

Company Registration No. 09094163 (England and Wales)

**SANDS HERITAGE LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**LB GROUP**  
**Swift House**  
**Ground Floor**  
**18 Hoffmanns Way**  
**Chelmsford**  
**Essex**  
**UK**  
**CM1 1GU**

# SANDS HERITAGE LTD

## COMPANY INFORMATION

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<b>Directors</b>	E Kemsley	
	D Bateman	(Appointed 18 December 2020)
	C M Morris	(Appointed 18 December 2020)
<b>Secretary</b>	C Morris	
<b>Company number</b>	09094163	
<b>Registered office</b>	49 Marine Terrace Margate Kent UK CT9 1XJ	
<b>Auditor</b>	LB Group Limited (Chelmsford) Swift House Ground Floor 18 Hoffmanns Way Chelmsford Essex UK CM1 1GU	

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# **SANDS HERITAGE LTD**

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# **SANDS HERITAGE LTD**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present the strategic report for the year ended 31 December 2020.

#### **Fair review of the business**

The board structure was changed during the year with Anastasia Giannakou resigning as a Director in December 2020 and Clive Morris and David Bateman appointed to the board, both in December 2020.

The emergence of the COVID-19 pandemic in quarter 1 2020, has had a detrimental impact across the leisure and hospitality sector throughout the 2020 financial year. The Dreamland park operation has been no exception and a decision was made early into the pandemic not to open the Park for the 2020 season.

The Company was able to benefit from the Government Furlough scheme which enabled it to maintain employment for a number of employees for as long as feasible, however, with no expectation of trading within the year, the Management Team progressed a full restructuring exercise to mitigate long term cost exposure. A total of 52 positions have been made redundant since January 2020 with an associated redundancy cost of £53,000. These redundancies will deliver a full year equivalent employment cost saving of approximately £1.67m.

COVID-19 Business Rates relief and applicable Government lockdown and tier grants were also received, in line with government guidance.

Revenues for the year were £0.36M, down from £5.7M in 2019. The resulting reduction in cost of sales, together with a significant reduction in operating overheads enabled the Company to deliver a £0.35m improvement in year-on-year EBITDA performance, despite the main business not trading.

A total of £3.585M was raised via a share issue of ordinary shares in order to fund the first part of the acquisition of the freehold of the Dreamland site (see Development and performance) and to provide working capital for ongoing operations.

The town of Margate continues to benefit from a cultural renaissance, with ongoing significant investment in the oldtown and surrounding areas. As a level of normality returns post the COVID-19 pandemic, there is an increased consumer demand for staycation short breaks and holidays and this shift in consumer behaviour has been seen in terms of driving up day and short break visitors alike to the town. The main beach, adjacent to the Park, remains one of the most popular beach destinations in the region. This, combined with the significant investment Dreamland over recent years, continues to provide a resurgence in the town's popularity.

Despite the impact of COVID-19, the business strategy and goals remain focussed on long term growth, with further investment planned for the park and associated assets.

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

Inherent risks of operating an amusement park continued to be minimised by investment in specialist consultants in the areas of Health, Safety, Security and Crisis Planning. Although the permanent staffing level was reduced during the year, the business continued to employ experience managers with significant experience in the leisure and entertainment sectors.

As a predominantly outdoor visitor attraction, the core park operating business is inherently seasonal and very much weather dependent. Similarly, events which are programmed outside either on the Scenic Stage or Events area are open to the elements, but to a certain extent are less weather dependent due to the majority of tickets being purchased in advance. Dreamland does have optionality to move some of these events inside to our undercover venues; Hall by the Sea, Roller Room and Ballroom. Strategically, the Company plans to mitigate this risk by an extensive redevelopment of its undercover areas in order to reduce the seasonality and weather risk.

The business remains aimed at moving towards EBITDA profitability and has a robust business plan in place to support this strategy and mitigate liquidity risk. The business received further equity funding in the year to provide cash flow stability into 2021.

