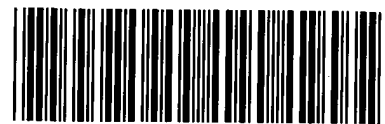


Registered number: 07777872

**ZIP WORLD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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## **ZIP WORLD LIMITED**

### **CONTENTS**

	<b>Page (s)</b>
<b>Company Information</b>	<b>1</b>
<b>The Zip World Group - Experience Adventure with Zip World</b>	<b>2</b>
<b>Group Strategic Report</b>	<b>3 - 4</b>
<b>Directors' Report</b>	<b>5 - 6</b>
<b>Independent Auditors' Report to the Members of Zip World Limited</b>	<b>8</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>9</b>
<b>Consolidated Balance Sheet</b>	<b>10</b>
<b>Company Balance Sheet</b>	<b>11</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>12</b>
<b>Company Statement of Changes in Equity</b>	<b>13</b>
<b>Consolidated Statement of Cash Flows</b>	<b>14 - 15</b>
<b>Notes to the Financial Statements</b>	<b>16 - 34</b>

## **ZIP WORLD LIMITED**

### **COMPANY INFORMATION**

#### **Directors**

S W Taylor  
M J Shaylor  
N S Moriarty

#### **Registered number**

07777872

#### **Registered office**

Zip World Base Camp  
Denbigh Street  
Llanrwst  
Wales  
LL26 0LL

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants & Statutory Auditors  
One Kingsway  
Cardiff  
CF10 3PW

## **ZIP WORLD LIMITED**

### **THE ZIP WORLD GROUP - EXPERIENCE ADVENTURE WITH ZIP WORLD**

Zip World operates adventure activities across 3 sites in North Wales:

Zip World Penrhyn Quarry – home to Zip World Velocity, the world's fastest zipline. Travel through historic Penrhyn Quarry before flying over the stunning quarry lake reaching speeds of around 100mph! Spectators can relax in the Adventure Terminal (which opened in September 2017), while watching zippers soar above the viewing platform, and experience exceptional dining with breath-taking views from Blondin's Restaurant.

Zip World Slate Caverns – mountain zippers and underground adventures. Experience a range of unique adventures in a spectacular slate mine. Challenge yourself on Caverns, the world's greatest underground zip line and adventure course, release your inner child on the world-famous Bounce Below or whizz down the mountain on Titan – the four line zipping experience.

Zip World Fforest – amazing adventures in a beautiful woodland setting. With adventures perfect for almost any age, Zip World Fforest is the perfect family day out! Zip line through the trees, bounce off Treetop Nets, soar on Skyride, leap off Plummet, or ride the new Fforest Coaster!

## **ZIP WORLD LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their Strategic Report for the year ended 31 December 2017.

#### **Business review incorporating key performance indicators**

2017 was a second year of investment for the group, with the successful launch of the Fforest Coaster at Zip World Fforest in May 2017 and the Adventure Terminal opening at Zip World Penrhyn Quarry in September 2017. Construction also commenced at Zip World Penrhyn Quarry to expand the number of lines for Zip World Velocity from two to four, with the project due to complete by Easter 2018.

The group is pleased to report that turnover increased this year to £10,999,883 (2016: £7,118,721), an increase of 55%.

Across the group 327,134 (2016: 211,983) participants experienced adventure during 2017 – an increase of 54% on 2016 and our advance bookings (reflected by our deferred income balance) signal that we expect 2018 numbers to be higher again.

We are proud to support the tourism industry and employ local people in North Wales and part of our ethos as a company is to build sustainable, long term, quality employment opportunities in the region. As such, we are delighted that the average number of people employed by the group increased again this year from 153 to 243.

We have also invested a further £4.7million in fixed assets during the year, including the development of the new Fforest Coaster at Zip World Fforest and the Adventure Terminal at Zip World Penrhyn Quarry as we seek to build a broader, stronger platform for growth in the coming years.

2018 is set to be another record year for the group, with additional capacity at Zip World Velocity from Easter 2018 and a full year of operation for the Fforest Coaster. This will be supplemented by a further focus on secondary spend for our customers both before and during their visit.

