visit, social media, and Trip Advisor. Our NPS score continues to increase as we continue to focus and develop our guest journey. Our safety record remains very good. Payroll margin was 28.2% of total turnover.

Over the summer we invested in new software packages which will assist with HR management and documentation, rota management, payroll, and our F & B operation, which should create efficiencies and improved reporting going forwards. We also invested in an HR project looking at the way we work, our team ethos, and developing our own unique DNA.

Future prospects

We expect Hemel to continue to trade well with further income and profit growth and are actively seeking opportunities for other sites through new build or acquisition.

After a year of consolidation, we expect income in Hemel Snowcentre Limited to continue to increase, and we continue to look at other growth opportunities in the UK market. The group incurred £29k costs this year on these activities.

On behalf of the board

....

R J Cook

Director

12/12/19

The directors present their annual report and financial statements for the year ended 30 September 2019.

Principal activities
The principal activity of the Company is that of a holding company for its subsidiary undertakings, Hemel Snowcentre Limited and Swindon Snowcentre Limited.

The principal activity of the Group is the ownership and operation of indoor real snow ski slopes.

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

R J Cook	
P W Harris	(Resigned 13 December 2018)
T W Harris	
D I Brown	(Appointed 13 December 2018)

Results and dividends
The results for the year are set out on page 7.

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

Political donations
The group made no charitable donations or incurred any political expenditure during the year.

Financial instruments

Financial risk management objectives and policies
The Company makes little use of financial instruments other than an operational bank account and therefore its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position or profit or loss of the Company.

Auditor
In accordance with the company's articles, a resolution proposing that Mercer & Hole be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

....
R J Cook
Director
Date: 12/12/19

SNOWCENTRES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SNOWCENTRES LIMITED

Opinion

We have audited the financial statements of Snowcentres Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 our audit:

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

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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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.

Mercer & Hole

Ross Lane (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

12/12/19.

Chartered Accountants
Statutory Auditor

72 London Road
St Albans
Hertfordshire
AL1 1NS

SNOWCENTRES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £000	2018 £000
Turnover	3	8,098	8,089
Cost of sales		(2,529)	(2,403)
Gross profit		5,569	5,686
Administrative expenses		(4,948)	(3,061)
Other operating income	4	234	281
Operating profit	5	855	2,906
Interest receivable and similar income	9	29	10
Interest payable and similar expenses	10	-	(3)
Profit before taxation		884	2,913
Tax on profit	11	(238)	(586)
Profit for the financial year	24	646	2,327

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

SNOWCENTRES LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	**12**		17,556		17,980
Current assets					
Stocks	**16**	23		25	
Debtors	**17**	286		299	
Cash at bank and in hand		5,951		4,975	
		6,260		5,299	
Creditors: amounts falling due within one year	**18**	(7,722)		(8,321)	
Net current liabilities			(1,462)		(3,022)
Total assets less current liabilities			16,094		14,958
Provisions for liabilities	**21**		(1,424)		(1,351)
Net assets			14,670		13,607
Capital and reserves					
Called up share capital	**23**		3,240		3,240
Other reserves	**24**		417		-
Profit and loss reserves	**24**		11,013		10,367
Total equity			14,670		13,607

The financial statements were approved by the board of directors and authorised for issue on 12/12/19 and are signed on its behalf by:

R J Cook
Director

SNOWCENTRES LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Investments	**13**		10,448		10,031
Current assets					
Debtors	**17**	244		219	
Creditors: amounts falling due within one year	**18**	(7,232)		(7,207)	
Net current liabilities			(6,988)		(6,988)
Total assets less current liabilities			3,460		3,043
Capital and reserves					
Called up share capital	**23**		3,240		3,240
Other reserves	**24**		417		-
Profit and loss reserves	**24**		(197)		(197)
Total equity			3,460		3,043

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2018 - £0 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 12/12/19 and are signed on its behalf by:

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R J Cook

Director

Company Registration No. 06330688

SNOWCENTRES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Share capital £000	Other reserves £000	Profit and loss reserves £000	Total £000
Balance at 1 October 2017	3,240	-	8,040	11,280
Year ended 30 September 2018:				
Profit and total comprehensive income for the year	-	-	2,327	2,327
Balance at 30 September 2018	3,240	-	10,367	13,607
Year ended 30 September 2019:				
Profit and total comprehensive income for the year	-	-	646	646
Share based payments charge	-	417	-	417
Balance at 30 September 2019	3,240	417	11,013	14,670

