

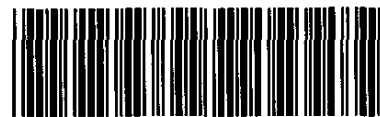
**Merlin Entertainments (SEA LIFE) Limited**

Annual Report and financial statements

Registered number 02182098

53 weeks ended 31 December 2022

WEDNESDAY



\*ACCX7SPS\*

A07

27/09/2023

#13

COMPANIES HOUSE

## Contents

---

|   |    |
|---|----|
| Strategic Report  | 1  |
| Directors' Report   | 4  |
| Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the financial statements | 8  |
| Statement of comprehensive income   | 9  |
| Statement of financial position   | 10 |
| Statement of changes in equity  | 11 |
| Notes to the financial statements   | 12 |

## Strategic Report

---

The Directors present their Strategic Report for the 53 weeks ended 31 December 2022.

### Strategic management

The principal activity of the Company throughout the period continued to be the operation of SEA LIFE Centre visitor attractions, with rides and a broad range of demonstrations, in the United Kingdom.

### Business performance

The Directors have determined that the revenue, result before tax and the net assets are the most appropriate key performance indicators (KPIs) for an understanding of the development, performance and position of the Company. These indicators are as follows:

|                   | <b>2022</b>  | 2021    |
|-------------------|--------------|---------|
|                   | <b>£000s</b> | £000s   |
| Revenue           | 53,715       | 35,670  |
| Profit before tax | 15,821       | 9,732   |
| Net assets        | 143,930      | 130,734 |

The Directors are satisfied with the performance and position of the Company.

During 2022 we saw further significant recovery from the impact of the COVID-19 pandemic and continued progress, with increased levels of visitation and our implementation of revenue management initiatives together driving revenue growth. Tight cost control and ongoing efficiency initiatives have partly offset continued cost pressures.

We continue to focus on strong business growth and invest for the future.

## Strategic Report (continued)

### Principal risks and uncertainties

The directors consider that the specific principal risks and uncertainties faced by the Company are as set out below. Together with the rest of the Merlin Entertainments Group, the Company has appropriate measures in place to mitigate these risks. These risks are discussed in further detail within the Annual Report and accounts of Motion JVco Limited and details of how to obtain these accounts can be found in note 1.

| Risk type and description   | How risks are managed  |
|---|--|
| Safety – guests, staff members or contractors being harmed or becoming ill as result of serious incidents.  | <ul style="list-style-type: none"> <li>Regular performance reviews by specific Merlin Board Committee.</li> <li>Ownership of health, safety and security (HSS) risks by line management.</li> <li>Competent operational and engineering staff monitor and inspect facilities in accordance with a planned programme, backed up by professional HSS teams.</li> <li>Annual risk register review and action planning processes.</li> <li>Regular internal and independent external auditing and review regimes.</li> <li>Contractor selection, approval and monitoring by in-house qualified project managers.</li> </ul>        |
| Security - reduction in guest confidence to visit the Company's attractions because of sabotage or a terrorist attack leading to a guest or staff member or animal in our care being harmed.  | <ul style="list-style-type: none"> <li>Merlin Board Committee established with specific mandate for this risk area.</li> <li>Detailed security protocols such as bag searches before individuals access an attraction.</li> <li>Regular infrastructure reviews to reduce the opportunity for physical threats to guests, staff or animals.</li> <li>Extensive use of CCTV.</li> <li>Regularly tested major incident management plans.</li> <li>Current events vigilantly monitored to identify emerging risks.</li> <li>Co-operation with local and national security forces.</li> <li>Appropriate insurance cover.</li> </ul> |
| External threats to attractions- personal health and security concerns that result in falling visitation to a location.   | <ul style="list-style-type: none"> <li>Ability to reduce variable expenditure, for example in staffing, property and marketing costs.</li> <li>Ability to defer non-essential capital expenditure.</li> <li>Crisis management procedures</li> <li>Ability to direct marketing and promotional activity depending on market trends.</li> </ul>  |
| Innovation, brand development and customer satisfaction – if guests consider our offerings are outdated, no longer relevant or enjoyable, or provide negative social media comments that adversely influence the likelihood of a customer to visit an attraction. | <ul style="list-style-type: none"> <li>Customer feedback collected and analysed against challenging satisfaction targets.</li> <li>Ongoing investment to continually refresh the guest experience.</li> <li>Engagement with the public and on social media.</li> </ul>   |

## Strategic Report *(continued)*

### Principal risks and uncertainties *(continued)*

| Risk type and description   | How risks are managed  |
|---|--|
| People availability and expertise - attracting and retaining staff.   | <ul style="list-style-type: none"> <li>• Driving greater productivity to ensure more motivated, better rewarded employees.</li> <li>• Reviews of employment markets and salary benchmarking.</li> <li>• Personal development plans across the business to encourage long term employment stability.</li> <li>• Annual employee survey to monitor employee engagement and identify opportunities to develop HR policies and processes.</li> </ul>                                       |
| Competition - for consumers' leisure time and for intellectual property (IP) propositions.                    | <ul style="list-style-type: none"> <li>• Ongoing investment to ensure continued appeal to visitors.</li> <li>• Competitor research and monitoring.</li> <li>• Access to Merlin's dedicated in-house creative team to deliver new and innovative compelling propositions and intellectual property.</li> <li>• Proactive management of IP partnerships.</li> </ul>  |
| Animal welfare – risk of animals in our care being harmed.  | <ul style="list-style-type: none"> <li>• External zoo licence audits.</li> <li>• Merlin ethics committee and specific teams monitor the treatment of animals.</li> <li>• A comprehensive range of policies, standards, procedures and guidelines.</li> <li>• Training programmes for all staff who interact with animals.</li> <li>• Planned preventative maintenance programmes to ensure buildings, infrastructure and vegetation remain suitable for displaying animals.</li> </ul> |
| Impact of increasing costs on operating margins and capital expenditure.                                      | <ul style="list-style-type: none"> <li>• Strategic focus on pricing associated with changing consumer expectations.</li> <li>• Increasing the proportion of the cost base that is variable in nature or can be flexed to meet demand.</li> <li>• Effective financial and contractual controls regarding procurement activities.</li> <li>• Ability to redesign capital schemes to a lower cost outcome.</li> </ul>   |
| Liquidity / cashflow risk - a lack of liquidity could inhibit the ability of the Company to operate and grow. | <ul style="list-style-type: none"> <li>• Access to Merlin banking facilities (see note 21).</li> </ul>   |

## Directors' Report

---

The Directors present their Directors' Report and the financial statements for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021).

### Dividends

The Directors do not recommend the payment of a dividend (2021: *Nil*).

### Directors

The Directors who held office during the year and up until the date of the signing of these financial statements were as follows:

- F Rose
- M Jowett
- R Steven
- S Brooksbank (resigned 8 April 2022)

The Articles of Association of the Company permit it to indemnify the Directors of the Company against liabilities arising from or in connection with the execution of their duties or powers to the extent permitted by law.

The Company has not given any specific indemnity in favour of the Directors during the year, but the Company has purchased Directors' and Officers' Liability Insurance, which provides cover for liabilities incurred by Directors in the performance of their duties or powers. No amount was paid under any Director's indemnity or the Directors' and Officers' Liability Insurance during the year.