#### **Principal risks and uncertainties**

The operations of the business expose it to a number of risks, the most significant being as follows:

##### **Economic risk**

The nature of the group's business is that is heavily exposed to the general economic conditions prevailing in the United Kingdom and the extent to which exchange rate fluctuations influence potential customers holiday decisions – the "staycation" effect. It is possible that the impact of Brexit could be positive for the group if the exchange rate fluctuations cause people to holiday nearer home, but if the impact is to cause sufficient economic uncertainty that people reduce their discretionary spending then the group may suffer a negative impact as a result.

To mitigate this, the board of directors are seeking to broaden the range of the group's activity adventure offering, at various price points and locations across the UK and also potentially through expansion internationally.

##### **Health and safety**

The group's adventure activities are, by their very nature, associated with a level of risk of serious injury to individuals participating in them if safety procedures are not followed. To mitigate this, safety is built into each attraction from the outset, from the equipment used to the inherent design of the attraction.

In addition, the directors have implemented rigorous training for all staff that operate attractions to ensure that visitors remain safe.

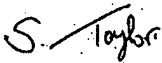
## **ZIP WORLD LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **Staff retention**

As a visitor attraction, a key part of the Zip World experience is the interaction that visitors have with the group's employees. As a result Zip World invests significantly in the training of its employees to ensure that visitors have a safe and positive experience each time they visit a Zip World site. Having made this investment in its employees, it is then critical that the group retains them and the directors look to achieve this through creating a positive working environment, investing in staff and paying staff above average wages for the area in which they are based.

This report was approved by the board and signed on its behalf by:



**S W Taylor  
Director**

Date: 21 March 2018.

## **ZIP WORLD LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their annual report and the financial statements of Zip World Limited (the "Group") for the year ended 31 December 2017.

#### **Results and dividends**

The profit for the financial year amounted to £1,088,103 (2016: £1,199,996).

During the year, the directors declared and paid an interim dividend of £364,988 (2016: £435,173)

#### **Directors**

The directors who served during the year and up to the date of signing of financial statements were:

S W Taylor  
M J Shaylor  
N S Moriarty

#### **Future developments**

The future developments of the group and the company are discussed in the business review section of the strategic report.

#### **Financial risk management**

The company's activities expose it to a number of financial risks including credit risk and liquidity risk.

##### **Credit risk**

The group and the company's financial assets are bank balances and cash.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by appropriate credit-rating agencies.

##### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group and the company uses a mixture of long term and short term debt finance.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

## **ZIP WORLD LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the 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;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to auditors**

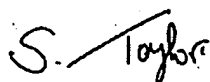
In the case of each director in office at the date the Directors' Report is approved:

- so far as they are aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

#### **Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



**S W Taylor  
Director**

21 March 2018



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZIP WORLD LIMITED**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Zip World Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2017; the consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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

- 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 and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZIP WORLD LIMITED (CONTINUED)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility



Jason Clarke (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

Date: 21 March 2018.

**ZIP WORLD LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	10,999,883	7,118,721
Other operating income	5	30,841	42,953
Other external charges		(4,120,714)	(2,439,247)
Exceptional costs	14	(593,957)	-
Staff costs	8	(3,722,740)	(2,472,268)
Depreciation and amortisation		(1,034,295)	(697,677)
<b>Operating profit</b>	6	<b>1,559,018</b>	<b>1,552,482</b>
Interest receivable and similar income	10	213	2,587
Interest payable and similar expenses	11	(12,188)	(10,123)
<b>Profit before tax</b>		<b>1,547,043</b>	<b>1,544,946</b>
Tax on profit	12	(458,940)	(344,950)
<b>Profit for the financial year</b>		<b>1,088,103</b>	<b>1,199,996</b>
		<u>1,088,103</u>	<u>1,199,996</u>
<b>Total comprehensive income for the financial year</b>		<b>1,088,103</b>	<b>1,199,996</b>
		<u>1,088,103</u>	<u>1,199,996</u>

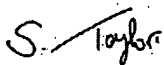
The notes on pages 16 to 34 form part of these financial statements.

