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GWRUK Acquisition Corp Limited

**Annual report and consolidated
financial statements**

Registered number 6503311

For the year ended 31 December 2017



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Strategic Report

The directors present their strategic report on the Group for the year ended 31 December 2017.

Principal activities

GWRUK Acquisition Corp Limited Group (“the Group”) is comprised of GWRUK Acquisition Corp Limited, Guinness World Records Limited, Ripley Entertainment Limited, Guinness World Records Japan KK, Guinness World Records Consulting (Beijing) Limited and GWR (Branch Operations) Ltd. The Group is engaged in the publication and licensing of intellectual property created through the adjudication of world records. These activities relate primarily to the publishing, merchandising and television licensing of the main brand, the “Guinness World Records” book.

The Group also operates in the attractions business. The Group provided management services to the Ripley’s Believe It or Not! Museum in London but the contract ending 30 September 2017 was not extended. As a result, the Group ceased active operations in this line of business and the corresponding results from operations have been presented as discontinued operations. However, the Group is still operating its world record adjudication business.

Substantially all of the Group’s turnover and profit is earned from Guinness World Records and it remains the dominant business in the Group. The attractions business is a much smaller component of the Group’s financial results.

Business review

The profit for the year ended 31 December 2017 from continuing operations was £2.8 million (2016: loss of £1.2 million). The loss in 2016 was primarily due to a £1.6 million unrealized foreign exchange loss on intercompany balances as the British Pound weakened significantly in 2016. There was a £1.0 million foreign exchange gain in 2017. The profit also includes trademark amortisation of £4.7 million (2016: £4.7 million). Turnover for the year was £26.6 million (2016: £24.5 million) giving an operating margin/profit of 16.1%/£4.3 million (2016: 9.2%/£2.2 million); a gross margin of 77.3%/£20.6 million (2016: 75.8%/£18.6 million); and days sales outstanding of 56 days (2016: 36 days). The movement in days sales outstanding was primarily due to timing of payments of amounts owed by fellow undertakings.

These key performance indicators are in line with directors’ expectation.

Business environment

The Group owns a trademark (Guinness World Records) that has a strong history dating back to 1954. Sales of the Guinness World Records book continue to be strong and it is regularly the No.1 bestseller during the Christmas selling period. The main book sells almost 3 million copies worldwide in 25 languages. The publishing market has been challenged in the past due to the closure of several book retailers and distributors, as well as by the introduction of electronic books. There have been no major high street book retailer closures over the last few years and the electronic books have had less of an impact than originally anticipated such that the Group has been able to maintain its publishing sales over the last couple of years. The Company has focused on broadening its product line to offer new books that appeal to different target markets and can generate revenue outside of the Christmas selling season.

Strategic Report *(continued)*

Business environment *(continued)*

The Group also generates revenue from adjudicating record attempts and this part of the business continues to perform strongly year on year. Guinness World Records is the global leader in collecting, confirming and presenting World Records.

In addition to publishing and records adjudications, the Group licenses the Guinness World Records brand and content via traditional trademark deals or via television programming and these business streams continue to perform successfully. The Company also provides consulting services to help clients develop marketing and public relations campaigns that leverage world record attempts and achievements.

Principal risks and uncertainties

The Group distributes the main Guinness World Records book through traditional bookstores and the closure of stores remains a primary risk to the Publishing business. Electronic books have not had the expected negative impact on sales as their success has been mainly in the fiction market to date, however the Group acknowledges that over the longer term this remains a potential threat. Guinness World Records has produced electronic books in the past and continues to actively research electronic publishing to find the best commercial solution. Following the Brexit referendum, (the decision by the UK to exit the European economic union), the economic outlook remains uncertain. Any business risk arising as a result of this is offset by positive currency gains from overseas sales as the Group generates a large proportion of its revenue from overseas territories.

Guinness World Records Limited, a subsidiary company, has been involved in a litigation case in India for many years and despite the strong evidence in the company's favour, any outcome cannot be ascertained, and therefore the potential financial impact is unknown. There is now a new judge on the claim and we are still awaiting a final hearing date. Once a judgment is made, it is expected that this will be appealed, and the case is unlikely to be concluded in the near future.