### Charitable and political donations

The Company made £2,000 of charitable donations during the year (2021: *Nil*) and no political donations (2021: *Nil*).

### Employees

Regular informal meetings are held between management and employees in order to keep employees informed on current developments within the company and to take account of their views in making decisions likely to affect their interests. In addition the wider Merlin Entertainments Group keep teams up to date via the digital newsletter 'The Wizard's News.'

### Disabled persons

The Company makes no differentiation between able bodied and disabled persons in terms of recruitment, training and career progression. The Company will make every effort to continue the employment and training of those persons who become disabled while employed by the Company.

## Directors' Report (continued)

---

### Section 172 statement

The Board of Directors of the Company (the Board) recognises its responsibility under section 172 of the Companies Act 2006 to maintain high standards of business conduct and consider the impact on all stakeholders when making decisions, including the likely consequences of any decision in the long term. They delegate their authority where appropriate to other senior managers within the Merlin Entertainments Group (Group).

Further information on how the Board has exercised its duty to promote the Company's success during the year with regard to the matters set out in section 172, including examples of how these duties have been applied, are set out below.

The Directors take their responsibility to understand the views of stakeholders seriously and will continue to consider stakeholder interests in its decision-making processes in 2023.

#### Consequences of decisions in the long term

The Company's strategy is aligned to the wider Group strategy, which includes long term growth ambitions. Accordingly, the long-term consequences for the Company and its stakeholders are always factored into strategic decisions.

#### Employee interests

The Board recognises that employee engagement, diversity, inclusion and a strong culture is important to achieve the Company's vision and objectives. Our people are what makes this Company so special and we continue to be proud of our employees, who once again delivered magical and memorable experiences to millions of guests in 2022.

More than 18,000 people completed the Group's 'The Wizard Wants to Know' staff engagement survey in 2022, a significant increase on the 2021 survey and with a high response rate of 84%. The Group's overall engagement score was 68%, an encouraging increase of 5% on the previous year. Following the survey results, each business unit within the Company held follow-up sessions to discuss areas of focus and improvement.

Throughout the year, lines of communication with our employees were maintained, ensuring that all employees were kept fully updated on business operations on a regular basis. Tools such as the new 'CEO Townhall' sessions, our 'MyMerlin' intranet and 'The Wizard's News', our monthly company digital newsletter, continued to celebrate successes and effectively communicate across all our sites.

In 2022 we continued our focus on gender equality, ethnic diversity and our inclusion strategy 'Everyone Matters at Merlin'. Regional task forces encompassing the Company's employees delivered plans to support the Group's global diversity and inclusion goals as well as driving meaningful change to our teams and wider communities at a site level. We are proud that our commitment to equality is demonstrated throughout our culture and are focussed on creating the greatest place to work and a true sense of belonging.

'The Merlin Way' is the set of values which embody everything we do, and which provide the basis for our goals and objectives. We advocate 'The Merlin Way' through many of our global engagement activities and our staff wellbeing programmes. More details can be found on our website at: <https://www.merlinentertainments.biz/about-us/our-values/>.

The Company's employees participate in the Group's long term incentive plans. These provide incentive structures for our management teams and include outstanding contribution and long service awards that are available to all employees.

#### Fostering business relationships with suppliers, customers and others

The Board believes a collaborative approach with suppliers and business partners provides mutually beneficial relationships, enabling engagement on matters that are in both parties' interests.

## **Directors' Report (continued)**

---

### **Section 172 statement (continued)**

The health, safety and security of our guests and employees remains our number one priority. During 2022, we maintained a high level of performance across our operations, with our COVID-19 countermeasures remaining dynamic and able to adapt to differing states of government restrictions. We remain fully committed to ensuring a safe and welcoming environment for our guests and staff.

The Board identify guests as key stakeholders and the guest experience is central to the success of our business. In 2022 we maintained our focus on providing a high quality of experience for our guests and continued to monitor their views, engaging with them directly and on social media to measure the quality of their experience and drive improvements.

Senior management undertake regular site visits to ensure that the guest experience is in line with guest expectations, and we also use the 'Yext' platform to monitor online guest reviews and help inform how we improve our attractions. Customer insight has also helped us as we make significant progress on guest accessibility.

In 2022 we continued our commitment to disability inclusion to ensure guests with disabilities can access the magic of Merlin. We understand our obligations and we care about continuously improving accessibility. The Accessibility Steering Group continued to drive improvements across the business and launched an 'Internal Intel' group to bring together employees with lived experiences of disability to inform and guide changes we are making to disability inclusion. During the year we also commissioned mystery visits with disabled guests to further understand the guest experience and where improvements can be made.

### **Operational impact on community and environment**

The Board promotes an ethical operating culture and is committed to managing environmental impacts through our sustainability strategy. Our attractions operate responsibly at the heart of their communities, maintaining high animal welfare standards and contributing to local economies. We partner with two charities. Merlin's Magic Wand provides memorable experiences to children faced with the challenges of serious illness, disability, and adversity. The SEA LIFE Trust works to protect marine life and habitats across the world, also operating two marine sanctuaries.

We recognise that our operations impact upon the environment and that effective management, in line with our strategic business goals, is essential for sustainable business success. We are committed to minimising the potentially harmful effects of such activity. The Group has been a long term advocate for reducing plastic pollution as well as progressing the positive impact our businesses and teams can make on their local environments and communities. We continue to review all our retail stores to remove unnecessary packaging and plastic across all of our merchandise.

Our commitment initiatives will continue progressing in 2023 and beyond, including working with our global supply chain to remove unnecessary plastic packaging from our shops; providing opportunities for all our staff and guests to become involved at our attractions; and supporting the SEA LIFE Trust in campaigning across the global for greater protection for our marine environment and its creatures. More details can be found in our environmental policy, which is available on our website at <https://www.merlinentertainments.biz/responsible-business/environment/>.

### **Maintaining a reputation for high standards of business conduct**

As senior managers within the Group, the Directors ensure that the Group's policies and procedures that are in place to support the highest standards of business conduct are followed. They are involved in the management of issues which may have a material impact on the Company's reputation.

### **Act fairly between the owners of Company**

The Company is a directly owned subsidiary of another Group company.



## Directors' Report (*continued*)

---

### Going Concern

The Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

The projections and forecasts prepared for the going concern assessment period to 30 September 2024, indicate that the Company will have sufficient funds and resources to continue in operational existence, operate within its available facilities and settle its liabilities as they fall due. Motion JVco Limited, the ultimate parent company, has provided a letter of support confirming that it will continue to make available such funds as are needed by the Company.

For further details see note 1 to the financial statements.

### Information presented in other sections

Details of the Company's principal activity and future developments; its principal risks and uncertainties; and its KPIs can be found within the Strategic Report.

The Strategic Report and the Directors' Report were both approved by the Board on *22 September* 2023.