**ZIP WORLD LIMITED**  
**REGISTERED NUMBER: 07777872**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	15	1,188,461	1,337,018
Tangible assets	16	7,630,061	3,789,517
Investments	17	4	4
		<u>8,818,526</u>	<u>5,126,539</u>
<b>Current assets</b>			
Stocks	18	203,833	42,048
Debtors	19	437,103	60,493
Cash at bank and in hand	20	856,947	944,910
		<u>1,497,883</u>	<u>1,047,451</u>
Creditors: amounts falling due within one year	21	(2,140,138)	(669,666)
<b>Net current (liabilities)/assets</b>		<u>(642,255)</u>	<u>377,785</u>
<b>Total assets less current liabilities</b>		<u>8,176,271</u>	<u>5,504,324</u>
Creditors: amounts falling due after more than one year	22	(1,585,582)	(36,172)
<b>Provisions for liabilities</b>			
Deferred taxation	26	(111,299)	(76,990)
Accruals and deferred income	27	(1,848,664)	(1,483,541)
<b>Net assets</b>		<u>4,630,726</u>	<u>3,907,621</u>
<b>Capital and reserves</b>			
Called up share capital	28	300	300
Profit and loss account	29	4,630,426	3,907,321
<b>Totals shareholders' funds</b>		<u>4,630,726</u>	<u>3,907,621</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S W Taylor**  
Director

Date: 21 March 2018

The notes on pages 16 to 34 form part of these financial statements.

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	16	5,780,431	2,747,947
Investments	17	2,008,322	2,008,322
		<u>7,788,753</u>	<u>4,756,269</u>
<b>Current assets</b>			
Stocks	18	198,038	37,451
Debtors	19	535,541	829,826
Cash at bank and in hand	20	763,532	398,382
		<u>1,497,111</u>	<u>1,265,659</u>
Creditors: amounts falling due within one year	21	<u>(1,857,848)</u>	<u>(606,398)</u>
<b>Net current (liabilities)/assets</b>		<u>(360,737)</u>	<u>659,261</u>
<b>Total assets less current liabilities</b>		<u>7,428,016</u>	<u>5,415,530</u>
Creditors: amounts falling due after more than one year	22	(1,325,837)	(11,172)
<b>Provisions for liabilities</b>			
Deferred taxation	26	(68,973)	(51,265)
Accruals and deferred income	27	(1,794,410)	(1,439,201)
<b>Net assets</b>		<u>4,238,796</u>	<u>3,913,892</u>
<b>Capital and reserves</b>			
Called up share capital	28	300	300
Profit and loss account brought forward		3,913,592	3,142,498
Profit for the financial year		689,902	1,206,267
Other changes in the profit and loss account		<u>(364,998)</u>	<u>(435,173)</u>
Profit and loss account carried forward		<u>4,238,496</u>	<u>3,913,592</u>
<b>Total shareholders' funds</b>		<u>4,238,796</u>	<u>3,913,892</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*S. Taylor*

**S W Taylor**  
Director

Date: 21 March 2018

**ZIP WORLD LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
<b>At 1 January 2016</b>	<b>300</b>	<b>3,142,498</b>	<b>3,142,798</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	1,199,996	1,199,996
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>1,199,996</b>	<b>1,199,996</b>
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(435,173)	(435,173)
<b>Total transactions with owners</b>	<b>-</b>	<b>(435,173)</b>	<b>(435,173)</b>
<b>At 31 December 2016 and 1 January 2017</b>	<b>300</b>	<b>3,907,321</b>	<b>3,907,621</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	1,088,103	1,088,103
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>1,088,103</b>	<b>1,088,103</b>
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(364,998)	(364,998)
<b>Total transactions with owners</b>	<b>-</b>	<b>(364,998)</b>	<b>(364,998)</b>
<b>At 31 December 2017</b>	<b>300</b>	<b>4,630,426</b>	<b>4,630,726</b>

The notes on pages 16 to 34 form part of these financial statements.

**ZIP WORLD LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total shareholders' funds £</b>
<b>At 1 January 2016</b>	<b>300</b>	<b>3,142,498</b>	<b>3,142,798</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	1,206,267	1,206,267
	-	1,206,267	1,206,267
<b>Total comprehensive income for the financial year</b>			
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(435,173)	(435,173)
<b>At 31 December 2016 and 1 January 2017</b>	<b>300</b>	<b>3,913,592</b>	<b>3,913,892</b>
<b>Comprehensive income for the financial year</b>			
Profit for the financial year	-	689,901	689,901
	-	689,901	689,901
<b>Total comprehensive income for the financial year</b>			
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(364,998)	(364,998)
<b>Total transactions with owners</b>	-	(364,998)	(364,998)
<b>At 31 December 2017</b>	<b>300</b>	<b>4,238,495</b>	<b>4,238,795</b>

The notes on pages 16 to 34 form part of these financial statements.