Guinness World Records Limited has successfully expanded its business geographically over the last few years and now has offices in Japan, China, and the Middle East, in addition to the United Kingdom and the United States of America.

Strategy

The main challenge for the Group is to seek ways to diversify. The majority of revenue still comes from Publishing, and the Group has put a renewed effort into expanding its publishing business by producing more titles that can be sold at different times during the year. The expanded offering allows the Group to reach a broader audience and it reduces the reliance on the Christmas selling season.

The Group is also focused on growing the Records & Licensing businesses. The approach that the Group has taken is to restructure internally to put more resources behind Records & Licensing and by expanding geographically.

Over the last few years, the UK economy has been weak and Sterling has suffered as a result but this has benefitted the Group in its overseas markets. The approach that the Group has taken to currency risk over this period is via natural hedging, seeking to cover its foreign debts by bringing in cash in the same currency from foreign debtors. The weak Sterling may be a benefit as foreign currency sales will be worth more to the Group. The Group will continue to monitor foreign exchange risk using a combination of natural hedging and forward contracts.

Strategic Report *(continued)*

Future Outlook

The Group's future results should remain positive as the Guinness World Records brand is strong and the operations continue to grow throughout the world. Although the Group no longer provides management services to the London franchisee, this change has a minor impact as Guinness World Records provides substantially all of the Group's turnover and profit.

The directors feel that by adopting the strategies described, the Group will continue to retain and grow its market share. Costs increased in prior years as the Group increased its infrastructure to support new business lines and new geographic areas, and the benefits will be realized in future years. The economic environment, although improving, continues to be challenging, however the directors are optimistic about the Group's ability to meet its future growth targets.

By order of the board



Alison Ozanne
Director

12TH Floor South Quay Building, 189 Marsh Wall,
London E14 9SH

24 September 2018

Directors' report

The directors present their directors' report and consolidated financial statements for the year ended 31 December 2017.

Dividends

On 24 April 2017 the Company paid interim dividends to its parent, Jim Pattison Entertainment Ltd., of £2.0 million.

Directors

The directors who held office during the year and at the date of this report were as follows:

A. Ozanne
J. Paddock
R. Barrington-Foote

Change of business

The directors have reported on the change in the Group's business in the Strategic Report. The Group has exited its management services contract with its franchisee that operates the Ripley Museum in London.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2016: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

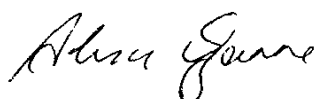
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1-3.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Alison Ozanne
Director

12th Floor South Quay Building, 189 Marsh Wall,
London E14 9SH

24 September 2018

Statement of directors' responsibilities in respect of the Strategic report, the Directors report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities



Independent auditor's report to the members of GWRUK Acquisition Corp Limited

Opinion

We have audited the financial statements of GWRUK Acquisition Corp Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated Profit and Loss Accounts and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



Independent auditor's report to the members of GWRUK Acquisition Corp Limited *(continued)*

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Frederic Caharel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London, E14 5GL
United Kingdom

24 September 2018

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2017

	Note	2017			2016		
		Con- tinuing £000	Dis- continued £000	Total £000	Con- tinuing £000	Dis- continued £000	Total £000
Group Turnover	2,26	26,635	-	26,635	24,498	-	24,498
Cost of sales		(6,039)	-	(6,039)	(5,934)	-	(5,934)
Gross profit		20,596	-	20,596	18,564	-	18,564
Selling, marketing and distribution costs		(1,226)	552	(674)	(1,431)	(1,928)	(3,359)
Administrative expenses		(15,073)	(13)	(15,086)	(14,887)	(6)	(14,893)
Group operating profit/(loss)		4,297	539	4,836	2,246	(1,934)	312
Interest receivable and similar income	6	968	-	968	4	-	4
Interest payable and similar expenses	7	(1,135)	(3)	(1,138)	(2,713)	(1)	(2,714)
Profit/(loss) before taxation	3	4,130	536	4,666	(463)	(1,935)	(2,398)
Tax on profit/(loss)	8	(1,346)	(226)	(1,572)	(743)	227	(516)
Profit/(loss) after taxation		2,784	310	3,094	(1,206)	(1,708)	(2,914)

There are no recognised gains or losses other than those stated above, therefore no separate statement of other comprehensive income has been presented.