By order of the Board



**F Rose**  
*Director*  
Link House  
25 West Street  
Poole  
Dorset  
BH15 1LD

## **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 financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 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 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 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 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 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 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 company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of comprehensive income

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

|   | Note | 2022<br>£000s | 2021<br>£000s |
|---|------|---------------|---------------|
| Revenue   | 2    | 53,715        | 35,670        |
| Cost of sales   |      | (7,388)       | (5,013)       |
| <b>Gross profit</b>                                       |      | <b>46,327</b> | <b>30,657</b> |
| Other operating income                                    |      | -             | 798           |
| Operating expenses  |      | (33,780)      | (24,942)      |
| <b>Operating profit</b>                                   | 3    | <b>12,547</b> | <b>6,513</b>  |
| Finance income  | 5    | 4,309         | 3,876         |
| Finance costs   | 6    | (1,035)       | (657)         |
| <b>Profit before tax</b>                                  |      | <b>15,821</b> | <b>9,732</b>  |
| Taxation  | 7    | (2,831)       | (2,064)       |
| <b>Profit for the year</b>                                |      | <b>12,990</b> | <b>7,668</b>  |
| Other comprehensive income for the year net of income tax |      | -             | -             |
| <b>Total comprehensive income for the year</b>            |      | <b>12,990</b> | <b>7,668</b>  |

## Statement of financial position

as at 31 December 2022 (2021: as at 25 December 2021)

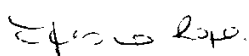
|                                | Note | 2022<br>£000s   | 2021<br>£000s   |
|--------------------------------|------|-----------------|-----------------|
| <b>Non-current assets</b>      |      |                 |                 |
| Property, plant and equipment  | 8    | 34,076          | 32,875          |
| Investments                    | 10   | 11,108          | 11,108          |
| Other receivables              | 12   | 89,672          | 39,078          |
|                                |      | <b>134,856</b>  | <b>83,061</b>   |
| <b>Current assets</b>          |      |                 |                 |
| Inventories                    | 11   | 814             | 674             |
| Trade and other receivables    | 12   | 31,745          | 70,681          |
| Cash and cash equivalents      | 21   | 5,435           | 8,787           |
|                                |      | <b>37,994</b>   | <b>80,142</b>   |
| <b>Total assets</b>            |      | <b>172,850</b>  | <b>163,203</b>  |
| <b>Current liabilities</b>     |      |                 |                 |
| Trade and other payables       | 13   | (17,110)        | (20,131)        |
| Provisions                     | 14   | (29)            | (51)            |
|                                |      | <b>(17,139)</b> | <b>(20,182)</b> |
| <b>Non-current liabilities</b> |      |                 |                 |
| Other payables                 | 13   | (3,526)         | (4,476)         |
| Deferred tax liabilities       | 15   | (916)           | (476)           |
| Provisions                     | 14   | (7,339)         | (7,335)         |
|                                |      | <b>(11,781)</b> | <b>(12,287)</b> |
| <b>Total liabilities</b>       |      | <b>(28,920)</b> | <b>(32,469)</b> |
| <b>Net assets</b>              |      | <b>143,930</b>  | <b>130,734</b>  |
| <b>Capital and reserves</b>    |      |                 |                 |
| Share capital                  | 17   | 8,235           | 8,235           |
| Share premium                  |      | 778             | 778             |
| Capital reserve                |      | 2,955           | 2,955           |
| Revaluation reserve            |      | 2,104           | 2,104           |
| Retained earnings              |      | 129,858         | 116,662         |
| <b>Total equity</b>            |      | <b>143,930</b>  | <b>130,734</b>  |

For the year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board of Directors on 22 September 2023 and were signed on its behalf by:

  
**F Rose**  
Director

**Statement of changes in equity**

*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

|  | Share<br>capital<br>£000s | Share<br>premium<br>£000s | Capital<br>reserve<br>£000s | Revaluation<br>reserve<br>£000s | Retained<br>earnings<br>£000s | Total<br>equity<br>£000s |
|--|---------------------------|---------------------------|-----------------------------|---------------------------------|-------------------------------|--------------------------|
| At 26 December 2020                                  | 8,235                     | 778                       | 2,955                       | 2,104                           | 108,994                       | 123,066                  |
| Profit for the year                                  | -                         | -                         | -                           | -                               | 7,668                         | 7,668                    |
| Other comprehensive<br>income for the year           | -                         | -                         | -                           | -                               | -                             | -                        |
| Total comprehensive<br>income for the year           | -                         | -                         | -                           | -                               | 7,668                         | 7,668                    |
| At 25 December 2021                                  | 8,235                     | 778                       | 2,955                       | 2,104                           | 116,662                       | 130,734                  |
| Profit for the year                                  | -                         | -                         | -                           | -                               | 12,990                        | 12,990                   |
| Other comprehensive<br>income for the year           | -                         | -                         | -                           | -                               | -                             | -                        |
| Total comprehensive<br>income for the year           | -                         | -                         | -                           | -                               | 12,990                        | 12,990                   |
| Share-based payment<br>transactions (see note<br>20) | -                         | -                         | -                           | -                               | 206                           | 206                      |
| At 31 December 2022                                  | 8,235                     | 778                       | 2,955                       | 2,104                           | 129,858                       | 143,930                  |

## Notes to the financial statements

*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

---

### 1 Accounting policies

#### **Basis of preparation**

These financial statements have been prepared for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021).

Merlin Entertainments (SEA LIFE) Limited (the Company) is a company incorporated, registered and domiciled in the UK. It is a private company limited by shares. The address of its registered office is Link House, 25 West Street, Poole, Dorset, BH15 1LD.

The Company is a wholly owned subsidiary of Merlin Entertainments Group Operations Limited and its ultimate parent, Motion JVco Limited. Motion JVco Limited includes the Company in their consolidated financial statements, which are prepared in accordance with adopted IFRSs. They are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

These 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).

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- A Cash Flow Statement and related notes; and
- Key management personnel compensation disclosures.

As the consolidated financial statements of Motion JVco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of balances with other wholly owned subsidiaries which form part of the Group.

#### **New accounting standards**

No new accounting standards or amendments have had a significant impact on the Company during the year.

The Company has prepared these financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

#### **Judgements and estimates**

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

##### *Judgements*

Management considers the following area to be a judgement that has a significant effect on the amounts recognised in the financial statements:

- *Expected credit losses (note 12)* – the Company has exercised its judgement in assessing that there are no credit losses relating to financial assets.

##### *Estimates*

Management considers that there are no estimates that have a significant effect on the amounts recognised in the financial statements.

**Notes to the financial statements (continued)**  
***for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)***

---

**1 Accounting policies (continued)**

***Going concern***

The Company reported a profit after tax for the period of £12,990,000, and as at 31 December 2022 had net assets of £143,930,000. The Directors have assessed the Company's ability to continue as a going concern to 30 September 2024 (being the 'going concern assessment period'). The financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the reasons set out below.

The Company trades profitably and generates positive cash flows on its own account, participating in the Merlin Entertainments Group's centralised treasury arrangements and bank pooling arrangements with its fellow Group companies.

The projections and forecasts prepared for the going concern assessment period to 30 September 2024 are derived from the Group's 2023 budget and longer term strategic plan, approved by the Board of Motion JVco Limited, the ultimate parent company, in December 2022, with relevant refinements made to reflect more recent information. This period has been selected as the going concern assessment period to ensure that it includes the likely liquidity low point in the next trading cycle. The Directors have prepared cash flow forecasts reflecting these forecasts up to 30 September 2024, which take into account the Company's immediately available cash reserves, and access to funding if required from fellow Group companies. These forecasts indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Motion JVco Limited, the ultimate parent company, has provided a letter of support confirming that it will continue to make available such funds as are needed by the Company. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Considering the Company's statement of financial position, available facilities, and cash flow forecasts, financial projections indicate that the Company will have sufficient funds and resources to continue in operational existence, operate within its available facilities and settle its liabilities as they fall due over the going concern assessment period. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

---

**1 Accounting policies (continued)**

**Goodwill**

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

**Property, plant and equipment**

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses.