SNOWCENTRES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Share capital	Other reserves	Profit and loss reserves	Total
	£000	£000	£000	£000
Balance at 1 October 2017	3,240	-	(197)	3,043
Year ended 30 September 2018:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 30 September 2018	3,240	-	(197)	3,043
Year ended 30 September 2019:				
Profit and total comprehensive income for the year	-	-	-	-
Share based payments charge	-	417	-	417
Balance at 30 September 2019	3,240	417	(197)	3,460

SNOWCENTRES LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Cash flows from operating activities					
Cash generated from operations	**28**		2,145		3,806
Interest paid			-		(3)
Income taxes paid			(393)		(580)
Net cash inflow from operating activities			1,752		3,223
Investing activities					
Purchase of tangible fixed assets		(392)		(788)	
Proceeds on disposal of tangible fixed assets		87		-	
Interest received		29		10	
Net cash used in investing activities			(276)		(778)
Financing activities					
Repayment of borrowings		(500)		-	
Net cash used in financing activities			(500)		-
Net increase in cash and cash equivalents			976		2,445
Cash and cash equivalents at beginning of year			4,975		2,530
Cash and cash equivalents at end of year			5,951		4,975

1 Accounting policies

Company information

Snowcentres Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is: The Snow Centre, St Albans Hill, Hemel Hempstead, Hertfordshire, HP3 9NH.

The group consists of Snowcentres Limited, Hemel Snowcentre Limited and Swindon Snowcentre Limited.

1.1 Accounting convention

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

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

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1 Accounting policies **(Continued)**

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Snowcentres Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

The consolidated financial statements have been prepared on the going concern basis. The group has recorded a profit before tax of £1,386k for the year ended 30 September 2019, although it has net current liabilities of £1,421k at that date.

Post year-end management accounts indicate that the Group has continued to be profitable in the following period and that the group has been able to meet its liabilities as they fall due.

The directors have considered the cash and profit forecasts prepared by the Group which indicate that the Group will be able to meet its liabilities as they fall due.

The financial statements do not include any adjustments which may be required should the basis of preparation turn out to be inappropriate.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1 Accounting policies **(Continued)**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion.

1.5 Tangible fixed assets

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

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

The Snowcentre	50 years
Leasehold property	125 years
Plant and equipment	3-10 years

Assets in the course of construction are not depreciated.

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

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1 Accounting policies **(Continued)**

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

Cost is calculated using the first-in first-out method.

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

1.9 Cash at bank and in hand

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

1.10 Financial instruments

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1 Accounting policies **(Continued)**

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

1 Accounting policies **(Continued)**

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.16 Leases

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

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

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.18 Interest receivable and interest payable

Interest payable and similar charges include interest payable and finance charges on shares classified as liabilities recognised in profit and 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. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. The assessment of indicators of impairment require judgements to be made.

3 Turnover and other revenue

	2019	2018
	£000	£000
Turnover analysed by class of business		
Sale of goods	1,104	1,087
Provision of snow sports facilities	6,944	6,942
Sponsorship income	50	60
	8,098	8,089

	2019	2018
	£000	£000
Other significant revenue		
Interest income	29	10

	2019	2018
	£000	£000
Turnover analysed by geographical market		
United Kingdom	8,098	8,089

4 Other operating income

	2019 £000	2018 £000
VAT reclaim	67	72
Rent receivable	167	209
	234	281

5 Operating profit

	2019 £000	2018 £000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	758	756
(Profit)/loss on disposal of tangible fixed assets	(29)	170
Cost of stocks recognised as an expense	561	626
Share-based payments	417	-
Operating lease charges	310	291

6 Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	14	14
For other services		
Other taxation services	4	4
All other non-audit services	9	4
	13	8

7 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Management, administration and sales staff	59	50	-	-
Slope staff	155	148	-	-
Food and beverage staff	30	34	-	-
	244	232	-	-

7 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Wages and salaries	4,040	2,185	-	-
Social security costs	299	121	-	-
Pension costs	30	15	-	-
	4,369	2,321	-	-

Of the above, an average of 35 (*2018:* 57) were employed on a full-time basis. The remainder are part-time staff.