There is no difference between profit and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 15 to 31 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2017

	<i>Note</i>	2017	2016
		£000	£000
Fixed assets			
Intangible assets	<i>10</i>	28,136	32,826
Tangible fixed assets	<i>11</i>	722	600
		28,858	33,426
Current assets			
Stocks	<i>13</i>	580	483
Debtors	<i>14</i>	4,782	3,481
Cash at bank and in hand		16,421	17,750
		21,783	21,714
Creditors: amounts falling due within one year	<i>16</i>	(6,597)	(11,960)
Net current assets		15,186	9,754
Total assets less current liabilities		44,044	43,180
Creditors: amounts falling due after more than one year	<i>17,18</i>	(25,607)	(26,607)
Provisions for liabilities	<i>19</i>	(3,585)	(3,598)
Net assets		14,852	12,975
Capital and reserves			
Called up share capital	<i>20</i>	29,217	29,217
Share premium		108	108
Foreign exchange reserve		27	80
Profit and loss account		(14,500)	(16,430)
Shareholders' funds		14,852	12,975

The notes on pages 15 to 31 form part of these financial statements.

These financial statements were approved by the board of directors on 24 September 2018 and were signed on its behalf by:



Alison Ozanne
 Director


Company Balance Sheet

As at 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Fixed assets			
Investments	<i>12</i>	58,214	58,214
Current assets			
Debtors	<i>14</i>	175	-
Cash at bank and in hand		1,111	1,223
Creditors: amounts falling due within one year	<i>16</i>	(1,000)	(1,000)
Net current assets		286	223
Total assets		58,500	58,437
Creditors: amounts falling due after more than one year	<i>17,18</i>	(25,607)	(26,607)
Net assets		32,893	31,830
Capital and reserves			
Called up share capital	<i>20</i>	29,217	29,217
Share premium		108	108
Profit and loss account		3,568	2,505
Shareholders' funds		32,893	31,830

The notes on pages 15 to 31 form part of these financial statements.

These financial statements were approved by the board of directors on and were signed on its behalf by:


Alison Ozanne
 Director

Date:

Consolidated Statement of Changes in Equity
for the year ended 31 December 2017

	<i>Note</i>	Called up Share capital	Share premium	Foreign exchange reserve	Profit and loss account	Total Equity
Balance at 1 January 2016		29,217	108	(20)	(11,016)	18,289
Loss for the year		-	-	-	(2,914)	(2,914)
Dividends paid		-	-	-	(2,500)	(2,500)
Foreign currency translation on consolidation		-	-	100	-	100
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016		29,217	108	80	(16,430)	12,975
Profit for the year		-	-	-	3,094	3,094
Dividends paid		-	-	-	(2,000)	(2,000)
Foreign currency translation on consolidation		-	-	(53)	-	(53)
Capital contribution	26	-	-	-	836	836
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017		29,217	108	27	(14,500)	14,852
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 31 form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2017

	Called up Share capital	Share premium	Profit and loss account	Total Equity
Balance at 1 January 2016	29,217	108	936	30,261
Profit for the year	-	-	4,069	4,069
Dividends paid	-	-	(2,500)	(2,500)
Balance at 31 December 2016	29,217	108	2,505	31,830
Profit for the year	-	-	3,063	3,063
Dividends paid	-	-	(2,000)	(2,000)
Balance at 31 December 2017	29,217	108	3,568	32,893

The notes on pages 15 to 31 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2017

