

Merlin US Holdings Limited

Annual Report and financial statements

Registered number 06273035

52 weeks ended 30 December 2017

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Contents

Strategic Report	1
Directors' Report	2
Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the financial statements	3
Independent Auditor's Report to the members of Merlin US Holdings Limited	4
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9

Strategic Report

The Directors present their Strategic Report for the 52 weeks ended 30 December 2017.

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 holding and financing company, the Company's principal risks and uncertainties are directly related to Merlin Entertainments plc and its subsidiaries (the Group). The principal risks are discussed within the Annual Report and accounts of Merlin Entertainments plc and details of how to obtain these accounts can be found in note 11. 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 52 weeks ended 30 December 2017 for the Company show a profit before tax of £25,070,000 (*53 weeks ended 31 December 2016: profit of £1,517,000*), the increase driven by the receipt of dividends from LEGOLAND US Holdings Limited. As at 30 December 2017, the Company had net assets of £76,000 (*31 December 2016: net assets £55,254,000*) following the payment of a dividend of £80,100,000. This is in line with expectations and the Directors are satisfied with the performance and position of the Company.

Directors' Report

The Directors present their Directors' Report and the audited financial statements for the 52 weeks ended 30 December 2017. 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

An interim dividend of £80,100,000 was paid in the year (2016: *£nil*).

Directors

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

F Rose
M Jowett

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

Political donations

The Company made no political donations during the year (2016: *£nil*).

Post balance sheet events

There are no events after the balance sheet date which require disclosure.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Independent auditors

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

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 31 August 2018.

By order of the Board



F Rose
Company Secretary
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.

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Independent Auditor's Report to the members of Merlin US Holdings Limited

Opinion

We have audited the financial statements of Merlin US Holdings Limited (the Company) for the 52 weeks ended 30 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2017 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic Report and Directors' Report

The Directors are responsible for the strategic report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



Independent Auditor's Report to the members of Merlin US Holdings Limited (continued)

Directors' responsibilities

As explained more fully in their 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; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using 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.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

James Childs-Clarke
Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
Southampton
SO53 3TG

4 September 2018

Statement of comprehensive income
for the 52 weeks ended 30 December 2017 (2016: 53 weeks ended 31 December 2016)

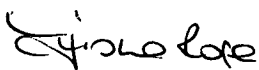
	<i>Note</i>	2017 £000	2016 £000
Dividends received		24,300	-
Operating income		24,300	-
Finance income	3	920	1,977
Finance costs	4	(150)	(460)
Profit before tax		25,070	1,517
Taxation	5	(148)	(298)
Profit for the year		24,922	1,219
Other comprehensive income for the year net of income tax		-	-
Total comprehensive income for the year		24,922	1,219

Statement of financial position

as at 30 December 2017 (2016: as at 31 December 2016)

	Note	2017 £000	2016 £000
Non-current assets			
Investments	6	-	-
		-	-
Current assets			
Trade and other receivables	7	3	65,486
Cash and cash equivalents		814	247
		817	65,733
Total assets		817	65,733
Current liabilities			
Trade and other payables	8	(289)	(10,176)
Tax payable		(452)	(303)
		(741)	(10,479)
Total liabilities		(741)	(10,479)
Net assets		76	55,254
Capital and reserves			
Share capital	9	-	-
Retained earnings		76	55,254
Total equity		76	55,254

These financial statements were approved by the Board of Directors on 31 August 2018 and were signed on its behalf by:



F Rose
Director

Statement of changes in equity

for the 52 weeks ended 30 December 2017 (2016: 53 weeks ended 31 December 2016)

	Share capital £000	Retained earnings £000	Total equity £000
At 27 December 2015	-	54,035	54,035
Total comprehensive income for the year	-	1,219	1,219
At 31 December 2016	-	55,254	55,254
Total comprehensive income for the year	-	24,922	24,922
Dividends paid (note 9)	-	(80,100)	(80,100)
At 30 December 2017	-	76	76

Notes to the financial statements

for the 52 weeks ended 30 December 2017 (2016: 53 weeks ended 31 December 2016)

1 Accounting policies

Basis of preparation

These financial statements have been prepared for the 52 weeks ended 30 December 2017 (2016: 53 weeks ended 31 December 2016).

