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LEGOLAND Windsor Park Limited
(Registered Number 2721728)

Directors' report and financial statements
For the year ended 31 December 2004



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Company information

Directors	M. Ryder (Chairman) K Carstensen (Resigned 17/01/05) P H Nielsen B. Bertelsen (Appointed 17/01/05)
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Company Secretary	M Popp
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Auditors	PricewaterhouseCoopers LLP Harman House 1 George Street Uxbridge Middlesex UB8 1QQ
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Solicitors	Clifford Chance 10 Upper Bank Street London E14 5JJ
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Registered office	Capital Point 33 Bath Road Slough, Berkshire SL1 3UF
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Directors' report for the year ended 31 December 2004

The directors' present their report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The company's principal activity is and will continue to be the operations of LEGOLAND Windsor Park, an amusement park developed around the LEGO brand. However, on 21 October 2004 it was publicly announced that the LEGO Group intended to dispose of all Park operations globally, due to be completed in 2005. LEGO Park Holding UK Limited intends, therefore, to dispose of its investment in the LEGOLAND Windsor Park Limited in 2005.

Results and dividends

The profit for the year amounted to £ 868,000 (2003: Loss £ 61,000). The directors do not recommend the payment of a dividend (2003: nil) and the profit for the year of £ 868,000 (2003: Loss £ 61,000) has therefore been added to reserves.

Directors and directors' interests

The names of the directors of the company are shown on page 1. Kurt Carstensen resigned as a director on 17 January 2005. Bjarne Bertelsen was appointed as a director on 17 January 2005.

No director held any disclosable interest in the shares or debentures of the company or any other group undertaking.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Disabled employees

The company gives full consideration to all applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by handicapped or disabled persons.

Where existing employees become disabled, it is the company's policy where ever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees as appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through the newsletter "LEGO Life" and "The Creator" in which employees have also been encouraged to present their suggestions and views on the company's operations. Quarterly meetings are held between local management and employees to allow a free flow of information and ideas.

Where existing employees become disabled, it is the company's policy where ever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees as appropriate.

Directors' report for the year ended 31 December 2004

(Continued)

Credit payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

During the year ended 31 December 2004 the company had an average of 59 days (2003: 28 days) of purchases outstanding in trade creditors.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

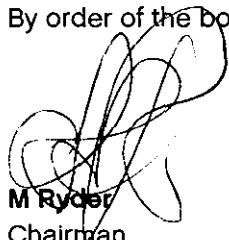
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that *applicable accounting standards have been followed*.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



M Ryder
Chairman

19 May 2005

Independent auditors' report to the members of LEGOLAND Windsor Park Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
West London

20 May 2005

Profit and loss account for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
Turnover	2	26,455	27,588
Cost of sales		(5,138)	(5,745)
Gross profit		21,317	21,843
Administrative expenses		(20,497)	(19,940)
Operating profit	3	820	1,903
Interest payable and similar charges	6	(492)	(381)
Interest receivable and similar income	6	33	0
Profit on ordinary activities before taxation		361	1,522
Tax on profit on ordinary activities	7	507	(1,583)
Retained profit/(loss) for the financial year	16	868	(61)

The above activities all relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

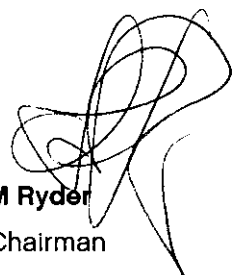
There are no recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 16 form part of these financial statements.

Balance sheet as at 31 December 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Tangible assets	8	61,805	64,096
Current assets			
Stocks	9	1,345	1,147
Debtors	10	9,955	5,824
Cash		45	35
Current assets		11,345	7,006
Creditors: amounts falling due within one year	11	(11,376)	(10,159)
Net current liabilities		(31)	(3,153)
Total assets less current liabilities		61,774	60,943
Provisions for liabilities and charges	12	(75)	(112)
		61,699	60,831
Capital and reserves			
Called up share capital	14	77,800	77,800
Profit and loss account	15	(16,101)	(16,969)
Total shareholders' funds – equity interests	16	61,699	60,831

Approved by the board of directors on 19 MAY 2005 and signed on its behalf by:


M Ryder
Chairman

The notes on pages 7 to 16 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2004

1 Accounting policies

a Basis of preparation

The accounts are prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985. The principle accounting policies are set out below:

b Going concern

The company is dependent on continuing finance being made available by its ultimate parent undertaking to enable it to continue operating and meet its liabilities as they fall due. The ultimate parent undertaking has agreed to provide sufficient funds to the company for these purposes.