	<i>Note</i>	2017			2016		
		Con- tinuing £000	Dis- continued £000	Total £000	Con- tinuing £000	Dis- continued £000	Total £000
Cash flows from operating activities							
Profit/(loss) for the financial year		2,784	310	3,094	(1,206)	(1,708)	(2,914)
<i>Adjustments for:</i>							
Depreciation of property, plant and equipment	<i>11</i>	217	-	217	350	-	350
Amortization of intangible assets	<i>10</i>	4,690	-	4,690	4,690	-	4,690
Interest receivable and similar income	<i>6</i>	(968)	-	(968)	(4)	-	(4)
Interest payable and similar expenses	<i>7</i>	1,135	3	1,138	2,713	1	2,714
Taxation	<i>8</i>	1,346	226	1,572	743	(227)	516
(Increase)/decrease in trade and other receivables		(1,933)	71	(1,862)	227	364	591
Decrease in inventories	<i>13</i>	(97)	-	(97)	(238)	-	(238)
(Decrease)/increase in trade and other payables		(3,935)	(592)	(4,527)	1,884	1,571	3,455
Cash from operations		3,239	18	3,257	9,159	1	9,160
Interest received		968	-	968	4	-	4
Interest paid		(1,135)	(3)	(1,138)	(2,713)	(1)	(2,714)
Income taxes paid		(1,011)	-	(1,011)	(1,373)	-	(1,373)
Net cash generated from operating activities		2,061	15	2,076	5,077	-	5,077
Cash flows from investing activities							
Purchases of property, plant and equipment, net	<i>11</i>			(339)			(616)
Net cash used in investing activities				(339)			(616)
Cash flows from financing activities							
Change in provision for liabilities	<i>19</i>			(13)			(167)
Change in creditors (long-term)	<i>17</i>			(1,000)			(1,000)
Dividends paid	<i>21</i>			(2,000)			(2,500)
Cumulative translation adjustment				(53)			92
Net cash used in financing activities				(3,066)			(3,575)

Consolidated Cash Flow Statement *(continued)*
for the year ended 31 December 2017

<i>Note</i>	2017	2016
	£000	£000
Net (decrease)/increase in cash and cash equivalents	(1,329)	886
Cash and cash equivalents, beginning of year	17,750	16,864
Cash and cash equivalents, end of year	16,421	17,750
Components of cash and cash equivalents		
Cash	16,421	17,750
Overdraft	-	-
Cash equivalents	-	-
	16,421	17,750

The notes on pages 15 to 31 form part of these financial statements.

Notes

1 Accounting policies

GWRUK Acquisition Corp Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 6503311 and the registered address is 12th Floor South Quay Building, 189 Marsh Wall, London, England, E14 9SH.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

1.1 *Going concern*

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1-3. The Group has considerable financial resources together with a diverse customer base across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

The Company financial statements have been prepared on a going concern basis in view of the fact that the ultimate Parent Company, Jim Pattison Limited, has formally indicated that it will provide sufficient funding to the Company, to enable it to meet its liabilities as they fall due, for at least twelve months from the date of approval of these financial statements. The directors have no reason to believe that the Parent Company will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on a going concern basis.

1.2 *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

The Company has provided a statement of guarantee that its subsidiary undertakings listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006.

- Guinness World Records Limited
- GWR (Branch Operations) Limited

X

Notes (continued)

1 Accounting policies (continued)

- Ripley Entertainment Limited

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.3 Significant estimates and assumptions

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

1.4 Foreign currency

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

1.5 Basic financial instruments

Trade and other debtors / creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings classified as basic financial instruments

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after the deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

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

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Fixtures, fittings and equipment 3 – 10 years
- Computer equipment 3 years

Notes (continued)

1 Accounting policies (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Intangible assets

Intangible assets that are acquired as part of an acquisition are stated at cost less accumulated amortisation.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Trademarks are amortised to nil by equal annual instalments over their useful economic life of 10 years in accordance with FRS 102

1.8 Discontinued operations

- Discontinued operations are components of the group that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation or were subsidiaries acquired exclusively with a view to resale.
- They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.10 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

One of the group's subsidiaries 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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1.11 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

The provision for returns represents management's estimates for future returns of publications and merchandise and is based on historical return rates and current market conditions.

