

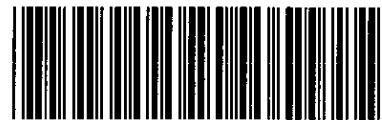
Merlin Entertainments (NBD) Limited

Annual Report and financial statements

Registered number 05010879

52 weeks ended 26 December 2020

WEDNESDAY



AAD25S0A

A34

15/09/2021

#98

COMPANIES HOUSE

Contents

Strategic Report	1
Directors' Report	2
Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the financial statements	3
Statement of comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Notes to the financial statements	7

Strategic Report

The Directors present their Strategic Report for the 52 weeks ended 26 December 2020.

Strategic management

The principal activity of the Company throughout the year and for the foreseeable future is to act as an investment holding and financing company for fellow Group companies.

Business environment

As an investment and financing company, the Company's principal risks and uncertainties are directly related to Merlin Entertainments (formerly Merlin Entertainments plc) and its subsidiaries (the Group). The principal risks are discussed within the Annual Report and accounts of Merlin Entertainments Limited and details of how to obtain these accounts can be found in note 1. Accordingly no specific risks and uncertainties are identified in these financial statements.

Business performance

The Directors have determined that the result before tax and the net assets or liabilities position are the most appropriate key performance indicators (KPI's) for an understanding of the development, performance and position of the Company. The results for the Company show a loss before tax of £190,000 (2019: loss before tax of £2,069,000, the prior period loss being largely due to an impairment of an investment in a subsidiary undertaking). As at 26 December 2020, the Company had net assets of £20,245,000 (28 December 2019: £20,399,000). This is in line with expectations and the Directors are satisfied with the performance and position of the Company.

COVID-19

COVID-19 has surfaced in nearly all regions around the world, resulting in governments in affected areas taking unprecedented steps to impose a range of restrictions on both individuals and organisations. Hospitality and leisure businesses have been significantly impacted as a result of the combination of mandated closures, the capacity restrictions created by 'social distancing' and lower consumer demand in many markets. The impact of the COVID-19 outbreak continues to be uncertain and its effect on people's ability or desire to travel and gather in public spaces (including within the attractions industry) will continue to impact the Merlin Entertainment Group's financial condition and results of operations.

The primary objective of the Group throughout this period has been to protect the wellbeing of employees and guests, and as such, the Group has always followed scientific and government advice, often going above and beyond these requirements to ensure actions have been safe and socially responsible. Merlin's swift response to the evolving pandemic protected the business by taking multiple steps to safeguard attractions and teams, minimise the cost base and protect operating cash flows.

Brexit

While the Group is headquartered in the UK, many of the trading activities are in other countries and Merlin's business model does not require a significant level of cross border trading. As such, the Group's ability to provide services to customers in the countries in which Merlin operates, inside or outside the EU, remains largely unaffected by Brexit.

The Group has acted to minimise risks in the areas that could affect the Group's operations. The actions taken looked to mitigate risks relating to structural issues requiring bilateral or multilateral governmental agreement on taxation, trade tariffs and restrictions on workforce migration of potential employees; and transitory issues arising from administrative, process or market changes. The Directors, as part of the wider Merlin Entertainments Group, continue to monitor the potential impact of Brexit to the Group and the Company.

Directors' Report

The Directors present their Directors' Report and the financial statements for the 52 weeks ended 28 December 2019. 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.

Dividends

The Directors do not recommend the payment of a dividend (2019: *£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:

M Jowett
F Rose

During the year the Company maintained liability insurance for its Directors and officers.

Political donations

The Company made no political donations during the year (2019: *£nil*).

Going concern

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

In making this statement the Directors have satisfied themselves that based on current base case projections, the Company has access to sufficient cash funds and / or the ability to call on intercompany loan receivables to meet the Company's foreseeable cash requirements.

This assessment takes into account an assessment of the ongoing impact of the COVID-19 pandemic. A fellow Merlin Entertainments Group undertaking, Merlin Entertainments Group Holdings Limited, has indicated its intention to continue to make available such funds as are needed by the company. The ability of other group entities to support the Company is dependent on the performance and liquidity of the wider Merlin Entertainments group of companies. Merlin Entertainments Group Holdings Limited is itself reliant on the support of Motion JVco Limited which had a material uncertainty in relation to going concern disclosed in its consolidated 2020 financial statements.

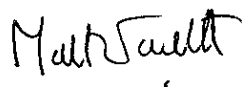
The situation is constantly changing and subject to unforeseeable developments. These circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. For further details see note 1 to the financial statements.

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 going concern assessment can be found within note 1 of the financial statements.

The Strategic Report and the Directors' Report were both approved by the Board on 13th September 2021.

By order of the Board



M Jowett
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), including FRS 101 'Reduced Disclosure Framework'.

