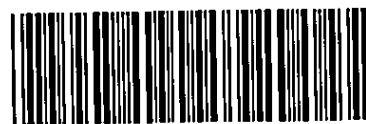


LEGOLAND Windsor Park Limited

**Directors' report and financial
statements**

**Registered number 2721728
52 weeks ended 25 December 2010**

TUESDAY



AZJHSXWJ

A74

27/09/2011

230

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditor's report to the members of LEGOLAND Windsor Park Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 25 December 2010

Business review

Principal activity and future developments

The principal activity of the company throughout the period continued to be a family theme park, focused on outdoor attractions, with rides and shows but also featuring a broad range of facilities, incorporating LEGO product throughout the theme park. The site will be further developed with the introduction of new attractions for the 2011 season and on-site accommodation in future years.

There were no significant changes in the company's principal activity during the period under review, but immediately after the end of the period, as part of a group re-organisation, the company's commercial activities, including its current assets and liabilities, were transferred to a fellow group undertaking, Merlin Attractions Operations Limited. The results of the company shown in the profit and loss account on page 5 are therefore treated as discontinued in nature.

Under an agency agreement, the company continues to perform operational tasks in connection with the former activities as directed by Merlin Attractions Operations Limited. Whilst the company has retained its operating fixed assets and operational staff, it is the company's intention for these to be transferred to Merlin Attractions Operations Limited in due course. Under this agency agreement, the company will be reimbursed for costs incurred in the operation of the attraction.

The results for the company show a profit before tax of £13,596,000 (2009 £11,212,000) and turnover of £47,477,000 (2009 £46,581,000). As at 25 December 2010, the company had net assets of £104,187,000 (26 December 2009 £94,993,000). The 2010 season performed well considering the economic climate and the directors are satisfied that these financial statements give a fair review of the development of the business and the company during the period and of its position at the period end.

Principal risks and uncertainties

Competition in the leisure and entertainments industry, together with the influence of the weather and socio-economic environment on visitor numbers, represent continuing risks for the company. The company's principal risks and uncertainties are directly related to the Merlin Entertainments Group and accordingly no other specific risks and uncertainties are identified in these financial statements. The principal risks are discussed within the accounts of Merlin Entertainments S à r l and details of how to obtain these accounts can be found in note 20.

Key performance indicators

The directors have determined that the following KPIs are the most appropriate for an understanding of the development, performance and position of the company:

Profit before interest, taxation and depreciation decreased by 3.4% on the prior period.

Policy and payment of creditors

It is the company's policy to abide by the payment terms agreed between the company and its suppliers whenever it is satisfied that the supplier has provided goods and services in accordance with agreed terms and conditions. This policy is made known to appropriate staff and suppliers.

At 25 December 2010 there were 6.4 days (26 December 2009 4.9 days) purchases in trade creditors.

Dividends

The directors do not recommend the payment of a dividend (2009 £nil).

Directors' report *(continued)*

Directors

The directors who held office during the period and up until the date of the signing of these financial statements were as follows

J Jakobsen
F Montgomery
C Armstrong (appointed 17 December 2010)

During the period the company maintained liability insurance for its directors and officers

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 a monthly newsletter is produced

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

Charitable and political donations

During the period, charitable donations in the United Kingdom amounted to £10,977 (2009 £20,587). The company also participates in The Merlin Group's own charity "Merlin's Magic Wand", which is funded by the group and enables children who are disadvantaged through ill health, disability, abuse or poverty to have a great experience at one of the group's many attractions through a combination of free tickets and financial support for travel and accompanying carers. The company made no political donations during the period (2009 £nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

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

By order of the board



C Armstrong
Company Secretary

11 May 2011

3 Market Close
Poole
Dorset
BH15 1NQ

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

The directors are responsible for preparing 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).

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 judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.