1.12 Turnover

Turnover is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided by the Group in the normal course of business net of discounts, returns and value added tax. Revenue from the sale of publications is recognised as goods are shipped to customers. Turnover is stated net of deductions and expected returns are based on management judgement and historical experience. Revenues from television programme sales, royalty revenues from licenses granting publication, trademark usage and other rights and net fees from exhibition are recognized on a receivable basis. Licence fees earned from programme content are recognised on the later of the start date or delivery of the associated programme. Revenue from adjudication services provided is recognized as it is earned. Revenues from ticket sales are recognized at the time of sale. Revenues from sales of combined attraction tickets, sales to third party ticket vendors and sales of seasonal passes are recognized when earned.

Notes (continued)

1 Accounting policies (continued)

1.13 Expenses

Operating lease

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

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, [associates, branch, joint ventures] to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

1.15 Comparative information

Certain of the information presented for comparative purposes has been reclassified to conform to the financial statement presentation adopted for the current year.

Notes (continued)

2 Analysis of turnover

	2017	2016
	£000	£000
<i>By geographical market:</i>		
United Kingdom	6,678	6,129
Rest of Europe	4,943	5,181
United States	4,627	5,036
Japan	2,229	2,069
China	3,584	2,362
Middle East	1,204	959
Rest of World	3,370	2,762
	26,635	24,498
<i>By class of business:</i>		
Publishing and other	15,009	15,634
Licensing	10,689	8,470
Television	937	394
	26,635	24,498

3 Expenses and auditors' remuneration

	2017	2016
	£000	£000
<i>Included in profit and loss before taxation are the following:</i>		
Amortisation of trademark	4,690	4,690
Depreciation and other amounts written off owned tangible fixed assets	217	350
Operating lease rentals	743	750
<i>Auditors' remuneration:</i>		
	£000	£000
Audit of these financial statements	131	110
Other services relating to taxation	26	45

Notes *(continued)*

4 Remuneration of directors

	2017	2016
	£000	£000
Directors' emoluments	624	867
Company contributions to money purchase pension schemes	42	41
	<u> </u>	<u> </u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £514,000 (2016: £604,000), and Company pension contributions of £34,000 (2016: £34,000) were made to a money purchase scheme on his behalf.

Four directors did not receive any remuneration in respect of their services to the Group in the current period or prior year. None of the directors have any shares or options in the Group.

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Publishing	37	21
Television	2	3
Records Management	25	22
Licensing	41	41
Other support	39	42
	<u> </u>	<u> </u>
Total	144	129
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	7,160	6,113
Social security costs	869	762
Pension costs	298	287
	<u> </u>	<u> </u>
	8,327	7,162
	<u> </u>	<u> </u>

The amounts charged for pension costs represent the contributions paid to the defined contribution scheme in respect of the accounting period.

Notes (continued)

6 Interest receivable and similar income

	2017	2016
	£000	£000
Bank interest received	7	4
Foreign exchange gain	961	-
	<u>968</u>	<u>4</u>

7 Interest payable and similar charges

	2017	2016
	£000	£000
Interest paid to fellow undertakings	1,089	1,132
Bank fees, foreign exchange and other charges	49	1,582
	<u>1,138</u>	<u>2,714</u>

8 Taxation

	2017	2016
	£000	£000
<i>Current tax</i>		
Current tax on income for the year	1,713	645
Adjustment in respect of previous years	(187)	39
Permanent difference	(189)	-
Foreign taxes suffered	-	7
	<u>1,337</u>	<u>691</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	242	(184)
Change in tax rates	(7)	4
Adjustment in respect of previous years	-	5
	<u>235</u>	<u>(175)</u>
Total deferred tax (note 15)	<u>235</u>	<u>(175)</u>
Total tax	<u>1,572</u>	<u>516</u>

Notes (continued)

8 Taxation (continued)

Total tax analysed as:

	2017			2016		
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
	£000	£000	£000	£000	£000	£000
Recognised in Profit and loss account	1,337	235	1,572	691	(175)	516