# **SANDS HERITAGE LTD**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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### **Development and performance**

Sands Heritage Limited completed the acquisition of the freehold of the Dreamland site and adjoining art deco cinema building in December 2020, marking a significant milestone in the company's future development plans. The acquisition included the purchase of the freehold for the adjoining car park, which completed in May 2021. The total purchase cost for the freehold acquisition was £7m and this was fully funded from the introduction of new equity into the business.

Dreamland continued to benefit from the resurgence in staycations and vintage theming. Whilst a change in taste could impact the market, we believe by overlaying the 'modern twist' the offering will remain current whilst remaining timeless.

Significant progress continues to be made in driving down the overall operating cost for the business, fundamental in establishing a core platform to drive forward the wider business strategy in future years.

### **Key performance indicators**

Key performance indicators have been described through the fair review of the business and development and performance sections of the strategic report.

### **Post reporting date events**

Since the 2020 year end, a further £4.415m of equity has been introduced into the Company, all fully paid and issued to the 100% parent company, Margate Estates Limited. This equity funded the freehold acquisition of the 400 space car park to the east of the Dreamland site in May 2021, which will improve what is already a high margin revenue stream for the business going forward.

As a result of a high court ruling on 15 January 2021 relating to business interruption insurance, Sands Heritage Limited were successful in making a claim for business interruption as a result of the Covid-19 pandemic. Sands Heritage Limited received insurance proceeds of £250,000 post year end.

Following the announcement by Arrowgrass Master Fund Limited (the ultimate controlling party) of its intention to instigate an orderly close of its fund operations, The board of Margate Estates Limited (the immediate parent company of Sands Heritage Limited) appointed an agent in March 2021 to manage the sale process for Margate Estates Limited and its subsidiary companies.

## **SANDS HERITAGE LTD**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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#### **Other information and explanations**

The Directors recognise the risks and uncertainties facing the business and have formulated a sustainable business plan to address future challenges and to move the Company forwards in line with its goals. This plan includes a number of strategic levers, in the short term to provide cash flow stability and push forwards with trading activities, reopening the core revenue streams for the business post COVID-19. In the medium term, these revenue streams will support the objective of achieving an EBITDA neutral position, with further progression on reducing overhead commitment and driving forward the partnered events strategy, and in the longer term investing in the key areas of the business to support profitable growth. The Directors are supportive of the planned sale process and acknowledge this is the only way in which the long term sustainable business plan will be achieved.

The Directors have considered a period of 12 months from the date of signing these accounts and agree the short term business plan is fully supportive of the business trading through that period and beyond. Consequently, the management team have taken the view this it is right and proper for the accounts to be prepared on a going concern basis.

On behalf of the board

E Kemsley  
**Director**  
27 August 2021

C M Morris  
**Director**  
27 August 2021

# **SANDS HERITAGE LTD**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2020***

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of the company continued to be that of the undertaking of activities of amusement parks.

#### **Directors**

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

A Giannakou	(Resigned 18 December 2020)
E Kemsley	
D Bateman	(Appointed 18 December 2020)
C M Morris	(Appointed 18 December 2020)

#### **Results and dividends**

The results for the year are set out on page 10.

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

#### **Auditor**

The auditor, LB Group Limited (Chelmsford), is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

E Kemsley  
**Director**

C M Morris  
**Director**

27 August 2021

## **SANDS HERITAGE LTD**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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 company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **SANDS HERITAGE LTD**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANDS HERITAGE LTD**

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### **Opinion**

We have audited the financial statements of Sands Heritage Ltd (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 December 2020 and of its loss 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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.