**ZIP WORLD LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,088,103	1,199,996
<b>Adjustments for:</b>		
Taxation charge	458,940	344,950
Interest payable	12,188	10,123
Interest receivable	(213)	(2,587)
Depreciation of tangible assets	885,738	549,119
Amortisation of intangible assets	148,557	148,558
(Increase)/decrease in stocks	(161,784)	3,553
(Increase)/decrease in debtors	(376,610)	16,293
Increase/(decrease) in creditors & deferred income	1,216,710	(175)
Corporation tax paid	(331,218)	(547,218)
<b>Net cash generated from operating activities</b>	<b>2,940,411</b>	<b>1,722,612</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(4,726,282)	(3,271,743)
Interest received	213	2,587
Net cash outflow on acquisition of subsidiary	-	(1,489,671)
<b>Net cash from investing activities</b>	<b>(4,726,069)</b>	<b>(4,758,827)</b>
<b>Cash flows from financing activities</b>		
New bank loans	1,761,112	50,000
Repayment of bank loans	(96,884)	-
Repayment of new finance leases	(6,086)	(4,914)
Dividends paid	(189,996)	(435,173)
Interest paid	(12,188)	(10,123)
Government grants introduced	224,000	-
Government interest free loans introduced	96,000	-
Government grants released to P&L	(14,933)	-
Government interest free loans repaid	(13,330)	-
Finance Wales loan repayments	(50,000)	-
<b>Net cash used in financing activities</b>	<b>1,697,695</b>	<b>(400,210)</b>



**ZIP WORLD LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Net (decrease) in cash and cash equivalents</b>	<b>(87,963)</b>	<b>(3,436,425)</b>
Cash and cash equivalents at beginning of the financial year	944,910	4,381,335
<b>Cash and cash equivalents at the end of the financial year</b>	<b>856,947</b>	<b>944,910</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	856,947	944,910
	<b>856,947</b>	<b>944,910</b>

## **ZIP WORLD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **1. General information**

Zip World Limited (the "company") and its subsidiary companies (together the "group") principal activity is the operation of adventure experience activities.

The company is incorporated and domiciled in England and Wales. Its registered office is Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0BW.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### **2.3 Associates and joint ventures**

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

## **ZIP WORLD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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

##### **2.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of adventure experiences**

Turnover from the sale of adventure experiences is recognised when the customer participates in the experience. Any amounts received in advance of customer participation are held within deferred income on the balance sheet.

##### **Sale of merchandising**

Turnover from the sale of merchandising is recognised at the point of sale of the merchandise product.

##### **2.5 Intangible assets**

##### **Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

##### **2.6 Tangible assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.6 Tangible assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- 4%
Plant and machinery	- 25%
Motor vehicles	- 25%
Fixtures, fittings and equipment	- 25%
Asset in the course of construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

**2.7 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.11 Financial instruments**

The Group and Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

**2.12 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.13 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

## **ZIP WORLD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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

##### **2.14 Foreign currency translation**

###### **Functional and presentation currency**

The Group and Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### **2.15 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.16 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### **2.17 Operating leases**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

##### **2.18 Pensions**

###### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### **2.19 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. Accounting policies (continued)**

**2.20 Borrowing costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

**2.21 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.22 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.23 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

## ZIP WORLD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are not considered to be any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Sale of services	10,358,301	7,066,191
Sale of goods	641,582	52,530
	<u>10,999,883</u>	<u>7,118,721</u>

All turnover arose within the United Kingdom.

#### 5. Other operating income

	2017 £	2016 £
Other operating income	7,979	42,953
Government grants receivable	22,862	-
	<u>30,841</u>	<u>42,953</u>

#### 6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	885,738	549,119
Amortisation of intangible assets, including goodwill	148,557	148,558
Operating lease rentals	<u>1,035,728</u>	<u>921,261</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. Auditors' remuneration**

	2017 £	2016 £
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	14,000	14,000
<b>Fees payable to the Group's auditors in respect of:</b>		
Audit of the Company's subsidiaries	6,000	6,000
Taxation compliance services	5,000	2,500
All other services	27,250	20,900
	<u>38,250</u>	<u>29,400</u>