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 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019)

	<i>Note</i>	2020 £000	2019 £000
Administrative expenses		-	(1,920)
Operating loss		-	(1,920)
Finance costs	3	(190)	(149)
Loss before tax		(190)	(2,069)
Taxation	4	36	28
Loss for the year		(154)	(2,041)
Other comprehensive income for the year net of income tax		-	-
Total comprehensive income for the year		(154)	(2,041)

Statement of financial position
as at 26 December 2020 (2019: as at 28 December 2019)

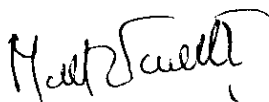
	Note	2020 £000	2019 £000
Non-current assets			
Investments	5	24,016	24,016
Current assets			
Tax receivable		-	28
Trade and other receivables	6	64	6
Cash and cash equivalents		6	-
		70	34
Total assets		24,086	24,050
Current liabilities			
Trade and other payables	7	(213)	(23)
Cash and cash equivalents		-	(101)
		(213)	(124)
Non-current liabilities			
Other payables	7	(3,628)	(3,527)
Total liabilities		(3,839)	(3,651)
Net assets		20,245	20,399
Capital and reserves			
Share capital	8	-	-
Retained earnings		20,245	20,399
Total equity		20,245	20,399

For the year ending 26 December 2020 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 13th September 2021 and were signed on its behalf by:



M Jowett
Director

Statement of changes in equity

for the 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019)

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 30 December 2018	-	-	22,440	22,440
Total comprehensive income	-	-	(2,041)	(2,041)
At 28 December 2019	-	-	20,399	20,399
Total comprehensive income	-	-	(154)	(154)
At 26 December 2020	-	-	20,245	20,245

Notes to the financial statements

for the 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019)

1 Accounting policies

Basis of preparation

These financial statements have been prepared for the 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019).

Merlin Entertainments (NBD) 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 exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. The Company's ultimate parent undertaking is Motion JVco Limited. Motion JVco Limited and Merlin Entertainments Limited (an intermediary parent company), both include the Company in their consolidated financial statements. The consolidated financial statements are prepared in accordance with Adopted IFRSs. They are available to the public and can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The Company has prepared these financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned Group companies;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Merlin Entertainments Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 26 December 2020 have had a material impact on the Company.

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.

Notes to the financial statements *for the 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019)*

1 Accounting policies (continued)

Going concern

The Company reported a loss after tax for the period of £154,000, and as at 26 December 2020 had net assets of £20,245,000. The financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below.

Cash flow forecasts up to the end of Q3 2022, including the Company's immediately available cash reserves, indicate that taking account of reasonably possible downsides, and access to funding from a fellow Group company, Merlin Entertainments Group Holdings Limited, as required, it is able to meet its liabilities as they fall due. Merlin Entertainments Group Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company.

The Company notes that the ultimate parent entity of the Merlin Entertainments group of companies, Motion JVco Limited, has included in their annual report signed 15 April 2021 a material uncertainty regarding going concern. Base case and downside scenario forecasts performed by Motion JVco Limited up to the end of Q3 2022 both indicated available liquidity would remain positive and that there would be no breach of lending facilities in that period, taking into account the terms of the covenant calculations. Based on the latest information available to the Directors this assessment remains appropriate.

However, the situation regarding the COVID-19 pandemic is constantly changing and subject to unforeseeable developments. Therefore, it remains possible that further significant developments may arise, over and above the scenarios that have been modelled. Were the Motion JVco Limited Group to then require access to further liquidity, this could be sought through cash injections from the consortium of investors in the Group and/or the extension of further lending facilities. Given the Merlin Group's history of cash generation and the successful issue of debt securities during the COVID-19 pandemic, we would expect the Merlin Group to be able to raise such funds as were necessary. However, there is no guarantee that such funds will be available.

Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

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.

Taxation

The tax charge for the year is recognised in the income statement and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

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 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

for the 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019)

1 Accounting policies (*continued*)

Finance income and costs

Finance costs comprise interest expense. Finance income comprises interest income from funds invested.

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

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.

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.

Notes to the financial statements

for the 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019)

2 Operating profit

For the 2020 year end the Company has taken exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. In 2019, the auditor's remuneration of £2,000 was borne by a fellow Group company. 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.

No staff are employed by the Company apart from the Directors. The Directors received no remuneration from the Company during the year 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.