# **SANDS HERITAGE LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SANDS HERITAGE LTD**

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### **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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## **SANDS HERITAGE LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF SANDS HERITAGE LTD**

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Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, incorporated the following:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, employment, and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence;
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, our work included:

- Performance of analytical procedures to identify any unusual or unexpected relationships;
- Testing journal entries to identify unusual transactions. Investigated the rationale behind significant or unusual transactions;
- Observation and identification of internal controls in place, specifically around authorisation, refunds, payroll and bank transactions; and
- An assessment of whether judgements and assumptions made in determining the accounting estimates around impairment provisions were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting evidence;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC and reviewing for evidence of correspondence with legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **SANDS HERITAGE LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)** **TO THE MEMBERS OF SANDS HERITAGE LTD**

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#### **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.

**Michael Warman (Senior Statutory Auditor)**  
**for and on behalf of LB Group Limited (Chelmsford)**

27 August 2021

**Chartered Accountants**  
**Statutory Auditor**

Swift House  
Ground Floor  
18 Hoffmanns Way  
Chelmsford  
Essex  
UK  
CM1 1GU

## SANDS HERITAGE LTD

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020 £	Year ended 31 December 2019 £
	Notes		
Turnover	3	368,004	5,712,470
Cost of sales		(659,208)	(3,790,736)
<b>Gross (loss)/profit</b>		(291,204)	1,921,734
Administrative expenses		(5,597,461)	(27,791,175)
Other operating income		377,064	-
<b>Operating loss</b>	4	(5,511,601)	(25,869,441)
Interest receivable and similar income	7	-	19
<b>Loss before taxation</b>		(5,511,601)	(25,869,422)
Tax on loss	8	-	-
<b>Loss for the financial year</b>		(5,511,601)	(25,869,422)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## **SANDS HERITAGE LTD**

### **STATEMENT OF COMPREHENSIVE INCOME**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Loss for the year	(5,511,601)	(25,869,422)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(5,511,601)</u>	<u>(25,869,422)</u>

# SANDS HERITAGE LTD

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	10	262,144		12,144	
Tangible assets	11	5,596,555		6,160,505	
		<u>5,858,699</u>		<u>6,172,649</u>	
<b>Current assets</b>					
Stocks	12	33,142		63,930	
Debtors	13	1,899,871		1,083,047	
Cash at bank and in hand		70,701		2,937,035	
		<u>2,003,714</u>		<u>4,084,012</u>	
<b>Creditors: amounts falling due within one year</b>	14	(937,526)		(1,405,173)	
<b>Net current assets</b>		<u>1,066,188</u>		<u>2,678,839</u>	
<b>Total assets less current liabilities</b>		<u>6,924,887</u>		<u>8,851,488</u>	
<b>Capital and reserves</b>					
Called up share capital	17	59,309,468		55,724,468	
Share premium account	18	1,790,000		1,790,000	
Profit and loss reserves	19	(54,174,581)		(48,662,980)	
<b>Total equity</b>		<u>6,924,887</u>		<u>8,851,488</u>	

The financial statements were approved by the board of directors and authorised for issue on 27 August 2021 and are signed on its behalf by:

E Kemsley  
Director

C M Morris  
Director

Company Registration No. 09094163

# SANDS HERITAGE LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2019</b>		51,724,468	1,790,000	(22,793,558)	30,720,910
<b>Year ended 31 December 2019:</b>					
Loss and total comprehensive income for the year		-	-	(25,869,422)	(25,869,422)
Issue of share capital	17	4,000,000	-	-	4,000,000
<b>Balance at 31 December 2019</b>		55,724,468	1,790,000	(48,662,980)	8,851,488
<b>Period ended 31 December 2020:</b>					
Loss and total comprehensive income for the period		-	-	(5,511,601)	(5,511,601)
Issue of share capital	17	3,585,000	-	-	3,585,000
<b>Balance at 31 December 2020</b>		59,309,468	1,790,000	(54,174,581)	6,924,887



