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LEGOLAND Windsor Park Limited
(Registered Number: 2721728)

Directors' report and financial statements

For the year ended 31 December 2003



LEGOLAND Windsor Park Limited

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LEGOLAND Windsor Park Limited

Company information

Directors	M Ryder (Chairman) K Carstensen P H Nielsen
Company Secretary	M Popp
Auditors	PricewaterhouseCoopers LLP Harman House 1 George Street Uxbridge Middlesex UB8 1QQ
Solicitors	Clifford Chance 10 Upper Bank Street London E14 5JJ
Registered Office	Capital Point 33 Bath Road Slough, Berkshire SL1 3UF

LEGOLAND Windsor Park Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The company's principal activity is and will continue to be the operation of LEGOLAND Windsor Park, an amusement park developed around the LEGO brand.

Results and dividends

The loss for the year amounted to £61,000 (2002 : profit £73,000). The directors do not recommend the payment of a dividend (2002: £nil) and the loss for the year of £61,000 (2002 : profit £73,000) has therefore been deducted from reserves.

Business review and future developments

The directors are satisfied with the company's performance for the year and with its prospects for the future.

Directors and directors' interests

The names of the present directors of the company are shown on page 1. Mark Livingstone resigned as a director on 13 March 2003. Mads Ryder was appointed Chairman on 20 August 2003.

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 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 wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through the newsletters "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.

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 2003 the company had an average of 28 days (2002: 28 days) of purchases outstanding in trade creditors.

LEGOLAND Windsor Park Limited

Directors' report for the year ended 31 December 2003 (Continued)

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.

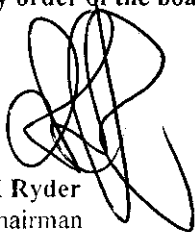
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have 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

21 January 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 2003 and of its loss 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

21 January 2005

LEGOLAND Windsor Park Limited

Profit and loss account for the year ended 31 December 2003

		2003	2002
	<i>Notes</i>	£'000	£'000
Turnover	2	27,588	29,168
Cost of sales		(5,745)	(5,552)
Gross profit		21,843	23,616
Administrative expenses		(19,940)	(21,434)
Operating profit	3	1,903	2,182
Interest payable and similar charges	6	(381)	(420)
Profit on ordinary activities before taxation		1,522	1,762
Tax on profit on ordinary activities	7	(1,583)	(1,689)
(Loss)/retained profit for the financial year	16	(61)	73

The above activities all relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the loss 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.

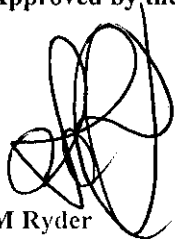
The notes on pages 7 to 15 form part of these financial statements.

LEGOLAND Windsor Park Limited

Balance sheet as at 31 December 2003

		2003	2003	2002	2002
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		64,096		66,008
Current assets					
Stocks	9	1,147		1,545	
Debtors	10	5,824		2,166	
Cash		35		46	
		7,006		3,757	
Creditors: amounts falling due within one year	11	(10,159)		(8,673)	
Net current liabilities			(3,153)		(4,916)
Total assets less current liabilities			60,943		61,092
Provisions for liabilities and charges	12		(112)		(200)
			60,831		60,892
Capital and reserves					
Called up share capital	14		77,800		77,800
Profit and loss account	15		(16,969)		(16,908)
Total shareholders' funds – equity interests	16		60,831		60,892

Approved by the board of directors on 21 January 2005 and signed on its behalf by:



M Ryder
Chairman

The notes on pages 7 to 15 form part of these financial statements.

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003

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 principal 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 flows

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 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
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Attractions, equipment and models:

- LEGO models	-	5-10 years
- Office equipment	-	5-10 years
- Fixtures and fittings	-	10 years
- Other equipment	-	5 – 10 years

Motor vehicles	-	5-6 years
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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.

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003 (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 A/S group.

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.

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003 (Continued)

2 Turnover

	2003 £'000	2002 £'000
United Kingdom	27,588	29,168
	27,588	29,168

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

3 Operating profit

	2003 £'000	2002 £'000
Operating profit is stated after charging/(crediting):		
Staff costs	6,786	7,905
Auditors' remuneration - audit fees	23	16
- non-audit services	9	5
Depreciation of tangible fixed assets	5,977	5,598
Operating lease rentals - land and buildings	31	109
- plant and equipment	24	23
Foreign exchange (gain)/loss	(7)	(13)

4 Staff costs

	2003 £'000	2002 £'000
Wages and salaries	6,197	7,494
Social security costs	532	408
Other pension costs	57	3
	6,786	7,905

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

	2003 Number	2002 Number
Management and administrative	124	124
Operations	276	272
	400	396

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003 (Continued)

5 Directors' emoluments

	2003 £'000	2002 £'000
Aggregate emoluments	148	-
	148	-

One director is remunerated by LEGOLAND Windsor Park Limited (2002: none). The remaining Directors' emoluments are paid by other group companies (2002: nil).