c Statement of cash flow

The company, being a wholly owned subsidiary undertaking of a parent which prepares publicly available consolidated accounts, is taking advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) not to present a statement of cash flows.

d Stocks

Stocks are stated at the lower of cost incurred in bringing the product to its present location and condition, and net realisable value. Cost represents purchase cost on a first-in, first-out basis.

e Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provisions for permanent diminution in value. The cost of tangible fixed assets is the purchase price together with any directly attributable costs incurred in bringing the asset into working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated so as to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset, evenly over its expected useful life, as follows:

Buildings and premises	10-25 years
Attractions, equipment and models:	
- LEGO models	5-10 years
- Office equipment	5-10 years
- Fixture and fittings	10 years
- Other equipment	5-10 years
Motor vehicles	5-6 years

The carrying values of tangible fixed assets are reviewed for impairment in periods when events or changes in circumstances indicate the carrying value may not be recoverable.

**Notes to the financial statements
for the year ended 31 December 2004 (continued)**

f Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

g Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

h Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. The company has no finance leases.

i Related parties

The company has taken advantage of the exemption under the terms of FRS 8 from disclosing transactions with related parties that are part of the LEGO Holding A/S.

j Pensions

The company does not operate a company pension scheme, however it does make defined contributions to the money purchase personal pension schemes of certain of its employees. The contributions paid are charged to the profit and loss account as incurred. No other post retirement benefits are provided.

k Development expenditure

Development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project. The future recoverability of projects is reviewed on an annual basis.

**Notes to the financial statements
for the year ended 31 December 2004 (continued)**

2 Turnover

	2004	2003
	£'000	£'000
United Kingdom	26,455	27,588

Turnover represents the amounts charged net of VAT on the date that the goods and services are provided.

3 Operating profit

	2004	2003
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Staff costs	6,447	6,786
Auditors' remuneration - audit fees	58	23
- non audit services	30	9
Depreciation of tangible fixed assets	6,154	5,977
Operating lease rentals - land and buildings	6	31
- plant and equipment	104	24
Foreign exchange (gain)/loss	(36)	8

4 Staff costs

	2004	2003
	£'000	£'000
0 Wages and salaries	5,914	6,197
Social security costs	479	532
Other pension costs	54	57
	<u>6,447</u>	<u>6,786</u>

The average weekly number of full time equivalent staff employed by the company during the year was as follows:

	2004	2003
	Number	Number
Management and administrative	46	53
Operations	322	327
	<u>368</u>	<u>380</u>

During the period the Directors have updated the classification of employees and have update the 2003 classification for comparability in the accounts.

**Notes to the financial statements
for the year ended 31 December 2004 (continued)**

5 Directors' emoluments

	2004	2003
	£'000	£'000
Aggregate emoluments	<u>172</u>	<u>148</u>

One director is remunerated by LEGOLAND Windsor Park Limited. The remaining directors' emoluments are paid by other group companies.

6 Interest

	2004	2003
	£'000	£'000
Interest payable and similar charges:		
Bank interest charged	(492)	(381)
	<u>(492)</u>	<u>(381)</u>
Interest receivable and similar income	£'000	£'000
Bank interest	33	-
	<u>33</u>	<u>-</u>

7 Tax on profit on ordinary activities

	2004	2003
	£'000	£'000
a) Analysis of charge in period		
Current tax:		
UK corporation tax at 30% (2003: 30%)	-	-
Total current tax	-	-
Deferred tax:		
Current year movement	822	(1,171)
Prior year movement	(1,329)	(412)
Total deferred tax (note 13)	<u>(507)</u>	<u>(1,583)</u>
Total tax on profit on ordinary activities	<u>(507)</u>	<u>(1,583)</u>

**Notes to the financial statements
for the year ended 31 December 2004 (continued)**

b) Factors affecting the tax charge for the period:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	361	1,522
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	108	456
Permanent differences	714	715
Accelerated capital allowances/other timing differences	986	(107)
Utilisation of tax losses	(1,808)	(1,064)
Total current tax charge	-	-

**Notes to the financial statements
for the year ended 31 December 2004 (continued)**

8 Tangible fixed assets

	Freehold land buildings £'000	Attractions equipment and models £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
1 January 2004	77,825	28,581	287	1,108	107,801
Additions	838	2,769	-	256	3,863
Transfers	-	1,108	-	(1,108)	-
31 December 2004	78,663	32,458	287	256	111,664
Depreciation					
1 January 2004	23,787	19,745	173	-	43,705
Charge for the year	5,509	606	39	-	6,154
31 December 2004	29,296	20,351	212	-	49,859
Net book value:					
31 December 2004	49,367	12,107	75	256	61,805
31 December 2003	54,038	8,836	114	1,108	64,096