8 Directors' remuneration

	2019 £000	2018 £000
Remuneration for qualifying services	1,883	-
Company pension contributions to defined contribution schemes	1	-
	1,884	-

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £000	2018 £000
Remuneration for qualifying services	1,883	-
Company pension contributions to defined contribution schemes	1	-

9 Interest receivable and similar income

	2019 £000	2018 £000
Interest income		
Interest on bank deposits	29	10

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	29	10

10 Interest payable and similar expenses

	2019	2018
	£000	£000
Other finance costs:		
Other interest	-	3

11 Taxation

	2019	2018
	£000	£000
Current tax		
UK corporation tax on profits for the current period	164	480
Adjustments in respect of prior periods	-	5
Total current tax	164	485
Deferred tax		
Origination and reversal of timing differences	74	101
Total tax charge	238	586

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£000	£000
Profit before taxation	884	2,913
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	168	553
Tax effect of expenses that are not deductible in determining taxable profit	60	-
Change in unrecognised deferred tax assets	1	1
Adjustments in respect of prior years	-	5
Depreciation on assets not qualifying for tax allowances	18	39
Effect of deferred tax being calculated at a different rate	(9)	(12)
Taxation charge	238	586

Factors that may affect future current and total tax charges

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

12 Tangible fixed assets

Group	The Snowcentre	Leasehold property	Assets under construction	Plant and equipment	Total
	£000	£000	£000	£000	£000
Cost					
At 1 October 2018	19,734	1,050	216	1,974	22,974
Additions	-	-	26	366	392
Disposals	-	-	-	(112)	(112)
At 30 September 2019	19,734	1,050	242	2,228	23,254
Depreciation and impairment					
At 1 October 2018	3,721	88	-	1,185	4,994
Depreciation charged in the year	396	8	-	354	758
Eliminated in respect of disposals	-	-	-	(54)	(54)
At 30 September 2019	4,117	96	-	1,485	5,698
Carrying amount					
At 30 September 2019	15,617	954	242	743	17,556
At 30 September 2018	16,013	962	216	789	17,980

The company had no tangible fixed assets at 30 September 2019 or 30 September 2018.

The Directors have considered the carrying value of the Snow Centre asset without undergoing a formal valuation exercise, and in doing so have satisfied themselves that the aggregate value of that class of assets at the balance sheet date was not less than the aggregate amount at which they are stated in the Group's accounts.

13 Fixed asset investments

		Group		Company	
		2019	2018	2019	2018
	Notes	£000	£000	£000	£000
Investments in subsidiaries	14	-	-	10,448	10,031

13 Fixed asset investments **(Continued)**

Movements in fixed asset investments

Company	**Shares in group undertakings £000**
Cost or valuation	
At 1 October 2018	10,031
Capital contribution	417
At 30 September 2019	10,448
Carrying amount	
At 30 September 2019	10,448
At 30 September 2018	10,031

14 Subsidiary

Details of the company's subsidiaries at 30 September 2019 are as follows:

Name of undertaking	**Registered office**	**Nature of business**	**Class of shares held**	**% Held Direct**	**Indirect**
Hemel Snowcentre Limited	*	Indoor Snow Centre	Ordinary & Preference	100.00	
Swindon Snowcentre Limited	*	Indoor Snow Centre	Ordinary	100.00	

The investment in subsidiaries are stated at cost.

*The Snow Centre, St Albans Hill, Hemel Hempstead, Hertfordshire, HP3 9NH.

15 Financial instruments

	Group 2019 £000	**2018 £000**	**Company 2019 £000**	**2018 £000**
Carrying amount of financial assets				
Debt instruments measured at amortised cost	111	161	244	219
Carrying amount of financial liabilities				
Measured at amortised cost	7,435	7,843	7,232	7,207

16 Stocks

	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Food and drink	13	13	-	-
Snow equipment	10	12	-	-
	23	25	-	-

17 Debtors

Amounts falling due within one year:	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Trade debtors	105	93	-	-
Amounts owed by group undertakings	-	-	244	219
Other debtors	5	71	-	-
Prepayments and accrued income	176	135	-	-
	286	299	244	219

18 Creditors: amounts falling due within one year

	Notes	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Shares classified as liabilities	23	6,480	6,480	6,480	6,480
Shareholder loan accounts	19	-	500	-	500
Trade creditors		282	189	-	-
Amounts due to group undertakings		-	-	752	227
Corporation tax payable		35	263	-	-
Other taxation and social security		252	215	-	-
Other creditors		15	12	-	-
Accruals and deferred income		658	662	-	-
		7,722	8,321	7,232	7,207

The redeemable preference shares of £6,480k are repayable on demand.