6 Interest payable and similar charges

	2003 £'000	2002 £'000
Bank interest	381	343
To parent company	-	77
	381	420

7 Tax on profit on ordinary activities

a) Analysis of charge in period

	2003 £'000	2002 £'000
Current tax:		
UK corporation tax at 30% (2002: 30%)	-	-
Total current tax	-	-
Deferred tax:		
Current year movement	(1,171)	(1,099)
Prior year movement	(412)	(590)
Total deferred tax (note 13)	(1,583)	(1,689)
Total tax on profit on ordinary activities	(1,583)	(1,689)

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003 (Continued)

7 Tax on profit on ordinary activities (continued)

b) Factors affecting the tax charge for the period:

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

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	1,522	1,762
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	456	529
Permanent differences	715	570
Accelerated capital allowances/other timing differences	(107)	(393)
Utilisation of tax losses	(1,064)	(706)
Surrender of tax losses	-	-
Total current tax charge	-	-

The tax charge in future periods may be affected by the availability of brought forward trading losses or group relief from other affiliates for which no payment is made.

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003 (Continued)

8 Tangible fixed assets

	Freehold land, buildings and premises £'000	Attractions, equipment and models £'000	Motor Vehicles £'000	Assets in the Course of Construction £'000	Total £'000
Cost					
At 1 January 2003	76,047	27,250	218	373	103,888
Additions	1,482	1,254	69	1,108	3,913
Transfers	296	77	-	(373)	-
At 31 December 2003	77,825	28,581	287	1,108	107,801
Depreciation					
At 1 January 2003	21,700	15,876	152	-	37,728
Charge for the year	2,087	3,869	21	-	5,977
At 31 December 2003	23,787	19,745	173		43,705
Net book value:					
At 31 December 2003	54,038	8,836	114	1,108	64,096
At 31 December 2002	54,360	11,209	66	373	66,008

9 Stocks

	2003 £'000	2002 £'000
Raw materials	132	275
Goods for resale	1,015	1,270
	1,147	1,545

10 Debtors

	2003 £'000	2002 £'000
Trade debtors	139	353
Amounts owed by group undertakings	5,387	131
Prepayments and accrued income	298	111
Deferred Taxation (note 13)	-	1,571
	5,824	2,166

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

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003 (Continued)

11 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank loans and overdraft	7,440	5,937
Trade creditors	511	895
Amounts owed to group undertakings	852	582
Other taxation and social security	227	416
Accruals and deferred income	1,129	843
	10,159	8,673

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12 Provisions for liabilities and charges

	Deferred tax (asset)/liability £'000	Restructuring costs £'000	Accidental Injury £'000	Total £'000
At 1 January 2003	(1,571)	135	65	(1,371)
Disclosed as: Deferred tax asset				(1,571)
Provision for liabilities and charges				200
Charged to the profit and loss account	1,583	-	35	1,618
Utilised during the year	-	(135)	-	(135)
	12	-	100	112

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.

The provision for restructuring costs arises from the timing differences between amounts charged and paid in respect of certain redundancy payments.

13 Deferred tax (liability)/asset

	2003 £'000	2002 £'000
Included within provisions for liabilities and charges/debtors:		
- accelerated capital allowances	(2,806)	(2,524)
- tax losses carried forward	2,794	4,095
	(12)	1,571
Deferred tax asset/(liability):		
Asset at 1 January 2003	1,571	3,260
Deferred tax credit/(charge) to profit and loss account for year	(1,583)	(1,689)
At 31 December 2003	(12)	1,571

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003 (Continued)

14 Share capital

	2003 Number	2003 £'000	2002 Number	2002 £'000
Authorised				
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
	85,000,000	85,000	85,000,000	85,000
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
	77,800,000	77,800	77,800,000	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.

15 Reserves

	Profit and loss account £'000
At 1 January 2003	(16,908)
Profit and loss account	(61)
At 31 December 2003	(16,969)

16 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Shareholders funds as at 1 January	60,892	60,819
Loss for the year	(61)	73
Shareholders' funds as at 31 December	60,831	60,892

LEGOLAND Windsor Park Limited

Notes to the financial statements for the year ended 31 December 2003 (Continued)

17 Financial commitments

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

	2003 £'000	2002 £'000
Operating leases which expire:		
- within one year		
Land and buildings	-	120
Plant and machinery	25	-
- within two to five years		
Land and buildings	-	-
Plant and Machinery	-	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 disclosed in Note 4. There were no outstanding or prepaid contributions at 31 December 2003.

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 have been consolidated. Copies of the financial statements of LEGO Park Holding UK Limited are available from 200 Aldersgate Street, London EC1A 4JJ. The ultimate parent undertaking is LEGO 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 A/S are available from Erhvervs og Selskabsstyrelsen, Kampmannsgade 1, DK-1780 Copenhagen V, Denmark.