Where components of an item of PPE have different useful lives, they are accounted for separately.

The initial cost of PPE includes all costs incurred in bringing the asset into use and includes external costs for the acquisition, construction and commissioning of the asset and internal project costs (primarily staff expenses).

Inter group transfers occur at historical cost including accumulated depreciation and are presented on a gross basis in accounts.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of PPE. Land is not depreciated. Assets under construction are not depreciated until they come into use, when they are transferred to buildings or plant and equipment as appropriate. No residual values are typically considered.

The estimated useful lives are as follows:

|                     |   |
|---------------------|---|
| Buildings           | 50 years, or the period of the lease if shorter |
| Plant and equipment | 5 - 30 years                                    |

On inception of a lease the estimated cost of decommissioning the leased asset is included within PPE and depreciated over the lease term and a corresponding asset retirement provision set-up and the discounting applied is unwound over the lease term.

**Impairment testing**

The carrying amounts of the Company's goodwill, intangible assets and PPE are reviewed annually to determine whether there is any indication of impairment. If any such indication exists or if the asset has an indefinite life, the asset's recoverable amount is estimated.

The process of impairment testing is to estimate the recoverable amount of the assets concerned, and recognise an impairment loss whenever the carrying amount of those assets exceeds the recoverable amount.

Impairment losses are recognised in the income statement. They are allocated first to reduce the carrying amount of goodwill, and then to reduce the carrying amount of other intangible assets and other assets on a pro rata basis.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is measured using the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.



**Notes to the financial statements (continued)**  
**for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)**

---

**1 Accounting policies (continued)**

***Classification of financial instruments issued by the Company***

Financial instruments are recognised on the statement of financial position when the Company becomes party to the contractual provisions of the instrument. The accounting policy for each type of financial instrument is included within the relevant note.

Financial assets are initially measured at fair value, unless otherwise noted, and are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire or the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities are initially measured at fair value, plus, in the case of other financial liabilities, directly attributable transaction costs. Other financial liabilities, primarily the Company's interest-bearing loans and borrowings, are measured at amortised cost. Financial liabilities are measured at fair value through profit or loss and are held on the statement of financial position at fair value. A financial liability is derecognised when the Company's obligations are discharged, expire or are cancelled. Finance payments associated with financial liabilities are dealt with as part of finance costs.

An equity instrument is any contract that has a residual interest in the assets of the Company after deducting all of its liabilities. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Where financial instruments consist of a combination of debt and equity, the Company will assess the substance of the arrangement in place and decide how to attribute values to each taking into consideration the policy definitions above.

The Company assesses expected credit losses (ECLs) in accordance with IFRS9 - Financial Assets, and makes a judgement as to whether allowances are required for ECLs based on the risk of non-payment, taking into account ageing, previous experience, economic conditions and forward-looking data.

The Company applies the 3-stage impairment model as prescribed by IFRS 9. If the Company assesses that there has not been a significant increase in the credit risk of a financial asset since initial recognition, then the asset is considered to be at Stage 1 of the model and 12 month expected credit losses (ECLs) are calculated on that asset. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

If the asset is subsequently assessed to have experienced a significant increase in credit risk the asset is considered to have moved to Stage 2 of the model and lifetime ECLs are calculated. If the asset has become credit-impaired it is considered to have moved to Stage 3.

The Company initially recognises loss allowances on financial assets at an amount equal to 12 month ECLs, which are the portion of ECLs that are possible within the 12 months after the reporting date. In measuring these ECLs the Company considers reasonable and supportable information that is relevant and available without undue cost or effort, which includes both historical and forward looking quantitative and qualitative information in applying IFRS 9's staging.

**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

---

**1 Accounting policies (continued)**

**Classification of financial instruments issued by the Company (continued)**

At each reporting date the Company assesses whether financial assets are 'credit-impaired'. The Company considers that a financial asset is credit-impaired when one or more of the following events have occurred:

- significant financial difficulty of the borrower;
- a breach of contract or default event;
- the restructure of a loan by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or financial reorganisation.

Once the stage of the asset has been determined, the Company calculates an ECL on a probability weighted basis by adopting the methodology; Probability of Default (PD) \* Loss Given Default (LGD) \* Exposure at Default (EAD).

In determining each of the above components the Company considers the contractual terms of the asset. Historical and forward-looking information of borrowers are considered in the case of intercompany receivables. In assessing PD the Company uses comparable market available data for credit default swap spreads. In assessing LGD the Company considers asset recoverability including collateral and credit enhancements. Loss allowances for financial assets measured are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset at amortised cost is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or portion thereof. The Company makes an assessment with respect to the timing and amount of the write-off based on expectations of recovery by considering indicators such as 180 days past due.

**Trade and other receivables**

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

**Trade and other payables**

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

**Accruals and deferred income**

Accruals comprise balances in relation to both operating and capital costs incurred at the reporting date but for which an invoice has not been received and payment has not yet been made.

Deferred income comprises revenues received or invoiced at the reporting date which relate to future periods. The main components of deferred income relate to advanced ticket revenues in respect of online bookings and annual pass purchases.

**Provisions**

Provisions are recognised when the Company has legal or constructive obligations as a result of past events and it is probable that expenditure will be required to settle those obligations. They are measured at the Directors' best estimates, after taking account of information available and different possible outcomes.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Asset retirement provisions relate to the anticipated costs of removing assets and restoring the site at the end of the lease term. They are established on inception and discounted back to present value with the discount then being unwound through the income statement as part of finance costs. They are reviewed at least annually.

**Notes to the financial statements (continued)**  
**for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)**

---

**1 Accounting policies (continued)**

***Interest-bearing loans and borrowings***

Interest-bearing loans and borrowings are initially recognised at fair value less attributable fees. These fees are then amortised through the income statement on an effective interest rate basis over the expected life of the loan (or over the contractual term where there is no clear indication that a shorter life is appropriate). If the Company subsequently determines that the expected life has changed, the resulting adjustment to the effective interest rate calculation is recognised as a gain or loss on re-measurement and presented separately in the income statement.

***Investments***

Investments in subsidiaries are stated at cost, less provision for impairment. The carrying amount of the Company's investments in subsidiaries is reviewed annually to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated. If the carrying value of the investment exceeds the recoverable amount, the investment is considered to be impaired and is written down to the recoverable amount. The impairment loss is recognised in the income statement.

***Finance income and costs***

Finance costs comprise interest expense, net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy) and the unwinding of discounts on the asset retirement provision. Finance income comprises interest income from funds invested and net foreign exchange gains.

Finance income and costs are recognised in the income statement as they accrue, using the effective interest rate method.

***Foreign currencies***

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

***Government grants***

Grants are recognised at fair value when the Company has reasonable assurance that it will comply with any conditions attached to the grant and that the grant will be received.