**8. Staff costs**

Staff costs, including directors' remuneration, were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	3,294,643	2,131,152	2,858,825	1,878,237
Social security costs	212,505	124,116	188,336	124,116
Other pension costs	215,592	217,000	215,592	217,000
	<u>3,722,740</u>	<u>2,472,268</u>	<u>3,262,753</u>	<u>2,219,353</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 Number	2016 Number
Operations	<u>243</u>	<u>153</u>

**9. Directors' remuneration**

	2017 £	2016 £
Aggregate directors' emoluments	12,800	4,200
Company contributions to defined contribution pension schemes	200,000	217,000
	<u>212,800</u>	<u>221,200</u>

During the year retirement benefits were accruing to 3 directors (2016: 3) in respect of defined contribution pension schemes.

**ZIP WORLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. Interest receivable and similar income**

	2017 £	2016 £
Other interest receivable	213	2,587
	<u>213</u>	<u>2,587</u>

**11. Interest payable and similar expenses**

	2017 £	2016 £
Bank interest payable	8,486	-
Other loan interest payable	3,703	10,123
	<u>12,189</u>	<u>10,123</u>

**12. Tax on profit**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	433,090	360,251
Adjustments in respect of prior years	(8,459)	(7,781)
<b>Total current tax</b>	<u>424,631</u>	<u>352,470</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	36,202	(3,292)
Effect of reduced tax rate on opening liability	-	(28)
Adjustment in respect of prior years	(1,893)	(4,200)
<b>Total deferred tax</b>	<u>34,309</u>	<u>(7,520)</u>
<b>Tax on profit</b>	<u>458,940</u>	<u>344,950</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**12. Tax on profit (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £	2016 £
Profit before tax	<u>1,547,043</u>	<u>1,544,946</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	297,920	308,989
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	147,712	18,258
Adjustments from previous periods	(10,352)	(7,809)
Permanent differences	28,444	29,712
Tax rate changes	(4,784)	(4,200)
<b>Total tax charge for the year</b>	<u><b>458,940</b></u>	<u><b>344,950</b></u>

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**13. Dividends**

	2017 £	2016 £
Interim dividends of £50 (2016: £1,333.33) per £1 ordinary share	15,000	399,999
Interim dividends of £583.33 (2016: £190.13) per £1 ordinary share	174,999	35,174
Interim dividends of £583.33 (2016: £Nil) per £1 ordinary share	174,999	-
	<u><b>364,998</b></u>	<u><b>435,173</b></u>

# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 14. Exceptional cost

	2017 £	2016 £
Impairment of investment	411,594	-
Discontinued projects	182,363	-
	<u>593,957</u>	<u>-</u>

The exceptional costs relate to a number of projects that have been aborted during the year, which includes the impairment of the Group's investment in The City Zip Company Limited.

### 15. Intangible assets

#### Group

	Goodwill £
<b>Cost</b>	
At 1 January 2017	1,485,576
At 31 December 2017	<u>1,485,576</u>
<b>Accumulated amortisation</b>	
At 1 January 2017	148,558
Charge for the year	148,557
At 31 December 2017	<u>297,115</u>
<b>Net book value</b>	
At 31 December 2017	<u>1,188,461</u>
At 31 December 2016	<u>1,337,018</u>

**ZIP WORLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**16. Tangible assets**

**Group**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Asset in construction £	Total £
<b>Cost</b>						
At 1 January 2017	-	1,311,811	192,908	1,093,054	2,306,789	4,904,562
Additions	-	325,576	33,033	250,643	4,117,030	4,726,282
Transfers between classes	3,210,351	1,628,101	-	580,507	(5,418,959)	-
At 31 December 2017	<u>3,210,351</u>	<u>3,265,488</u>	<u>225,941</u>	<u>1,924,204</u>	<u>1,004,860</u>	<u>9,630,844</u>
<b>Accumulated Depreciation</b>						
At 1 January 2017	-	302,853	72,775	739,417	-	1,115,045
Charge for the year	42,271	501,919	49,373	292,175	-	885,738
At 31 December 2017	<u>42,271</u>	<u>804,772</u>	<u>122,148</u>	<u>1,031,592</u>	<u>-</u>	<u>2,000,783</u>
<b>Net book value</b>						
At 31 December 2017	<u>3,168,080</u>	<u>2,460,716</u>	<u>103,793</u>	<u>892,612</u>	<u>1,004,860</u>	<u>7,630,061</u>
At 31 December 2016	<u>-</u>	<u>1,008,958</u>	<u>120,133</u>	<u>353,637</u>	<u>2,306,789</u>	<u>3,789,517</u>