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

	2017 £000	2016 £000
Profit/(loss) before tax	4,666	(2,398)
Profit/(loss) multiplied by the rate of 19.25% (2016: 20.00 %)	898	(480)
<i>Effects of:</i>		
Capital allowances for year less than (in excess of) depreciation	16	(43)
Expenses not deductible for tax purposes (income not taxable)	(317)	(56)
Expenses not deductible until future periods	-	236
Other permanent differences	903	938
Rate differences in other jurisdictions	24	58
Allocation of losses for group relief	264	437
Losses surrendered by other group companies for nil payment	(264)	(437)
Adjustment in respect of previous years	(187)	38
Total tax expense included in profit (see above)	1,337	691

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

9 Profit of the Company

Under section 408 of the Companies Act 2006 the Company is exempt from the requirements to present its own profit and loss account. The Company's profit for the year amounted to £3,063,000 (2016: £4,069,000), after receiving dividends of £4,250,000 (2016: £5,500,000) from its subsidiary Guinness World Records Limited.

Notes *(continued)*

10 Intangible assets

The Group	Trademarks £000	Total £000
<i>Cost at beginning and end of year</i>	55,172	55,172
<i>Amortisation</i>		
At beginning of year	22,346	22,346
Charge for year	4,690	4,690
At end of year	27,036	27,036
<i>Net book value</i>		
At 31 December 2017	28,136	28,136
At 31 December 2016	32,826	32,826

Trademarks represent the value attributed to the Guinness World Records brand and arose when GWRUK Acquisition Corp. acquired Guinness World Records Limited. The trademarks have 6 years remaining of useful economic life.

Notes *(continued)*

11 Tangible fixed assets

The Group	Fixtures, fittings and equipment £000	Total £000
<i>Cost</i>		
At 1 January 2017	2,534	2,534
Additions	339	339
FX translation	(8)	(8)
	<hr/>	<hr/>
At 31 December 2017	2,865	2,865
	<hr/>	<hr/>
<i>Depreciation</i>		
At 1 January 2017	1,934	1,934
Charge for year	217	217
FX translation	(8)	(8)
	<hr/>	<hr/>
At 31 December 2017	2,143	2,143
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 2017	722	722
	<hr/>	<hr/>
At 31 December 2016	600	600
	<hr/>	<hr/>

Notes (continued)

12 Investments

The Company

	Shares in group undertakings £000	Total £000
<i>Cost</i>		
At beginning and end of year	58,214	58,214

	Registered address	Principal activity	Class and percentage of shares held
Guinness World Records Limited	12 th Floor South Quay Building, 189 Marsh Wall, London, E149SH, United Kingdom	Publication and licensing of intellectual property	Ordinary 100%
Ripley Entertainment Limited	12 th Floor South Quay Building, 189 Marsh Wall, London, E149SH, United Kingdom	Management and operation of a museum-attraction	Ordinary 100%
Guinness World Records Japan KK	DT Gaien bldg., 2- 4-12, Jingumae, Shibuya-ku, Tokyo, Japan	Sales	Ordinary 100%
Guinness World Records Consulting (Beijing) Limited	B621, Gehua Tower No. 1, Qinglong Hutong, Dongcheng District, Beijing, 100007 China	Sales	Ordinary 100%
GWR (Branch Operations) Ltd.	12 th Floor South Quay Building, 189 Marsh Wall, London, E149SH, United Kingdom	Sales	Ordinary 100%

Notes (continued)

12 Investments (continued)

The closing reserves of Guinness World Records Limited at 31 December 2017 are £7,737,000 (2016: £5,042,000) and the profit for the year ended 31 December 2017 is £6,945,000 (2016: £3,910,000).

The closing deficit of Ripley Entertainment Limited at 31 December 2017 is £72,000 (2016: £1,218,000) and the profit for the year ended 31 December 2017 is £310,000 (2016: loss of £1,708,000).

The closing reserves of Guinness World Records Japan KK at 31 December 2017 are £334,000 (2016: £239,000) and the profit for the year ended 31 December 2017 is £95,000 (2016: £84,000).

The closing reserves of Guinness World Records Consulting (Beijing) Limited at 31 December 2017 are £1,985,000 (2016: £937,000) and the profit for the year ended 31 December 2017 is £1,048,000 (2016: £388,000).

The closing reserves of GWR (Branch Operations) Ltd. at 31 December 2017 are £2,018,000 (2016: £1,444,000) and the profit for the year ended 31 December 2017 is £574,000 (2016: £537,000).