19 Loans and overdrafts

	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Preference shares	6,480	6,480	6,480	6,480
Other loans	-	500	-	500
	6,480	6,980	6,480	6,980
Payable within one year	6,480	6,980	6,480	6,980

20 Provisions for liabilities

	Notes	Group 2019 £000	2018 £000	Company 2019 £000	2018 £000
Deferred tax liabilities	21	1,424	1,351	-	-

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2019 £000	Liabilities 2018 £000
Accelerated capital allowances	1,444	1,351
Retirement benefit obligations	(2)	-
Share based payments	(18)	-
	1,424	1,351

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2019 £000	Company 2019 £000
Liability at 1 October 2018	1,351	-
Charge to profit or loss	73	-
Liability at 30 September 2019	1,424	-

21 Deferred taxation **(Continued)**

None of the deferred tax liability set out above is expected to reverse within the next 12 months. It relates to accelerated capital allowances that are expected to mature over the remaining economic life of the assets.

22 Retirement benefit schemes

	2019	2018
Defined contribution schemes	**£000**	**£000**
Charge to profit or loss in respect of defined contribution schemes	30	15

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company	
	2019	**2018**
Ordinary share capital	**£000**	**£000**
Issued and fully paid		
3,239,885 Ordinary shares of £1 each	3,240	3,240
Preference share capital		
Issued and fully paid		
6,480,117 Redeemable preference shares of £1 each	6,480	6,480
	9,720	9,720
Shares classified as liabilities	6,480	6,480
Shares classified as shareholders' funds	3,240	3,240
	9,720	9,720

Ordinary shares
The holders of these share are entitled to participate in voting, dividends and distribution of capital subject to the terms of the preference shares.

Redeemable preference shares
The holders of these shares are entitled to a fixed non-cumulative preferential dividend at the rate of 10 per cent per annum on the capital for the time being paid up thereon, to be declared and paid at the company's directors' sole discretion. On a return of capital the assets of the Company available for distribution among the members shall be applied in repaying to the holders of the Preference Shares the amounts paid up on such shares together with a sum equal to any arrears and accruals of the fixed dividend thereon. The Preference shares shall not entitle the holders thereof to any further or other right of participation in the assets of the Company. The preference shares shall rank in priority to any Ordinary shares for dividend or on a return of capital. There are limited situations in which the Redeemable preference share holders are entitled to vote. The company may at any time redeem any or all Preference shares from the holders of such Preference shares at a price not exceeding the nominal amount of a Preference Share together with a sum equal to any arrears and accruals of the fixed dividend thereon.

24 Reserves

Equity reserve
The equity reserve is comprised of the cumulative equity settled share based payments charges recognised in the accounts where the share options are yet to be exercised.

Profit and loss reserves
The profit and loss reserves include all current and prior period retained profits and losses.

25 Operating lease commitments

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

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Within one year	296	296	-	-
Between two and five years	1,145	1,156	-	-
In over five years	30,923	31,208	-	-
	32,364	32,660	-	-

Lessor
At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Within one year	160	169	-	-
Between two and five years	600	640	-	-
In over five years	-	120	-	-
	760	929	-	-

During the year £279,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £291,000)

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £000	2018 £000
Aggregate compensation	2,086	184

At the year end, shareholder loans of £60 (2018: £500k) were owed by the company to certain shareholders in respect of monies loaned to the company to finance the acquisition of minority interest shareholdings in Hemel Snowcentre Limited in 2011.

27 Controlling party

Having considered the current shareholdings of the owners of the business, the Directors do not consider there to be an ultimate controlling party of the group.

28 Cash generated from group operations

	2019 £000	2018 £000
Profit for the year after tax	646	2,327
Adjustments for:		
Taxation charged	238	586
Finance costs	-	3
Investment income	(29)	(10)
(Gain)/loss on disposal of tangible fixed assets	(29)	170
Depreciation and impairment of tangible fixed assets	758	756
Equity settled share based payment expense	417	-
Movements in working capital:		
Decrease in stocks	2	5
Decrease/(increase) in debtors	13	(51)
Increase in creditors	129	20
Cash generated from operations	2,145	3,806