# SANDS HERITAGE LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	24	(4,139,423)		(4,301,242)	
<b>Investing activities</b>					
Purchase of intangible assets		(250,000)		-	
Purchase of tangible fixed assets		(2,450,046)		(1,474,725)	
Proceeds on disposal of tangible fixed assets		388,135		750	
Interest received		-		19	
<b>Net cash used in investing activities</b>		(2,311,911)		(1,473,956)	
<b>Financing activities</b>					
Proceeds from issue of shares		3,585,000		4,000,000	
<b>Net cash generated from financing activities</b>		3,585,000		4,000,000	
<b>Net decrease in cash and cash equivalents</b>		(2,866,334)		(1,775,198)	
Cash and cash equivalents at beginning of year		2,937,035		4,712,233	
<b>Cash and cash equivalents at end of year</b>		70,701		2,937,035	

# **SANDS HERITAGE LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Company information**

Sands Heritage Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 49 Marine Terrace, Margate, Kent, UK, CT9 1XJ.

#### **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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The Directors recognise the risks and uncertainties facing the business and have formulated a sustainable business plan to address future challenges and to move the Company forwards in line with its goals. This plan includes a number of strategic levers, in the short term to provide cash flow stability and push forwards with trading activities, reopening the core revenue streams for the business post COVID-19. In the medium term, these revenue streams will support the objective of achieving an EBITDA neutral position, with further progression on reducing overhead commitment and driving forward the partnered events strategy, and in the longer term investing in the key areas of the business to support profitable growth. The Directors are supportive of the planned sale process and acknowledge this is the only way in which the long term sustainable business plan will be achieved.

The Directors have considered a period of 12 months from the date of signing these accounts and agree the short term business plan is fully supportive of the business trading through that period and beyond. Consequently, the management team have taken the view this it is right and proper for the accounts to be prepared on a going concern basis.

#### **1.3 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.

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.

Revenue is recognised when the service is performed, such as for events and parties.

Membership income is deferred over the period of the membership (annually).

Food and beverage income is recognised on the date of purchase.

Some ride income is purchased in advance and amortised on a 25% basis based on historical usage rates.

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Trademarks	Over 10 years
Website	Over 5 years

#### 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.

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:

Freehold land and buildings	No depreciation on land, 50 years straightline on property
Leasehold improvements	Over the period of the lease of 99 years
Plant and equipment	20% straight line
Fixtures and fittings	33% straight line
Computer Equipment	10% straight line
Ride and site equipment	Over 5 or 10 years depending on the ride itself

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 credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

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.

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

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.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

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

#### 1.8 Cash and cash equivalents

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.

#### 1.9 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **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.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### **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 company 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 company after deducting all of its liabilities.

#### **Basic financial 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.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

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

#### **1.10 Equity instruments**

Equity instruments issued by the company 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 company.

#### **1.11 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.

#### **1.12 Retirement benefits**

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

#### **1.13 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 leases asset are consumed.

#### **1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 2 Judgements and key sources of estimation uncertainty

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

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

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover and other revenue

	2020	2019
	£	£
<b>Turnover analysed by class of business</b>		
Park Operations	102,221	3,272,634
Events	177,350	1,239,951
Other	88,433	1,199,885
	<u>368,004</u>	<u>5,712,470</u>

	2020	2019
	£	£
<b>Other significant revenue</b>		
Interest income	-	19
Grants received	377,064	-
	<u>377,064</u>	<u>19</u>

### 4 Operating loss

	2020	2019
	£	£
Operating loss for the period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	18,250	25,000
Depreciation of owned tangible fixed assets	1,917,451	2,134,673
Impairment of owned tangible fixed assets	148,430	19,753,092
Loss/(profit) on disposal of tangible fixed assets	559,980	(750)
Operating lease charges	111,276	111,500
	<u>2,735,387</u>	<u>22,024,215</u>

### 5 Employees

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

	2020	2019
	Number	Number
Directors	1	3
Administrative Staff	21	39
Site Staff	70	220
	<u>92</u>	<u>262</u>
Total	92	262

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,312,401	4,612,537
Social security costs	31,217	23,037
Pension costs	54,074	87,490
	<u>2,397,692</u>	<u>4,723,064</u>

### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	236,933	171,972
Company pension contributions to defined contribution schemes	6,250	3,646
	<u>243,183</u>	<u>175,618</u>

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

	2020 £	2019 £
Remuneration for qualifying services	<u>236,933</u>	<u>171,972</u>

### 7 Interest receivable and similar income

	2020 £	2019 £
<b>Interest income</b>		
Interest on bank deposits	<u>-</u>	<u>19</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>-</u>	<u>19</u>



# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 8 Taxation

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

	2020 £	2019 £
Loss before taxation	(5,511,601)	(25,869,422)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(1,047,204)	(4,915,190)
Tax effect of expenses that are not deductible in determining taxable profit	499,186	3,754,226
Unutilised tax losses carried forward	958,051	1,217,708
Permanent capital allowances in excess of depreciation	(410,033)	(56,744)
Taxation charge for the period	-	-

At the balance sheet the company had losses carried of £34,909,682 (2019: £29,867,306) to utilise against future taxable profits.

### 9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	11	148,430	19,753,092
Recognised in:			
Administrative expenses		148,430	19,753,092

All asset classes listed above are deemed to form part of one Cash Generating Unit (CGU), namely "Visitor Attractions".

The business remains in a loss making position and the Company has considered the economic performance of the CGU in determining an impairment is required.

The impairment recognition for all asset classes has been calculated based on the likely recoverable amount, considering fair values, less costs to sell.

Fair value calculations have been established by considering the market value of assets held within each asset class of the CGU.

## SANDS HERITAGE LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

#### 10 Intangible fixed assets

	Trademarks £	Website £	Total £
<b>Cost</b>			
At 1 January 2020	-	12,144	12,144
Additions	250,000	-	250,000
	<u>250,000</u>	<u>12,144</u>	<u>262,144</u>
At 31 December 2020	250,000	12,144	262,144
	<u>250,000</u>	<u>12,144</u>	<u>262,144</u>
<b>Amortisation and impairment</b>			
At 1 January 2020 and 31 December 2020	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amount</b>			
At 31 December 2020	250,000	12,144	262,144
	<u>250,000</u>	<u>12,144</u>	<u>262,144</u>
At 31 December 2019	-	12,144	12,144
	<u>-</u>	<u>12,144</u>	<u>12,144</u>

The intangible addition was purchased on 18 December 2020, therefore due to the proximity to the year end date, no amortisation has been charged in the year.

**SANDS HERITAGE LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**11 Tangible fixed assets**

	Freehold land and buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computer Equipment	Ride and site equipment	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
At 1 January 2020	548,118	18,318,001	365,153	696,750	215,702	9,495,350	29,639,074
Additions	1,492,839	76,390	-	1,450	-	879,367	2,450,046
Disposals	-	(40,960)	(26)	-	-	(1,057,347)	(1,098,333)
Transfers	17,475,160	(17,475,160)	-	-	-	-	-
At 31 December 2020	19,516,117	878,271	365,127	698,200	215,702	9,317,370	30,990,787
<b>Depreciation and impairment</b>							
At 1 January 2020	350,778	18,109,483	184,749	379,233	108,085	4,346,241	23,478,569
Depreciation charged in the year	-	388,954	73,031	178,919	44,477	1,232,070	1,917,451
Impairment losses	-	-	-	-	-	148,430	148,430
Eliminated in respect of disposals	-	(1,056)	(26)	-	-	(149,136)	(150,218)
Transfers	18,435,234	(18,435,234)	-	-	-	-	-
At 31 December 2020	18,786,012	62,147	257,754	558,152	152,562	5,577,605	25,394,232
<b>Carrying amount</b>							
At 31 December 2020	730,105	816,124	107,373	140,048	63,140	3,739,765	5,596,555
At 31 December 2019	197,341	208,518	180,403	317,517	107,617	5,149,109	6,160,505

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Tangible fixed assets (Continued)

More information on impairment movements in the year is given in note 9.