13 Stocks

The Group	2017	2016
	£000	£000
Work in progress	118	203
Finished goods and goods for resale	462	280
	<u>580</u>	<u>483</u>

Included in cost of sales for the year ended 31 December 2017 are amounts relating to stocks of £4,150,000 (2016: £4,509,000).

14 Debtors

The Group	2017	2016
	£000	£000
Trade debtors	3,352	2,167
Other debtors	233	160
Amounts owed by fellow undertakings	534	88
Prepayments and accrued income	395	239
Corporation tax	155	479
Deferred tax asset (note 15)	113	348
	<u>4,782</u>	<u>3,481</u>

The amounts owed by fellow undertakings represent balances owed by Guinness World Records North America Inc. and Ripley Entertainment Inc. Amounts owed by group companies are repayable on demand and no interest is charged on these amounts.

The Company	2017	2016
	£000	£000
Corporation tax	175	-

Notes (continued)

15 Deferred tax

The Group

Deferred tax assets are attributable to the following:

	2017	2016
	£000	£000
Accelerated capital allowances	(38)	(47)
Short-term timing differences	151	395
	<u>113</u>	<u>348</u>

16 Creditors: amounts falling due within one year

The Group

	2017	2016
	£000	£000
Trade creditors	690	379
Other creditors	201	132
Amounts owed to fellow undertakings	1,139	6,585
Amounts owed to parent	12	-
Accruals and deferred income	4,555	4,864
	<u>6,597</u>	<u>11,960</u>

The amounts owed to fellow undertakings represent balances owed to Ripley Entertainment Inc., Guinness World Records North America Inc. and Great Pacific Switzerland GmbH. Amounts owed to Ripley Entertainment Inc. and Guinness World Records North America Inc. are repayable on demand and no interest is charged on these amounts. Amounts owed to Great Pacific Switzerland GmbH represent the current portion of long-term non-revolving loan (notes 17 and 18).

The Company

	2017	2016
	£000	£000
Amounts owed to fellow undertakings	1,000	1,000

The amounts owed to fellow undertakings represent the current portion of long-term non-revolving loan owed to Great Pacific Switzerland GmbH (notes 17 and 18).

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

The Group & Company

	2017	2016
	£000	£000
Amounts owed to fellow undertakings	26,607	27,607
Less: amounts falling due within one year (note 16)	(1,000)	(1,000)
	25,607	26,607
	25,607	26,607

The amounts owed to fellow undertakings represent a non-revolving term loan owed to Great Pacific Switzerland GmbH, fellow subsidiary undertaking of Jim Pattison Ltd. The term loan is repayable in quarterly instalments of £250,000, secured by a promissory note, bearing interest at 4%, and maturing on June 30, 2020.

18 Interest bearing loans and borrowings

	2017	2016
	£000	£000
The Group & Company		
Creditors falling due after more than one year	25,607	26,607
	25,607	26,607
	25,607	26,607
The Group & Company		
Creditors falling due within one year	1,000	1,000
	1,000	1,000
	1,000	1,000

Notes *(continued)*

19 Provisions for liabilities

The Group

	Returns provisions	Other provisions	Total
	£000	£000	£000
At 1 January 2017	1,727	1,871	3,598
Utilised during period	(1,727)	-	(1,727)
Additional amounts provided	1,714	-	1,714
	<hr/>	<hr/>	<hr/>
At 31 December 2017	1,714	1,871	3,585
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The provision for returns represents management's estimates for future returns of sold publications and merchandise and is based on historical sales and return rates, as well as current market conditions. The majority of the other provisions relate to a litigation case in India referred to in the Strategic Report

20 Called up share capital

The Group & Company

	2017	2016
	£000	£000
<i>Allotted, called up and fully paid</i>		
29,217 Ordinary shares of £1,000 each	29,217	29,217
	-	-

21 Dividends

The aggregate amount of dividends comprises:

	2017	2016
	£000	£000
Interim dividends paid in respect of the current year	2,000	2,500

On 24 April 2017 a cash dividend of £2.0 million was approved and paid to Jim Pattison Entertainment Ltd

The aggregate amount of dividends proposed and not recognised as liabilities as at the year-end is £nil (2016: £nil).