3 Finance costs

	2020 £000	2019 £000
Interest expense to Group undertakings	190	149

4 Taxation

Recognised in the income statement

	2020 £000	2019 £000
Current tax credit		
Current year	(36)	(28)
Total tax credit in income statement	(36)	(28)

Reconciliation of effective tax rate

	2020 %	2020 £000	2019 %	2019 £000
Loss before tax		(190)		(2,069)
Income tax using the domestic corporation tax rate	19.0%	(36)	19.0%	(393)
Non-deductible expenses	-	-	(17.6%)	365
Total tax credit in the income statement	19.0%	(36)	1.4%	(28)

The standard rate for UK corporation tax used in the 52 weeks ended 26 December 2020 was 19.0% (2019: 19.0%). The current rate of 19.0% will continue until April 2023 when it will be increased to 25%, as announced in the 2021 Budget. This will have a consequential effect on the Company's future tax charge.

Notes to the financial statements

for the 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019)

5 Investments

	Shares in subsidiary undertakings £000
Cost and Carrying value	
At 30 December 2018	25,936
Impairment	(1,920)
At 28 December 2019 and 26 December 2020	24,016

During 2019 an impairment was recognised to reflect estimates at the end of the reporting period of the future performance of certain attractions, taking into account reviews of the market and economic conditions at those locations.

The Company has the following direct investments in subsidiary undertakings:

Company	Country of incorporation	Class of shares held	Ownership 2020	Ownership 2019
Chessington Hotel Limited	UK ⁽¹⁾	Ordinary	100%	100%
London Eye Holdings Limited	UK ⁽¹⁾	Ordinary	100%	100%
Madame Tussauds Exhibition (Beijing) Company Limited	China ⁽²⁾	Ordinary	100%	100%
Madame Tussauds Exhibition (Shanghai) Limited	China ⁽³⁾	Ordinary	100%	100%
Madame Tussauds Exhibition (Wuhan) Company Limited	China ⁽⁴⁾	Ordinary	100%	100%
Merlin Exhibition (Chongqing) Company Limited	China ⁽⁵⁾	Ordinary	100%	100%
Merlin Indoor Children's Playground (Shanghai) Company Limited	China ⁽⁶⁾	Ordinary	100%	100%
Merlin Exhibition (Shenyang) Company Limited	China ⁽⁷⁾	Ordinary	100%	100%
Merlin Entertainments (Shanghai) Company Limited	China ⁽⁸⁾	Ordinary	100%	100%

Registered offices:

- ⁽¹⁾ Link House, 25 West Street, Poole, Dorset BH15 1LD, United Kingdom
- ⁽²⁾ No. 4, 6, 8, 10, 12, 14, 16, 18 Qianmen Avenue, Dongcheng District, Beijing, China
- ⁽³⁾ 10/F New World Building, No 2-68 Nanjing Xi Road, Shanghai 200003, China
- ⁽⁴⁾ 21, Han Street, Wuchang District, (Shops 40/41/42) Building 5, Lot J2, Wuhan, China
- ⁽⁵⁾ 4-11, Fu 9, No. 133, Nanpin Road, Nan'an District, Chongqing, China
- ⁽⁶⁾ L2-25, 2F, 3F Parkside Plaza, Putuo District, Shanghai, China
- ⁽⁷⁾ No. 2 Jia-1, Bolan Road, Heping District, Shenyang, China
- ⁽⁸⁾ Room No.3F-01b&32&K1, L3 Floor, Zhihuixuhui Plaza, No. 1-2, 2389 Alley, Zhangyang Road, Shanghai Pilot Free Trade Zone, China

See note 11 for a list of the Company's indirect investments in subsidiary and joint venture undertakings.

6 Trade and other receivables

	Current 2020 £000	Current 2019 £000
Amounts owed by Group undertakings	64	6

Notes to the financial statements

for the 52 weeks ended 26 December 2020 (2019: 52 weeks ended 28 December 2019)

7 Trade and payables

	Non-current 2020 £000	Non-current 2019 £000	Current 2020 £000	Current 2019 £000
Amounts owed to Group undertakings	3,628	3,527	213	23

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% to 6% per annum (2019: 4% per annum) is applied.

8 Share capital and reserves

Share capital

	2020 £000	2019 £000
<i>Allotted, called up and fully paid</i>		
7 (2019: 7) ordinary shares of £1 each	-	-

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.

9 Banking arrangements

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 controlled by Merlin Attractions Operations Limited whose accounts are available at Link House 25 West Street, Poole, Dorset BH15 1LD.

10 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 Holdings Limited, with a registered address of Link House, 25 West Street, Poole, Dorset BH15 1LD.

11 Related subsidiary and joint venture undertakings

In addition to the direct investments in subsidiary undertakings listed in note 5, the Company has the following indirect investments in subsidiary and joint venture undertakings:

Company	Country of incorporation	Class of shares held	Ownership 2020	Ownership 2019
London Eye Management Services Limited	UK	Ordinary	100%	100%
The Millennium Wheel Company Limited	UK	Ordinary	100%	100%

The registered address of the above companies is Link House, 25 West Street, Poole, Dorset BH15 1LD.