Merlin US Holdings 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.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with 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, tangible fixed assets and intangible assets;
- 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.

The Company's ultimate parent undertaking, Merlin Entertainments plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Merlin Entertainments plc are prepared in accordance with Adopted IFRSs and are available to the public and may be obtained from Link House, 25 West Street, Poole, Dorset BH15 1LD.

As the consolidated financial statements of Merlin Entertainments plc 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 30 December 2017 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 30 December 2017 (2016: 53 weeks ended 31 December 2016)

1 Accounting policies (*continued*)

Going concern

The Company has appropriate financial resources which will enable it to continue its planned activities. 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.

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.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised at fair value less attributable fees. These fees are then amortised through the income statement on an effective interest rate basis over the expected life of the loan (or over the contractual term where there is no clear indication that a shorter life is appropriate). If the Company subsequently determines that the expected life has changed, the resulting adjustment to the effective interest rate calculation is recognised as a gain or loss on re-measurement and presented separately in the income statement in accordance with IAS 39.

Investments

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

Finance income and costs

Finance costs comprise interest expense, finance charges on shares classified as liabilities and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Finance income comprises interest income from funds invested, gains on foreign exchange contracts and net foreign exchange gains.

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

Foreign currencies

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

Dividends

Dividends are recognised through equity on the earlier of their approval by the Company's shareholders or their payment.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes to the financial statements

for the 52 weeks ended 30 December 2017 (2016: 53 weeks ended 31 December 2016)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement unless it relates to items recognised directly in equity, when it is recognised directly in equity, or when it relates to items recognised in other comprehensive income, when it is recognised through the statement of comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

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

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

2 Operating costs

The auditor's remuneration for the year of £2,000 (2016: £1,000) is 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 income

	2017 £000	2016 £000
Interest income on amounts owed by Group undertakings	920	1,977

4 Finance costs

	2017 £000	2016 £000
Interest expense on amounts owed to Group undertakings	150	460

Notes to the financial statements

for the 52 weeks ended 30 December 2017 (2016: 53 weeks ended 31 December 2016)

5 Taxation

Recognised in the income statement

	2017 £000	2016 £000
<i>Current tax expense</i>		
Current year	148	303
Adjustments for prior periods	-	(5)
Total current income tax	148	298

Reconciliation of effective tax rate

	2017 %	2017 £000	2016 %	2016 £000
Profit before tax		25,070		1,517
Income tax using the domestic corporation tax rate	19.3%	4,826	20.0%	303
Dividend income not taxable	(18.7%)	(4,678)	-	-
Adjustments in respect of prior periods	-	-	(0.3%)	(5)
Total tax expense in the income statement	0.6%	148	19.7%	298

The standard rate for UK corporation tax used in the 52 weeks ended 30 December 2017 was 19.3% (2016: 20.0%).

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

6 Investments

Shares in subsidiary
undertakings
£000

Cost and carrying value

At 27 December 2015, 31 December 2016 and 30 December 2017

-

The Company has the following direct investments in subsidiary undertakings:

Company	Country of incorporation	Class of share held	2017 Shareholding	2016 Shareholding
LEGOLAND US Holdings Limited	UK	Ordinary	100%	100%

The registered office is Link House, 25 West Street, Poole, Dorset BH15 1LD.

See note 12 for a list of the Company's indirect investments in subsidiary and joint venture undertakings.