### 12 Stocks

	2020 £	2019 £
Finished goods and goods for resale	33,142	63,930

### 13 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	65,184	120,851
Other debtors	1,427,839	384,763
Prepayments and accrued income	406,848	577,433
	<u>1,899,871</u>	<u>1,083,047</u>

### 14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Trade creditors		415,477	728,725
Taxation and social security		32,264	87,281
Deferred income	15	161,795	179,294
Other creditors		99,170	165,810
Accruals and deferred income		228,820	244,063
		<u>937,526</u>	<u>1,405,173</u>

### 15 Deferred income

	2020 £	2019 £
Other deferred income	161,795	179,294

### 16 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	54,074	87,490

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 17 Share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
59,309,468 (2019: 55,724,468) Ordinary of £1 each	59,309,468	55,724,468

On 17 December 2020, 3,585,000 Ordinary shares were issued at par.

Following the share issue, Sands Heritage Ltd had share capital totalling £59,309,468.

### 18 Share premium account

	2020 £	2019 £
At the beginning and end of the year	1,790,000	1,790,000

### 19 Profit and loss reserves

	2020 £	2019 £
At the beginning of the year	(48,662,980)	(22,793,558)
Loss for the year	(5,511,601)	(25,869,422)
At the end of the year	(54,174,581)	(48,662,980)

### 20 Operating lease commitments

#### Lessee

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

	2020 £	2019 £
Within one year	90,740	95,360
Between two and five years	81,500	172,240
	172,240	267,600

## SANDS HERITAGE LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 21 Events after the reporting date

Since the 2020 year end, a further £4.415m of equity has been introduced into the Company, all fully paid and issued to the 100% parent company, Margate Estates Limited. This equity funded the freehold acquisition of the 400 space car park to the east of the Dreamland site in May 2021, which will improve what is already a high margin revenue stream for the business going forward.

As a result of a high court ruling on 15 January 2021 relating to business interruption insurance, Sands Heritage Limited were successful in making a claim for business interruption as a result of the Covid-19 pandemic. Sands Heritage Limited received insurance proceeds of £250,000 post year end.

Following the announcement by Arrowgrass Master Fund Limited (the ultimate controlling party) of its intention to instigate an orderly close of its fund operations, The board of Margate Estates Limited (the immediate parent company of Sands Heritage Limited) appointed an agent in March 2021 to manage the sale process for Margate Estates Limited and its subsidiary companies.

#### 22 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020	2019
	£	£
Aggregate compensation	381,560	295,877

##### Other information

In accordance with FRS 102, disclosures have not been given of transactions entered into between two or more members of the group, on the basis that any subsidiary which is a party to the transaction is wholly owned.

#### 23 Ultimate controlling party

The immediate parent company is Margate Estates Limited, a company registered in Guernsey, with registered office at PO Box 142, The Beehive, Rohais, St. Peter Port, Guernsey, GY1 3HT.

The ultimate controlling party is Arrowgrass Master Fund Limited, a company registered in the Cayman Islands, with registered office at PO Box 242, 53 Market Street, Grand Cayman, Cayman Islands.

# SANDS HERITAGE LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 24 Cash absorbed by operations

	2020 £	2019 £
Loss for the year after tax	(5,511,601)	(25,869,422)
<b>Adjustments for:</b>		
Investment income	-	(19)
Loss/(gain) on disposal of tangible fixed assets	559,980	(750)
Depreciation and impairment of tangible fixed assets	2,065,881	21,887,765
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	30,788	(19,463)
Increase in debtors	(816,824)	(195,356)
Decrease in creditors	(450,148)	(159,918)
(Decrease)/increase in deferred income	(17,499)	55,921
<b>Cash absorbed by operations</b>	<b>(4,139,423)</b>	<b>(4,301,242)</b>

### 25 Analysis of changes in net funds

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	2,937,035	(2,866,334)	70,701

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.