***Revenue***

Revenue represents the amounts received (excluding VAT and similar taxes) as set out below. When accounting for revenue, an assessment is made as to whether parties involved in providing goods or services to a customer are acting as a principal (if they control delivery to the customer) or, if they are arranging for those goods or services to be provided by the other party, as an agent.

- Visitor revenue - represents admissions tickets, retail, food and beverage sales and other commercial offerings such as photos and games experiences inside an attraction. Tickets, annual passes and other services can be bought in advance, generally online, in which case they are held in deferred revenue and recognised when the visitor uses those tickets or services or the validity period expires. Revenue from annual passes and other tickets that entitle a customer to continued visits over a period of time is deferred and then recognised over the period that the pass is valid. Retail and food and beverage revenue, along with other similar commercial offerings, is recognised at the point of sale.
- Other revenue - represents sponsorship and function revenue, along with other sundry items. Sponsorship revenue is recognised over the relevant contract term. Function revenue is recognised at the time of the event.

**Notes to the financial statements (continued)**  
**for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)**

---

**1 Accounting policies (continued)**

**Leases**

Leases in which the Company 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. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

**Finance lease payments**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received and predetermined non-contingent rent increases are recognised in the income statement as an integral part of the total lease expense over the lease term. This therefore excludes the potential impact of future performance or rent increases based on inflationary indices.

**Pensions**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement unless it relates to items recognised directly in equity, when it is recognised directly in equity, or when it relates to items recognised in other comprehensive income, when it is recognised through the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and taxation purposes respectively. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

After considering forecast future profits, deferred tax assets are recognised where it is probable that future taxable profits will be available against which those assets can be utilised.

**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

**1 Accounting policies (continued)**

**Capital reserve**

The capital reserve includes the cumulative amounts recognised in relation to share based payment schemes previously operated by the company.

**Revaluation reserve**

The revaluation reserve includes amounts previously recognised using the revaluation model under old UK GAAP which were recognised as deemed cost on transition to FRS 102 and so are no longer revalued.

**Share based payments**

The Company is a hiring entity for which staff retention services are received in exchange for share-based payment plans issued by the Merlin Group. These plans are the obligation of fellow Group companies Motion JVco Limited or Motion Topco Limited to settle with cash or equity respectively. The Company has no obligation to settle the transactions and hence classifies these share-based payment transactions as equity settled per IFRS 2 'Share-based payment'. The fair value of share plans is recognised as an expense over the expected vesting period with a corresponding entry to retained earnings. All entries are net of deferred tax. The fair value of share plans is determined at the date of grant. The fair value of awards granted is measured based on observable market data, taking into account the terms and conditions upon which awards were granted. For all cash-settled awards and cash-settled elements relating to compound instruments, the fair value is re-measured at each accounting date up to the vesting date by applying an option pricing model. Non-market based performance conditions (including most likely exit events) are taken into account for all plans in estimating the number of awards likely to vest, which is reviewed at each accounting date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment is made after the vesting date even if the awards are forfeited or are not exercised.

**2 Revenue**

Revenue is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

**3 Operating profit**

Operating loss is stated after charging or crediting:

|   | <b>2022</b>  | 2021  |
|---|--------------|-------|
|   | <b>£000s</b> | £000s |
| Depreciation of property, plant and equipment | <b>3,789</b> | 3,946 |
| Charitable donations                          | <b>2</b>     | -     |
| Sub lease rental income received              | <b>(262)</b> | -     |
| Operating lease rentals - land and buildings  | <b>4,565</b> | 3,493 |
| Operating lease rentals - plant and machinery | <b>23</b>    | 41    |

**Auditor's remuneration:**

|                                     | <b>2022</b>  | 2021  |
|-------------------------------------|--------------|-------|
|                                     | <b>£000s</b> | £000s |
| Audit of these financial statements | -            | 60    |

For the 2022 reporting period the Company has taken exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Fees payable to the Company's auditor for services other than the statutory audit of the Company are disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent.

**Notes to the financial statements (continued)**

*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

**4 Staff numbers and costs**

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

|  | 2022       | 2021       |
|--|------------|------------|
| Attraction management and central administration | 25         | 33         |
| Operations                                       | 437        | 276        |
|  | <u>462</u> | <u>309</u> |

The aggregate payroll costs of these persons were as follows:

|                       | 2022<br>£000s | 2021<br>£000s |
|-----------------------|---------------|---------------|
| Wages and salaries    | 9,009         | 7,442         |
| Share-based payments  | 206           | -             |
| Social security costs | 631           | 493           |
| Other pension costs   | 207           | 193           |
|                       | <u>10,053</u> | <u>8,128</u>  |

In 2021 the Company accessed government support in the form of employee furlough schemes. This funding meets the definition of a government grant and the income recognised in the period in relation to these schemes was £798,000. The grants are recognised at fair value when the Company has reasonable assurance that it will comply with any conditions attached to the grant and that the grant will be received. This was recognised as other income.

The Directors received no remuneration from the Company during the year (2021: *Nil*) and are paid by other Group undertakings. None of the Directors received remuneration for their services to the Company as the services provided to the Company form part of their wider role in the Group.

**5 Finance income**

|   | 2022<br>£000s | 2021<br>£000s |
|---|---------------|---------------|
| Interest income on amounts owed by Group undertakings | 3,757         | 3,785         |
| Net foreign exchange gains                            | 552           | 91            |
|   | <u>4,309</u>  | <u>3,876</u>  |

**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

**6 Finance costs**

|  | 2022<br>£000s | 2021<br>£000s |
|--|---------------|---------------|
| Interest expense on amounts owed to Group undertakings | 882           | 568           |
| Unwinding of discount on asset retirement provision    | 150           | 83            |
| Interest expense on lease liabilities                  | 3             | 6             |
|  | <b>1,035</b>  | <b>657</b>    |

**7 Taxation**

*Recognised in the income statement*

|   | 2022<br>£000s | 2021<br>£000s |
|---|---------------|---------------|
| <b>Current tax expense</b>                        |               |               |
| Current year                                      | 2,111         | 1,471         |
| Adjustments for prior periods                     | 280           | 321           |
| <b>Total current tax expense</b>                  | <b>2,391</b>  | <b>1,792</b>  |
| <b>Deferred tax expense (note 15)</b>             |               |               |
| Origination and reversal of temporary differences | 874           | 434           |
| Changes in tax rate                               | 276           | 114           |
| Adjustments for prior periods                     | (710)         | (276)         |
| <b>Total deferred tax expense</b>                 | <b>440</b>    | <b>272</b>    |
| <b>Total tax expense in the income statement</b>  | <b>2,831</b>  | <b>2,064</b>  |

*Reconciliation of effective tax rate*

|  | 2022<br>%    | 2022<br>£000s | 2021<br>%    | 2021<br>£000s |
|--|--------------|---------------|--------------|---------------|
| Profit before tax                                  |              | 15,821        |              | 9,732         |
| Income tax using the domestic corporation tax rate | 19.0%        | 3,007         | 19.0%        | 1,849         |
| Expense not deductible for tax purposes            |              | (61)          |              | 56            |
| Impact of share-based payments                     |              | 39            |              | -             |
| Effect of changes in tax rate                      |              | 276           |              | 114           |
| Adjustments in respect of prior periods            |              | (430)         |              | 45            |
| <b>Total tax expense in the income statement</b>   | <b>17.9%</b> | <b>2,831</b>  | <b>21.2%</b> | <b>2,064</b>  |

The standard rate for UK corporation tax used in the 53 weeks ended 31 December 2022 was 19.0% (2021: 19.0%). The current rate of 19.0% continued until April 2023 when it increased to 25%, as announced in the March 2021 Budget. This will have a consequential effect on the Company's future tax charge.