Independent auditor's report to the members of LEGOLAND Windsor Park Limited

We have audited the financial statements of LEGOLAND Windsor Park Limited for the 52 weeks ended 25 December 2010 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 25 December 2010 and of its profit for the 52 weeks then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Philip Pateman
Senior Statutory Auditor

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Dukes Keep
Marsh Lane
Southampton
SO14 3EX

19 May 2011

Profit and loss account
for the 52 weeks ended 25 December 2010

		52 weeks ended 25 December 2010 £000	52 weeks ended 26 December 2009 £000
	<i>Note</i>		
Turnover	2	47,477	46,581
Cost of sales		(10,962)	(10,698)
Gross profit		36,515	35,883
Administrative expenses		(23,172)	(24,927)
Operating profit	3	13,343	10,956
Interest receivable and similar income	6	253	256
Profit on ordinary activities before taxation		13,596	11,212
Tax on profit on ordinary activities	7	(4,523)	(2,996)
Profit for the financial period	15	9,073	8,216

There are no recognised gains or losses other than the profit for the period reported above. There is also no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

The results of the company for the period relate wholly to discontinued operations.

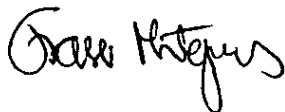
Balance sheet
at 25 December 2010

	<i>Note</i>	25 December 2010		26 December 2009	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8		63,644		61,003
Current assets					
Stocks	9	4,252		917	
Debtors	10	883		458	
Cash at bank and in hand		48,075		48,090	
		<u>53,210</u>		<u>49,465</u>	
Creditors: amounts falling due within one year	11	<u>(12,667)</u>		<u>(15,475)</u>	
Net current assets			<u>40,543</u>		<u>33,990</u>
Net assets			<u>104,187</u>		<u>94,993</u>
Capital and reserves					
Called up share capital	13		77,800		77,800
Capital reserve	14		148		27
Profit and loss account	14		26,239		17,166
Shareholder's funds	15		<u>104,187</u>		<u>94,993</u>

These financial statements were approved by the board of directors on behalf by

11 May 2011

and were signed on its



F Montgomery
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

These financial statements have been prepared for the 52 weeks ended 25 December 2010 (2009 52 weeks ended 26 December 2009) The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review in the Directors' Report The financial position of the company, its cash flows, liquidity position and borrowing facilities are directly related to the position of the overall Merlin Entertainments Group As such, details of this Group wide position are described in the consolidated financial statements of Merlin Entertainments S à r l., available to the public from the address in note 20

In addition, the notes to the consolidated financial statements of Merlin Entertainments S à r l include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

The company has appropriate financial resources and trades profitably The directors believe that the company is well placed to manage its business risks successfully and that it has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Related party transactions

As the company is a wholly owned subsidiary of Merlin Entertainments S à r l , the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Merlin Entertainments S à r l , within which this company is included, can be obtained from the address given in note 20

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Land and buildings	-	50 years
Plant and machinery	-	5 - 30 years

No depreciation is provided on freehold land or assets in the course of construction

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes (continued)

1 Accounting policies (continued)

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.

Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Work-in-progress balances in respect of construction contracts are taken as production cost, which includes an appropriate proportion of attributable overheads. Revenue on such contracts is recognised at completion.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the operation of LEGOLAND Windsor Park within the UK. Turnover consists of ticket, shop and restaurant sales. A small proportion of turnover is derived from other sources such as functions held at LEGOLAND and is recognised when the service is delivered. Turnover from the sale of annual passes is deferred and recognised over the opening period.

Share based payments

Group share option schemes allow certain employees to acquire shares of the ultimate parent company. The fair value of options is recognised as an employee expense with a corresponding increase in equity, in the form of a parent company capital contribution. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Notes (continued)

3 Notes to the profit and loss account

	2010 £000	2009 £000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets	3,030	5,992
Operating lease rentals - plant and equipment	32	37
Foreign exchange (gain)/loss	(1)	264

During 2009 the useful economic lives of certain specific assets were reviewed, in connection with plans relating to the future development of the Park and shortened as a result, leading to an increased depreciation charge

Auditors' remuneration

	2010 £000	2009 £000
Audit of these financial statements	30	30

4 Remuneration of directors

The directors received no remuneration from the company during the period 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 are incidental to their wider role in the group.