Notes to the financial statements

for the 52 weeks ended 30 December 2017 (2016: 53 weeks ended 31 December 2016)

7 Trade and other receivables

	Current 2017 £000	Current 2016 £000
Amounts owed from Group undertakings	3	65,486

Interest bearing balances have been settled during the year. Interest was calculated at 3% per annum (2016: 3% per annum).

8 Trade and other payables

	Current 2017 £000	Current 2016 £000
Amounts owed to Group undertakings	289	10,176

Amounts owed to Group undertakings includes loans which are repayable on demand and accordingly as these are expected to be settled within the next 12 months these have been classified as current. Interest bearing balances have been settled during the year, interest was calculated at 3% per annum (2016: 3% per annum).

9 Share capital and reserves

Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
104 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.

Dividends

Interim dividends for the year totalled £80,100,000, equating to a dividend per share of £770,192.31 (2016: *£nil/£nil*).

10 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 and an overdraft facility. As such it is party to a cross guarantee to the Bank for debts or liabilities arising from the banking arrangement whereby each member company guarantees the obligations of each other member to the Bank. As a result of the above pooling arrangements, at any reporting date, Group companies will hold assets in a combination of intercompany balances and cash which can vary.

11 Ultimate parent company

The ultimate parent Company is Merlin Entertainment plc, a Company incorporated in the United Kingdom, 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 Link House, 25 West Street, Poole, Dorset BH15 1LD. The immediate parent company is Merlin Entertainment Group Holdings Limited, with a registered address of Link House, 25 West Street, Poole, Dorset BH15 1LD.

Notes to the financial statements

for the 52 weeks ended 30 December 2017 (2016: 53 weeks ended 31 December 2016)

12 Related subsidiary and joint venture undertakings

In addition to the direct investments in subsidiary undertakings listed in note 6, the Company has the following indirect investments in subsidiary and joint venture undertakings:

Company	Country of incorporation	Class of shares held	Ownership 2017	Ownership 2016
LEGOLAND California LLC	USA	-	100%	100%
LEGOLAND Discovery Center Arizona LLC	USA	-	100%	100%
LEGOLAND Discovery Center Boston LLC	USA	-	100%	100%
LEGOLAND Discovery Centre (Dallas) LLC	USA	-	100%	100%
LEGOLAND Discovery Centre (Meadowlands) LLC	USA	-	100%	100%
LEGOLAND Discovery Center Michigan LLC	USA	-	100%	100%
LEGOLAND Discovery Center Philadelphia LLC	USA	-	100%	100%
LEGOLAND Discovery Centre US LLC	USA	-	100%	100%
Madame Tussauds Hollywood LLC	USA	-	100%	100%
Madame Tussaud Las Vegas LLC	USA	-	100%	100%
Madame Tussauds Nashville LLC	USA	-	100%	100%
Madame Tussaud's New York LLC	USA	-	100%	100%
Madame Tussauds Orlando LLC	USA	-	100%	100%
Madame Tussauds San Francisco LLC	USA	-	100%	100%
Madame Tussauds Washington LLC	USA	-	100%	100%
Merlin Entertainments Crown (US) Inc	USA	Ordinary	79.1%	79.1%
Merlin Entertainments Group Florida LLC	USA	-	100%	100%
Merlin Entertainments Group US LLC	USA	-	100%	100%
Merlin Entertainments Group Wheel LLC	USA	-	100%	100%
Merlin Entertainments US NewCo LLC	USA	-	100%	100%
San Francisco Dungeon LLC	USA	-	100%	100%
SEA LIFE Charlotte LLC	USA	-	100%	100%
SEA LIFE Meadowlands LLC	USA	-	100%	100%
SEA LIFE Michigan LLC	USA	-	100%	100%
SEA LIFE Minnesota LLC	USA	-	100%	100%
SEA LIFE Orlando LLC	USA	-	100%	100%
SEA LIFE US LLC	USA	-	100%	100%
The Tussauds Group LLC	USA	-	100%	100%

The registered address of the above Companies is 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801, United States.