Notes *(continued)*

22 Operating Lease Commitments

At 31 December 2017, the Group had total commitments under non-cancellable operating leases as follows:

	2017	2016
	Land and Buildings £000	Land and Buildings £000
Within one year	543	501
Between one and five years	1,669	1,724
More than five years	1,148	1,242
	<hr/> 3,360	<hr/> 3,467

23 Related Party Transactions

The Group

The Group is a wholly owned subsidiary of Jim Pattison Entertainment Ltd

During the year, the Group received £4,627,000 in sales included in turnover (2016 £5,036,000) from Guinness World Records North America, Inc. and Ripley Entertainment Inc., fellow subsidiaries undertaking of Jim Pattison Ltd.

During the year, the Group paid £1,553,000 in marketing and sales services included in cost of sales (2016 £1,945,000) to Guinness World Records North America, Inc., fellow subsidiary undertaking of Jim Pattison Ltd.

During the year, the Group paid £1,089,000 (2016 £1,132,000) in interest included in interest payable and similar charges to Great Pacific Switzerland GmbH, fellow subsidiary undertaking of Jim Pattison Ltd

During the year, the Group paid £262,000 in management fees included in administrative expenses (2016 £282,000) to Great Pacific Capital Corp., fellow subsidiary undertaking of Jim Pattison Ltd.

During the year, the Group paid £509,000 (2016 £496,000) in key management compensation included in administrative expenses.

At 31 December 2017, the Group was owed £534,000 included in debtors, (2016: £nil) from Guinness World Records North America Inc., fellow subsidiary undertaking of Jim Pattison Ltd. (note 14).

At 31 December 2017, the Group owed £139,000 (2016: £1,567,000) included in creditors, to Ripley Entertainment Inc., fellow subsidiary undertaking of Jim Pattison Ltd. (note 16).

At 31 December 2017, the Group owed £12,000 included in creditors to its parent, Jim Pattison Entertainment Ltd. (note 16).

At 31 December 2017, the Group owed £26,607,000 included in creditors, (2016: £27,607,000) to Great Pacific Switzerland GmbH, fellow subsidiary undertaking of Jim Pattison Ltd. (note 17).

Notes (continued)

23 Related Party Transactions (continued)

The Company

The Company is a wholly owned subsidiary of Jim Pattison Entertainment Ltd.

During the year, the Company paid £1,089,000 in interest (2016: £1,132,000) to Great Pacific Switzerland GmbH, fellow subsidiary undertaking of Jim Pattison Ltd.

During the year, the Company paid £262,000 in management fees (2016: £282,000) to Great Pacific Capital Corp., fellow subsidiary undertaking of Jim Pattison Ltd.

The Company has taken advantage of the exemption available under FRS 102 from disclosing transactions with other group undertakings that form part of the wholly owned Group

24 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Jim Pattison Entertainment Ltd, which is the immediate parent company. The ultimate parent company is Jim Pattison Ltd, whose registered office is situated at 18th Floor, 1067 West Cordova Street, Vancouver, British Columbia, Canada V6C 1C7.

The largest group in which the results of the Company and its group are consolidated is that headed by Jim Pattison Entertainment Ltd, whose registered office is situated at 18th Floor, 1067 West Cordova Street, Vancouver, British Columbia, Canada V6C 1C7. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are not available to the public.

25 Subsequent events

On 28 March 2018 the Company paid a dividend to its parent Jim Pattison Entertainment Ltd, of £3,750,000.

26 Discontinued operations

The Company decided not to extend its management services agreement ending in September 2017 which relates to the operation of the Ripley museum in London. As at September 30, 2017, the Company owed £836,000 to Ripley Entertainment Inc, for funding the operating costs of the Ripley museum. In December 2017, the Company and Ripley Entertainment Inc, agreed to terminate the loan by way of forgiveness of debt. The gain on termination of debt has been presented in the Consolidated Statement of Changes in Equity and the results of operation from this line of business have been presented in discontinued operations in both periods.