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows

	Number of employees	
	2010	2009
Attraction management	34	33
Operations	453	430
	487	463

The aggregate payroll costs of these persons were as follows

	2010 £000	2009 £000
Wages and salaries	8,530	7,959
Share based payments (see note 14)	121	17
Social security costs	783	588
Other pension costs	141	125
	9,575	8,689

Notes (continued)

6 Interest receivable and similar income

	2010 £000	2009 £000
Bank interest receivable	253	256

7 Taxation

	2010 £000	2009 £000
<i>UK corporation tax</i>		
Current tax on income for the period	4,647	4,829
Adjustments in respect of prior periods	(23)	105
Total current tax	4,624	4,934
<i>Deferred tax (see note 12)</i>		
Origination of timing differences	(458)	(1,457)
Adjustment in respect of prior periods	357	(481)
Total deferred tax	(101)	(1,938)
Tax on profit on ordinary activities	4,523	2,996

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before taxation	13,596	11,212
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	3,807	3,140
<i>Effects of</i>		
Expenses disallowable for tax purposes	376	232
Difference between capital allowances and depreciation	512	1,457
Other timing differences	(48)	-
Adjustment to tax charge in respect of prior periods	(23)	105
Total current tax charge (see above)	4,624	4,934

Notes (continued)

8 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Assets in the course of construction £000	Total £000
Cost				
At 27 December 2009	63,338	68,344	1,137	132,819
Additions	258	2,823	3,066	6,147
Transfers	172	404	(1,052)	(476)
At 25 December 2010	63,768	71,571	3,151	138,490
Depreciation				
At 27 December 2009	23,958	47,858	-	71,816
Charge for the period	1,185	1,845	-	3,030
At 25 December 2010	25,143	49,703	-	74,846
Net book value				
At 25 December 2010	38,625	21,868	3,151	63,644
At 26 December 2009	39,380	20,486	1,137	61,003

Part of the transfers within 'Assets in the course of construction' relates to capitalised hotel project costs incurred in 2009 that have been reclassified as 'Work-in-progress' under current assets (note 9) in 2010

9 Stocks

	2010 £000	2009 £000
Raw materials and consumables	259	256
Work-in-progress	3,279	-
Goods for resale	714	661
	4,252	917

10 Debtors

	2010 £000	2009 £000
Trade debtors	11	111
Amounts owed by group undertakings	96	116
Deferred tax assets	144	43
Other taxation and social security	222	-
Prepayments and accrued income	410	188
	883	458

Notes (continued)

11 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	386	191
Amounts owed to group undertakings	3,061	5,014
Amounts owed to associates	102	89
Corporation tax	4,647	4,829
Other taxation and social security	-	329
Other creditors	285	-
Accruals and deferred income	4,186	5,023
	12,667	15,475

12 Deferred taxation

	Deferred taxation £000
Asset at 27 December 2009	43
Credit to the profit and loss for the period	101
At 25 December 2010 (see note 10)	144

The elements of deferred taxation are set out below

	2010 £000	2009 £000
Difference between accumulated depreciation and capital allowances	144	(23)
Other timing differences	-	66
Deferred tax asset	144	43

13 Called up share capital

	2010 £000	2009 £000
<i>Allotted, called up and fully paid</i>		
35,000,000 ordinary shares of £1 each	35,000	35,000
42,800,000 redeemable ordinary shares of £1 each	42,800	42,800
	77,800	77,800

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.

Notes (continued)

14 Reserves

	Capital reserve £000	Profit and loss account £000	Total £000
At 27 December 2009	27	17,166	17,193
Profit for the financial period	-	9,073	9,073
Capital contribution relating to share based payments	121	-	121
At 25 December 2010	148	26,239	26,387

Share based payments

Certain employees of the company have participated in a share option scheme that was established by Merlin Entertainments Group Luxembourg S à r l, whereby options to purchase ordinary shares in that company were offered to key management personnel and senior employees. The fair value of options granted was determined on the date of the award. The share options vested upon a specific transaction undertaken by that parent company. There were no performance related vesting conditions. As required by FRS 20 Share Based Payment, the company has accounted for the scheme as being equity settled.