**Notes to the financial statements (continued)**

*for the 53 weeks ended 31 December 2022 (2020: 52 weeks ended 25 December 2021)*

**8 Property, plant and equipment**

|  | Land and<br>buildings<br>£000s | Plant and<br>equipment<br>£000s | Assets in<br>course of<br>construction<br>£000s | Total<br>£000s |
|--|--------------------------------|---------------------------------|---|----------------|
| <b>Cost</b>                              |                                |                                 |   |                |
| At 26 December 2020                      | 24,921                         | 50,708                          | 555   | 76,184         |
| Additions                                | -                              | 23                              | 2,152   | 2,175          |
| Disposals                                | (17)                           | (13)                            | -   | (30)           |
| Movements in asset retirement provisions | 1,877                          | -                               | -   | 1,877          |
| Inter group transfers                    | -                              | 6                               | -   | 6              |
| Transfers between classes                | 658                            | 1,120                           | (1,778)   | -              |
| At 25 December 2021                      | 27,439                         | 51,844                          | 929   | 80,212         |
| Additions                                | -                              | 26                              | 4,222   | 4,248          |
| Disposals                                | (1,447)                        | (1,860)                         | -   | (3,307)        |
| Movements in asset retirement provisions | (66)                           | -                               | -   | (66)           |
| Inter group transfers                    | -                              | 1,515                           | -   | 1,515          |
| Transfers between classes                | 1,380                          | 2,232                           | (3,612)   | -              |
| <b>At 31 December 2022</b>               | <b>27,306</b>                  | <b>53,757</b>                   | <b>1,539</b>                                    | <b>82,602</b>  |
| <b>Depreciation</b>                      |                                |                                 |   |                |
| At 26 December 2020                      | 12,012                         | 31,411                          | -   | 43,423         |
| Charge for the year                      | 892                            | 3,052                           | -   | 3,944          |
| Disposals                                | (17)                           | (13)                            | -   | (30)           |
| At 25 December 2021                      | 12,887                         | 34,450                          | -   | 47,337         |
| Charge for the year                      | 1,092                          | 2,697                           | -   | 3,789          |
| Disposals                                | (1,447)                        | (1,838)                         | -   | (3,285)        |
| Inter group transfers                    | -                              | 685                             | -   | 685            |
| <b>At 31 December 2022</b>               | <b>12,532</b>                  | <b>35,994</b>                   | <b>-</b>  | <b>48,526</b>  |
| <b>Carrying value</b>                    |                                |                                 |   |                |
| At 26 December 2020                      | 12,909                         | 19,297                          | 555   | 32,761         |
| At 25 December 2021                      | 14,552                         | 17,394                          | 929   | 32,875         |
| <b>At 31 December 2022</b>               | <b>14,774</b>                  | <b>17,763</b>                   | <b>1,539</b>                                    | <b>34,076</b>  |



**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

**8 Property, plant and equipment (continued)**

*Land and buildings*

The carrying value of land and buildings comprises:

|                | <b>2022</b>   | 2021   |
|----------------|---------------|--------|
|                | <b>£000s</b>  | £000s  |
| Long leasehold | <b>14,774</b> | 14,552 |

The Company leases buildings under finance lease agreements secured on those assets. At 31 December 2022 the net carrying amount of leased buildings was £nil (2021: £36,000). Further details in respect of leases are provided in note 13.

**9 Goodwill**

|  | <b>Goodwill</b> |
|--|-----------------|
|  | <b>£000s</b>    |
| <b>Cost</b>  |                 |
| At 26 December 2020, 25 December 2021 and 31 December 2022 | <b>6,110</b>    |
| <b>Amortisation</b>  |                 |
| At 26 December 2020, 25 December 2021 and 31 December 2022 | <b>6,110</b>    |
| <b>Carrying value</b>                                      |                 |
| At 26 December 2020, 25 December 2021 and 31 December 2022 | <b>-</b>        |

**10 Investments**

|  | <b>Shares in</b>    |
|--|---------------------|
|  | <b>subsidiary</b>   |
|  | <b>undertakings</b> |
|  | <b>£000s</b>        |
| <b>Cost and carrying value</b>                             |                     |
| At 26 December 2020, 25 December 2021 and 31 December 2022 | <b>11,108</b>       |

**Notes to the financial statements (continued)**

**for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)**

**10 Investments (continued)**

The Company has the following direct investments in subsidiary undertakings:

| Company   | Country of incorporation   | Class of shares held | Ownership 2022 | Ownership 2021 |
|---|----------------------------|----------------------|----------------|----------------|
| Merlin Entertainments Holdings Nederland B.V.         | Netherlands <sup>(1)</sup> | Ordinary             | 100%           | 100%           |
| SLCS SEA LIFE Centre Spain SA                         | Spain <sup>(2)</sup>       | Ordinary             | 100%           | 100%           |
| Merlin Entertainments Belgium N.V.                    | Belgium <sup>(3)</sup>     | Ordinary             | 100%           | 100%           |
| SEA LIFE Centre Bray Limited                          | Ireland <sup>(4)</sup>     | Ordinary             | 100%           | 100%           |
| SEA LIFE France SARL                                  | France <sup>(5)</sup>      | Ordinary             | 100%           | 100%           |
| SEA LIFE Centre (Blackpool) Limited                   | UK <sup>(6)</sup>          | Ordinary             | 100%           | 100%           |
| London Aquarium (South Bank) Limited                  | UK <sup>(6)</sup>          | Ordinary             | 100%           | 100%           |
| Merlin Entertainments (SEA LIFE PORTO) Unipessoal Lda | Portugal <sup>(7)</sup>    | Ordinary             | 100%           | 100%           |
| SEA LIFE Helsinki Oy                                  | Finland <sup>(8)</sup>     | Ordinary             | 100%           | 100%           |
| SEA LIFE Konstanz GmbH                                | Germany <sup>(9)</sup>     | Ordinary             | 1%             | 1%             |
| SEA LIFE Deutschland GmbH                             | Germany <sup>(9)</sup>     | Ordinary             | 0.1%           | 0.1%           |

Registered offices:

<sup>(1)</sup> Rokin 78, 1012 KW Amsterdam, Netherlands

<sup>(2)</sup> Puerto Marina, Benalmadena-Costa, 29630 Benalmadena, Malaga, Spain

<sup>(3)</sup> Koning Albert 1 Laan 116, 8370, Blankenberge, Belgium

<sup>(4)</sup> 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland

<sup>(5)</sup> Centre Commercial Val d'Europe, Espace 502, 14 cours du Danube, Serris, 77111 MARNE LA VALLEE, France

<sup>(6)</sup> Link House, 25 West Street, Poole, Dorset BH15 1LD

<sup>(7)</sup> No. 1 Rua Particular do Castelo de Queijo, 4100-379, Porto, Portugal

<sup>(8)</sup> Tivolitie 10, Helsinki 00510, Finland

<sup>(9)</sup> Kehrwieder 5, 20457 Hamburg, Germany

See note 23 for a list of the Company's indirect investments in subsidiary and joint venture undertakings.