**ZIP WORLD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**16. Tangible assets (continued)**

**Company**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Asset in construction £	Total £
<b>Cost</b>						
At 1 January 2017	-	862,117	192,908	1,063,226	1,632,103	3,750,354
Additions	-	217,818	33,033	241,558	3,163,614	3,656,023
Transfers between classes	3,210,351	-	-	580,507	(3,790,858)	-
At 31 December 2017	<u>3,210,351</u>	<u>1,079,935</u>	<u>225,941</u>	<u>1,885,291</u>	<u>1,004,859</u>	<u>7,406,377</u>
<b>Accumulated Depreciation</b>						
At 1 January 2017	-	194,093	72,775	735,539	-	1,002,407
Charge for the year	42,271	248,742	49,373	283,153	-	623,539
At 31 December 2017	<u>42,271</u>	<u>442,835</u>	<u>122,148</u>	<u>1,018,692</u>	<u>-</u>	<u>1,625,946</u>
<b>Net book value</b>						
At 31 December 2017	<u>3,168,080</u>	<u>637,100</u>	<u>103,793</u>	<u>866,599</u>	<u>1,004,859</u>	<u>5,780,431</u>
At 31 December 2016	<u>-</u>	<u>668,024</u>	<u>120,133</u>	<u>327,687</u>	<u>1,632,103</u>	<u>2,747,947</u>

# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 17. Investments

#### Group

	Investment in joint ventures £	Investments held for sale £	Total £
<b>Cost</b>			
At 1 January 2017	4	-	4
Additions	-	411,594	411,594
At 31 December 2017	4	411,594	411,598
<b>Impairment</b>			
At 1 January 2017	-	-	-
Charge for the year	-	411,594	411,594
At 31 December 2017	-	411,594	411,594
<b>Net book value</b>			
At 31 December 2017	4	-	4
At 31 December 2016	4	-	4

Investments held for sale are made up of the company's investment in The City Zip Company Limited. The cost of this investment has been fully impaired during the year.

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Zip World Fforest Ltd	Ordinary	100 %	Adventure activities

Name	Registered office
Zip World Fforest Ltd	Zip World Base Camp, Denbigh Street, Llanrwst, Wales, LL26 0LL

#### Participating interests

##### Joint ventures

Name	Country of incorporation	Class of shares	Holding	Principal activity
Zip World Adventure Hotel Limited	England & Wales	Ordinary	50%	Development of building projects

# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 17. Investments (continued)

#### Company

	Investments in subsidiary companies £	Investment in joint ventures £	Investments held for sale £	Total £
<b>Cost</b>				
At 1 January 2017	2,008,318	4	-	2,008,322
Additions		-	411,594	411,594
At 31 December 2017	<u>2,008,318</u>	<u>4</u>	<u>411,594</u>	<u>2,419,916</u>
<b>Impairment</b>				
Charge for the year	-	-	411,594	411,594
At 31 December 2017	<u>-</u>	<u>-</u>	<u>411,594</u>	<u>411,594</u>
<b>Net book value</b>				
At 31 December 2017	<u>2,008,318</u>	<u>4</u>	<u>-</u>	<u>2,008,322</u>
At 31 December 2016	<u>2,008,318</u>	<u>4</u>	<u>-</u>	<u>2,008,322</u>

Investments held for sale are made up of the company's investment in The City Zip Company Limited. The cost of this investment has been fully impaired during the year.

### 18. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finished goods and goods for resale	<u>203,833</u>	<u>42,048</u>	<u>198,038</u>	<u>37,451</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £nil (2016: £15,710) was recognised in other external charges against stock during the year due to slow-moving and obsolete stock.



# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 19. Debtors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts owed by group undertakings	-	-	224,270	797,769
Amounts owed by joint ventures and associated undertakings	104,460	28,436	-	-
Other debtors	199,181	219	191,943	219
Prepayments and accrued income	133,462	31,838	119,328	31,838
	<u>437,103</u>	<u>60,493</u>	<u>535,541</u>	<u>829,826</u>

### 20. Cash at bank and in hand

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	856,947	944,910	763,532	398,382
	<u>856,947</u>	<u>944,910</u>	<u>763,532</u>	<u>398,382</u>

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans and overdrafts	343,477	4,763	343,477	4,763
Other loans	31,992	25,000	-	-
Trade creditors	731,856	117,663	702,998	84,978
Corporation tax	253,666	128,061	138,674	116,657
Other creditors	178,126	1,541	175,002	1,418
Other taxation and social security	167,366	64,312	167,366	75,750
Obligations under finance lease and HP	4,536	4,536	4,536	4,536
Accruals	429,119	323,790	325,795	318,296
	<u>2,140,138</u>	<u>669,666</u>	<u>1,857,848</u>	<u>606,398</u>

# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	1,320,751	-	1,320,751	-
Other loans	50,678	25,000	-	-
Net obligations under finance leases and HP	5,086	11,172	5,086	11,172
Government grants received	209,067	-	-	-
	<u>1,585,582</u>	<u>36,172</u>	<u>1,325,837</u>	<u>11,172</u>

### 23. Bank and other loans

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Amounts falling due within one year</b>				
Bank loans	343,477	4,763	343,477	4,763
Other loans	31,992	25,000	-	-
<b>Amounts falling due 1-2 years</b>				
Bank loans	1,320,751	-	1,320,751	-
Other loans	50,678	25,000	-	-
	<u>1,746,898</u>	<u>54,763</u>	<u>1,664,228</u>	<u>4,763</u>

The bank loan is secured by fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant & machinery.

Interest on the bank loans are charged at 1% per annum over the Bank of England rate.

The other loans are unsecured and interest free.

### 24. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Within one year	4,536	4,536	4,536	4,536
Between 1-2 years	5,086	11,172	5,086	11,172
	<u>9,622</u>	<u>15,708</u>	<u>9,622</u>	<u>15,708</u>

# ZIP WORLD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 25. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u>303,641</u>	<u>28,655</u>	<u>416,212</u>	<u>797,987</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(1,643,961)</u>	<u>(497,257)</u>	<u>(1,479,787)</u>	<u>(413,961)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings, amounts owed by joint ventures and other debtors.

Financial liabilities measured at amortised cost comprise of bank overdrafts, bank loans, other loans, trade creditors and accruals.

### 26. Deferred taxation

#### Group

	2017 £
At beginning of year	76,990
Credited to profit or loss	36,202
Adjustments in respect of prior years	<u>(1,893)</u>
At end of year	<u>111,299</u>

#### Company

	2017 £
At beginning of year	51,265
Credited to profit or loss	17,605
Adjustments in respect of prior years	<u>103</u>
At end of year	<u>68,973</u>

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Origination and reversal of timing differences	<u>111,299</u>	<u>76,990</u>	<u>68,973</u>	<u>51,265</u>

## ZIP WORLD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### 27. Deferred income

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Deferred income	<u>1,848,664</u>	<u>1,483,541</u>	<u>1,794,410</u>	<u>1,439,201</u>

#### 28. Called up share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
300 (2016: 300) ordinary shares of £1 each	<u>300</u>	<u>300</u>

#### 29. Reserves

##### Profit and loss account

The profit and loss account represents the accumulated profits and losses less any distributions made.

#### 30. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge of £15,592 (2016: £nil) represents contributions payable by the Group to the fund.

The Group also contributes to personal pension schemes. The pension cost charge of £200,000 (2016: £217,000) represents contributions payable by the Group to the personal pension schemes.

#### 31. Related party transactions

During the prior year the company acquired the entire issued share capital of Zip World Fforest Limited for £2,008,318 from S Taylor, a director of the company. No amount was outstanding at the end of the prior year in respect of this transaction.

Other creditors includes £173,305 (2016: £3) of loans due to the directors of the company. These loans are interest free and repayable on demand.

During the financial year Group purchased goods worth £13,884 (2016: £9,393) from Dropzone (UK) Ltd, a company owned by M J Shaylor, a director of the Group. The Group also purchased goods worth £88,537 (2016: £120,738) from Ropes Course Developments Ltd, a company owned by N S Moriarty, a director of the Group, goods worth £15,000 (2016: £15,000) from Treetop Trek Ltd, a company owned by N S Moriarty and M J Shaylor, directors of the Group, and goods and services worth £93,247 (2016: £nil) from Snowdonia Services Cyf, a company owned by S W Taylor, a director of the Group.