The number and weighted average exercise prices (WAEP) of share options are as follows

	2010		2009	
	Number of options	WAEP (£)	Number of options	WAEP (£)
At 27 December 2009	1,305	0.37	1,350	0.37
Granted during the period	257	0.37	80	0.37
Transferred from/(to) a fellow group undertaking	670	0.37	(125)	0.37
Exercised	(2,232)	0.37	-	-
At 25 December 2010	-	-	1,305	0.37

The options outstanding at 26 December 2009 had an exercise price of €0.50, equating to £0.37 at the date of grant, and a weighted average remaining contractual life of less than 1 year.

The weighted average fair value of options granted during the period was £375.42 (2009 £26.25)

Notes (continued)

14 Reserves (continued)

Share option valuation assumptions

The fair value of options granted was measured using the Black-Scholes method. The weighted average assumptions used in determining the fair value of options granted were as follows:

	2010	2009
Share price	£375.81	£26.58
Exercise price	£0.37	£0.37
Expected volatility (weighted average volatility based on statistical estimates)	30%	30%
Option life (expected weighted average life)	Less than 1 year	2 years
Expected dividends	-	-
Risk-free interest rate (based on Government Bonds)	4%	4%

Compensation expense

	2010 £000	2009 £000
Equity settled share based payments	121	17

15 Reconciliation of movements in shareholder's funds

	2010 £000	2009 £000
Opening shareholder's funds	94,993	86,760
Profit for the period	9,073	8,216
Capital contribution relating to share based payments	121	17
Closing shareholder's funds	104,187	94,993

Notes (continued)

16 Commitments

(a) Capital commitments at the end of the financial period for which no provision has been made, are as follows

	2010 £000	2009 £000
Contracted	1,743	856

(b) Annual commitments under non-cancellable operating leases are as follows

	2010 Other £000	2009 Other £000
Operating leases which expire		
Within one year	29	29
In the second to fifth years inclusive	28	45
	57	74

17 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 £141,000 (2009 £125,000). The pension costs are charged to the profit and loss account 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 scheme were £nil (2009 £nil).

18 Related party transactions

Related party		Sales to related party £000	Purchases from related party £000	Amounts owed to related party £000
Kirkbi	2010	-	834	102
	2009	-	839	-
LEGO Company Ltd	2010	3	4,620	-
	2009	4	4,272	89

All charges were made on an arm's length basis.

19 Banking arrangements

Along with other group companies in the United Kingdom, the company is a member of a consolidated banking arrangement which includes notional bank pooling but no overdraft facility. As such it is party to an unlimited multilateral guarantee to the Bank for all debts or liabilities arising from the Group facility whereby each member company guarantees the obligations of each other member to the Bank.

Notes (continued)

20 Ultimate parent company

The ultimate parent undertaking is Merlin Entertainments S à r l a company incorporated in Luxembourg, which is the only company preparing group financial statements. The consolidated financial statements of this group are available to the public and may be obtained from Merlin Entertainments Group Limited, 3 Market Close, Poole, Dorset, BH15 1NQ.

The immediate parent company is Merlin Entertainments Group Limited.

21 Subsequent events

Immediately after the end of the period, as part of a group re-organisation, the company's commercial activities were transferred to a fellow group undertaking, Merlin Attractions Operations Limited. The results of the company shown in the profit and loss account on page 5 are therefore treated as discontinued in nature.

Under an agency agreement, the company continues to perform operational tasks in connection with the former activities as directed by Merlin Attractions Operations Limited. The company has retained its operating fixed assets together with operational staff, transferring the remaining fixed assets, and its current assets and liabilities as they stood at the end of the period, at net book value.