**11 Inventories**

|                       | 2022<br>£000s | 2021<br>£000s |
|-----------------------|---------------|---------------|
| Maintenance inventory | 83            | 48            |
| Goods for resale      | 731           | 626           |
|                       | <b>814</b>    | <b>674</b>    |

**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

**12 Trade and other receivables**

|                                    | <b>Non-current<br/>2022<br/>£000s</b> | <b>Non-current<br/>2021<br/>£000s</b> | <b>Current<br/>2022<br/>£000s</b> | <b>Current<br/>2021<br/>£000s</b> |
|------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|
| Trade receivables                  | -                                     | -                                     | 513                               | 402                               |
| Amounts owed by Group undertakings | 89,669                                | 39,075                                | 28,773                            | 68,224                            |
| Other receivables                  | 3                                     | 3                                     | 1,572                             | 1,318                             |
| Prepayments and accrued income     | -                                     | -                                     | 887                               | 674                               |
| Other taxation and social security | -                                     | -                                     | -                                 | 63                                |
|                                    | <b>89,672</b>                         | <b>39,078</b>                         | <b>31,745</b>                     | <b>70,681</b>                     |

The amounts owed by Group undertakings are classified as financial assets and as such are recorded at amortised cost in accordance with the "Classification of financial instruments issued by the Company" accounting policy disclosed on pages 15 and 16 of these accounts.

Where amounts due from Group undertakings have been agreed as receivable in a period of more than a year from the balance sheet date they have been classified as non-current. Where interest on long term amounts owed by Group undertakings is charged, a rate of 4.9% per annum (2021: 4.6% per annum) is applied.

The Company considers the carrying amount of these assets to be a reasonable approximation to their fair value.

*Credit risk*

Credit risk is limited to the carrying value of the amounts due as noted above. Credit risk is the risk of financial loss to the Company arising if the counterparty to a financial instrument fails to meet its contractual obligations. All financial assets are concluded with companies within the Merlin Entertainments Group, which are expected to fully perform under the terms of the respective agreements. The Company does not expect any counterparties to fail to meet their obligations. The Company assessed the credit risk for the loans based on the long-term corporate credit rating of the Group. At 31 December 2022 all assets within the Company were performing with none past due or credit impaired.

The Company has assessed for Expected Credit Losses (ECLs) in accordance with the aforementioned policy and no material adjustments arose as a result of this assessment. This reflects the assessment of the quality of the receivables.

**Notes to the financial statements (continued)**  
**for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)**

**13 Trade and other payables**

|                                    | Non-current<br>2022<br>£000s | Non-current<br>2021<br>£000s | Current<br>2022<br>£000s | Current<br>2021<br>£000s |
|------------------------------------|------------------------------|------------------------------|--------------------------|--------------------------|
| Trade payables                     | -                            | -                            | 955                      | 917                      |
| Amounts owed to Group undertakings | 3,526                        | 4,476                        | 9,833                    | 12,610                   |
| Other taxation and social security | -                            | -                            | 124                      | -                        |
| Accruals and deferred income       | -                            | -                            | 4,670                    | 6,130                    |
| Other payables                     | -                            | -                            | 1,528                    | 358                      |
| Finance lease obligations          | -                            | -                            | -                        | 116                      |
|                                    | <b>3,526</b>                 | <b>4,476</b>                 | <b>17,110</b>            | <b>20,131</b>            |

The amounts owed to Group undertakings are classified as financial assets and as such are recorded at amortised cost in accordance with the "Classification of financial instruments issued by the Company" accounting policy disclosed on pages 15 and 16 of these accounts.

Where amounts due to Group undertakings have been formally agreed at the balance sheet date by the counterparty agreed as payable in a period of more than a year from the balance sheet date they have been classified as non-current. Where interest on long term amounts owed to Group undertakings is charged, a rate of 4.9% per annum (2021: 4.6% per annum) is applied.

Finance lease liabilities at 31 December 2022 totalled nil. The balance at 25 December 2021 was payable as follows (see note 18 for more information on lease arrangements):

|                    | Future value<br>of minimum<br>lease<br>payemnts<br>£000s | Interest<br>£000s | Current value<br>of minimum<br>lease<br>payemnts<br>£000s |
|--------------------|--|-------------------|---|
| 2021               |  |                   |   |
| Less than one year | 155  | (39)              | 116   |
|                    | <b>155</b>   | <b>(39)</b>       | <b>116</b>  |

**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

**14 Provisions**

|                            | Asset<br>retirement<br>provisions<br>£000s | Insurance<br>claims<br>provisions<br>£000s | Restructuring<br>provisions<br>£000s | Other<br>provisions<br>£000s | Total<br>provisions<br>£000s |
|----------------------------|--|--|--------------------------------------|------------------------------|------------------------------|
| At 25 December 2021        | 7,255                                      | 79   | 51                                   | 1                            | 7,386                        |
| Created during the year    | 65   | -  | -                                    | -                            | 65                           |
| Utilised in the year       | -  | -  | (51)                                 | -                            | (51)                         |
| Unused amounts reversed    | (131)                                      | (50)                                       | -                                    | (1)                          | (182)                        |
| Unwinding of discount      | 150  | -  | -                                    | -                            | 150                          |
| <b>At 31 December 2022</b> | <b>7,339</b>                               | <b>29</b>                                  | <b>-</b>                             | <b>-</b>                     | <b>7,368</b>                 |
| <b>2022</b>                |  |  |                                      |                              |                              |
| Current                    | -  | 29   | -                                    | -                            | 29                           |
| Non-current                | 7,339                                      | -  | -                                    | -                            | 7,339                        |
|                            | <b>7,339</b>                               | <b>29</b>                                  | <b>-</b>                             | <b>-</b>                     | <b>7,368</b>                 |
| <b>2021</b>                |  |  |                                      |                              |                              |
| Current                    | -  | -  | 51                                   | -                            | 51                           |
| Non-current                | 7,255                                      | 79   | -                                    | 1                            | 7,335                        |
|                            | <b>7,255</b>                               | <b>79</b>                                  | <b>51</b>                            | <b>1</b>                     | <b>7,386</b>                 |

The Company has entered into lease agreements at a number of sites. Asset retirement provisions relate to the anticipated costs of removing assets from and restoring the sites concerned at the end of the lease term. The insurance claims provisions relate to open insurance claims.

**15 Deferred taxation**

*Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

|  | Assets<br>2022<br>£000s | Assets<br>2021<br>£000s | Liabilities<br>2022<br>£000s | Liabilities<br>2021<br>£000s | Net<br>2022<br>£000s | Net<br>2021<br>£000s |
|--|-------------------------|-------------------------|------------------------------|------------------------------|----------------------|----------------------|
| Property, plant and equipment          | -                       | -                       | (916)                        | (479)                        | (916)                | (479)                |
| Other short term temporary differences | -                       | 3                       | -                            | -                            | -                    | 3                    |
| <b>Net tax assets/(liabilities)</b>    | <b>-</b>                | <b>3</b>                | <b>(916)</b>                 | <b>(479)</b>                 | <b>(916)</b>         | <b>(476)</b>         |

Other short term temporary differences primarily relate to financial assets and liabilities and various accruals and prepayments.