**Notes to the financial statements
for the year ended 31 December 2004 (continued)**

9 Stocks

	2004	2003
	£'000	£'000
Raw materials	164	132
Goods for resale	1,181	1,015
	<u>1,345</u>	<u>1,147</u>

10 Debtors

	2004	2003
	£'000	£'000
Trade debtors	827	139
Amounts owed by group undertakings	8,260	5,387
Prepayments and accrued income	373	298
Deferred taxation (note 13)	495	-
	<u>9,955</u>	<u>5,824</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

11 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Bank overdraft	8,794	7,440
Trade creditors	470	511
Amounts owed to group undertakings	26	852
Other taxation and social security	172	227
Accruals and deferred income	1,914	1,129
	<u>11,376</u>	<u>10,159</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

Notes to the financial statements for the year ended 31 December 2004 (continued)

12 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

	Deferred tax liability £'000	Accidental injury £'000	Total £'000
At 1 January 2004	12	100	112
Charged to the profit and loss account	(507)	-	(507)
Utilised during the year	-	(25)	(25)
Transfer to debtors (note 10)	495		495
	<u>-</u>	<u>75</u>	<u>75</u>

The provision for accidental injury is held to cover any potential claims that may arise due to accidental injuries that have occurred in the year and prior years.

13 Deferred tax asset / (liability)

	2004 £'000	2003 £'000
Included within debtors due within one year:		
Deferred tax asset / (liability) - accelerated capital allowances	495	(2,806)
Deferred tax asset - tax losses carried forward	-	2,794
Deferred tax liability:		
Liability at 1 January 2004	(12)	1,571
Deferred tax credit (charge) to the profit and loss for year	507	(1,583)
At 31 December 2004	<u>495</u>	<u>(12)</u>

A deferred tax asset of £ 495,000 has been recognised at 31 December 2004 (2003: liability £12,000). This asset arose as a result of accelerated capital allowances and the directors are of the opinion that the level of profits in the foreseeable future is more likely than not to be sufficient to recognise the asset.

**Notes to the financial statements
for the year ended 31 December 2004 (continued)**

14 Share capital

	2004 Number	2004 £'000	2003 Number	2003 £'000
Authorised				
0 Ordinary shares of £1 each	35,000,000	35,000	35,000,000	35,000
Redeemable ordinary shares of £1 each	50,000,000	50,000	50,000,000	50,000
	<u>85,000,000</u>	<u>85,000</u>	<u>85,000,000</u>	<u>85,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	35,000,000	35,000	35,000,000	35,000
Redeemable ordinary shares of £1 each	42,800,000	42,800	42,800,000	42,800
	<u>77,800,000</u>	<u>77,800</u>	<u>77,800,000</u>	<u>77,800</u>

The £1 redeemable ordinary shares are redeemable at the company's option, at par, at any time. They carry the same voting rights, rights to dividends and priority on a winding up as ordinary shares.

15 Reserves

	Profit and loss account £'000
At 1 January 2004	(16,969)
Profit and loss account	868
At 31 December 2004	<u>(16,101)</u>

16 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Shareholders funds as at 1 January	60,831	60,892
Profit for the year	868	(61)
Shareholders funds as at 31 December	<u>61,699</u>	<u>60,831</u>

**Notes to the financial statements
for the year ended 31 December 2004 (continued)**

17 Financial commitments

At 31 December, the company has annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2004	2003
	£'000	£'000
Operating leases which expire:		
- within one year		
Land and buildings	-	-
Plant and machinery	8	25

18 Pension contributions

The company makes defined contributions to the money purchase personal pension schemes of certain of its employees. The contributions paid are charged to the profit and loss account as incurred and the charge for the period is £54,000 (2003: £ 57,000). There were no outstanding or prepaid contributions at 31 December 2004.

19 Ultimate controlling party

The directors consider the ultimate controlling party is the Kirk Kristiansen family.

20 Ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of LEGO Park Holding UK Limited into which the accounts of LEGOLAND Windsor Park Limited are consolidated. Copies of the financial statements of LEGO Park Holding UK Limited are available from 200 Aldersgate Street, London EC1A 4JJ. The smallest group that consolidates the results of the company is LEGO Park Holding Limited and largest group that consolidates the results of the company is LEGO Holding A/S. The ultimate parent undertaking is LEGO Holding A/S, a company incorporated in Denmark, which has indicated its intention to continue to provide finance in order for the company to meet its liabilities as they fall due. Copies of the financial statements of LEGO Holding A/S are available from Erhvervs- og Selskabsstyrelsen, Kampmannsgade 1, DK-1780 Copenhagen V, Denmark.