**Notes to the financial statements (continued)**  
**for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)**

**15 Deferred taxation (continued)**

*Movement in deferred tax during the current year:*

|                               | At 26<br>December<br>2021<br>£000s | Recognised<br>in income<br>statement<br>£000s | At 31<br>December<br>2022<br>£000s |
|-------------------------------|------------------------------------|---|------------------------------------|
| Property, plant and equipment | (479)                              | (437)   | (916)                              |
| <b>Net tax liabilities</b>    | <b>(476)</b>                       | <b>(440)</b>                                  | <b>(916)</b>                       |

*Movement in deferred tax during the previous year:*

|  | At 27<br>December<br>2020<br>£000s | Recognised<br>in income<br>statement<br>£000s | At 25<br>December<br>2021<br>£000s |
|--|------------------------------------|---|------------------------------------|
| Property, plant and equipment          | (208)                              | (271)   | (479)                              |
| Other short term temporary differences | 4                                  | (1)   | 3                                  |
| <b>Net tax liabilities</b>             | <b>(204)</b>                       | <b>(272)</b>                                  | <b>(476)</b>                       |

**16 Pension commitments**

During the period the Company operated a defined contribution pension scheme for a number of its employees. The pension charge for the period was £207,000 (2021: £193,000). The pension costs are charged to the income statement in the period that they are incurred and any outstanding contributions at the period end are included within creditors. The assets of the scheme are held separately from those of the Company in independently administered funds. At the period end the outstanding contributions due to the fund were £46,000 (2021: £42,000).

**17 Share capital**

|  | 2022<br>£000s | 2021<br>£000s |
|--|---------------|---------------|
| <b>Authorised</b>                                      |               |               |
| 8,770,378 (2021: 8,770,378) ordinary shares of £1 each | <b>8,770</b>  | 8,770         |
| <b>Allotted, called up and fully paid</b>              |               |               |
| 8,235,150 (2021: 8,235,150) ordinary shares of £1 each | <b>8,235</b>  | 8,235         |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

**18 Commitments**

*Capital commitments*

At the year end, the Company has a number of outstanding capital commitments in respect of capital expenditure at its attractions.

Capital commitments at the end of the year, for which no provision has been made, are as follows:

|            | <b>2022</b>  | 2021  |
|------------|--------------|-------|
|            | <b>£000s</b> | £000s |
| Contracted | -            | 4     |

*Non-cancellable operating lease rentals*

The minimum rentals payable under non-cancellable operating lease rentals are as follows:

|                            | <b>2022</b>   | 2021   |
|----------------------------|---------------|--------|
|                            | <b>£000s</b>  | £000s  |
| Less than one year         | <b>2,339</b>  | 1,752  |
| Between one and five years | <b>9,330</b>  | 9,623  |
| Five years and over        | <b>50,591</b> | 51,823 |
|                            | <b>62,261</b> | 63,198 |

*Lease arrangements*

The Company enters into operating leases which are typically of a duration between ten and 60 years, with rent increases determined based on market practice in the United Kingdom. In addition to a fixed rental element, rents can also contain a performance related element, typically based on revenue at the site concerned. Options to renew leases may also exist.

The lease commitments noted above run to the end of the respective lease term and do not include possible renewals. They do not include the potential impact of future performance or rent increases based on inflationary indices.

The key contractual terms in relation to each lease are considered when calculating the rental charge over the lease term. The potential impact on rent charges of future performance or increases based on inflationary indices are each excluded from these calculations.

There are no significant operating restrictions placed on the Company as a result of its lease arrangements.

**Notes to the financial statements (continued)**

*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

**19 Related party transactions**

|                      |             | Sales to<br>related<br>parties<br>£000s | Purchases and<br>royalties from<br>related parties<br>£000s | Amounts<br>owed by<br>related parties<br>£000s | Amounts<br>owed to<br>related parties<br>£000s |
|----------------------|-------------|---|---|--|--|
| <b>Related party</b> |             |   |   |  |  |
| LEGO Group           | <b>2022</b> | -                                       | <b>32</b>   | -  | -  |
| LEGO Group           | <b>2021</b> | -                                       | <b>20</b>   | -  | -  |

These balances and transactions have arisen during the normal course of business.

**20 Share-based payment transactions**

The Merlin Group operates employee share incentive plans. Eligible employees of the Company have been issued share awards relating to the Group's Management Share Scheme (MSS). The MSS's are accounted for as part equity-settled, part cash-settled and part compound instruments. MSS plans were granted to Group employees on several dates from 11 November 2021 to 14 November 2022. Eligible employees were either awarded ordinary C shares in Motion Topco Limited or awards which entitle the employee to a cash payment equivalent to the fair value of a notional number of shares upon vesting. Further details on this scheme can be found in the consolidated financial statements of the Company's ultimate parent, Motion JVco Limited.

**21 Banking arrangements and other guarantees**

Along with certain other Group companies in the United Kingdom, the Company is a member of a consolidated banking arrangement. The arrangement incorporates notional bank pooling and the Company is party to an unlimited guarantee to the Bank for all debit balances arising from these arrangements, whereby each member company guarantees the debit balance of each other member to the Bank. Under this arrangement, net balances across the member companies are not permitted to become negative overall. These arrangements are managed by Merlin Attractions Operations Limited whose accounts are available at Link House 25 West Street, Poole, Dorset, BH15 1LD.

Together with other Group undertakings, and in connection with the Group's secured debt facilities, the Company has previously entered into cross guarantees in respect of the indebtedness of certain other Group companies, which include charges over certain Group assets.

**22 Ultimate parent company**

The ultimate parent Company is Motion JVco Limited, a Company incorporated in the United Kingdom, which prepares Group financial statements.

The immediate parent company is Merlin Entertainments Group Operations Limited, with a registered address of Link House, 25 West Street, Poole, Dorset, BH15 1LD.



**Notes to the financial statements (continued)**  
*for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)*

---

**23 Related subsidiary and joint venture undertakings**

In addition to the direct investments in subsidiary undertakings listed in note 10, the Company has the following indirect investments in subsidiary undertakings:

| <b>Company</b>                              | <b>Country of incorporation</b> | <b>Class of shares held</b> | <b>Ownership 2022</b> | <b>Ownership 2021</b> |
|---|---------------------------------|-----------------------------|-----------------------|-----------------------|
| Amsterdam Dungeon B.V.                      | Netherlands <sup>(1)</sup>      | Ordinary                    | 100%                  | 100%                  |
| SEA LIFE Centre Scheveningen B.V.           | Netherlands <sup>(2)</sup>      | Ordinary                    | 60%                   | 60%                   |
| LEGOLAND Discovery Centre Scheveningen B.V. | Netherlands <sup>(3)</sup>      | Ordinary                    | 100%                  | 100%                  |
| Merlin Entertainments Den Haag B.V.         | Netherlands <sup>(4)</sup>      | Ordinary                    | 100%                  | 100%                  |

Registered offices:

- (1). Rokin 78, 1012 KW Amsterdam, Netherlands
- (2). Strandweg 13, 2586 JK Den Haag, Netherlands
- (3). Gevers Deynootweg 970, 2586 BW Den Haag, Netherlands
- (4). Jasmijn 13, Leidschendam, 2262AN, Netherlands