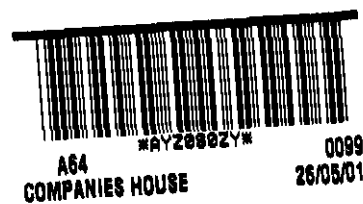


Tussauds Attractions Limited

Report

for the year ended 31st December 2000

Registered number: 1284934



**Report
for the year ended 31st December 2000**

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Directors and advisors

Executive directors

M G Jolly
Chairman and Chief Executive

J Britton (resigned 7 November 2000)

A R Hollingsworth (resigned 13 December 2000)

R Roger

P A Tansley (resigned 27 November 2000)

P B Taylor (resigned 29 December 2000)

P R Wells

Secretary and registered office

S J Coote
York Court
Allsop Place
London
NW1 5LR

Auditors

Deloitte & Touche
Hill House
1 Little New Street
London
EC4A 3TR

Bankers

HSBC Bank Plc
27 - 32 Poultry
London
EC2P 2BX

**Directors' report
for the year ended 31st December 2000**

The directors present their report and the audited financial statements for the year ended 31st December 2000.

Profit and dividends

The company's loss before taxation amounted to £5,674,000 (1999 loss: £2,182,000). Details are contained in the profit and loss account on page 7.

No dividends (1999: nil) were paid during the year and no final dividend is proposed (1999: nil).

Principal activity

The principal activity of the company throughout the year has been daytime family entertainment.

Review of the business and future developments

The directors are satisfied that the financial statements give a fair review of the development of the business of the company during the year and of its position at the year end.

The company continues to look for opportunities to extend its activities.

Share capital & status of the company

The company is a wholly owned subsidiary of Tussauds Intermediate Holdings Limited. The ultimate parent company is The Tussauds Group Limited, which is a company registered in England and Wales.

Directors

The directors of the company who served during the year are listed on page 1.

Directors' interests

The interests of the directors in ordinary shares of 10 pence each of The Tussauds Group Limited, the ultimate holding company are shown in the report and the accounts of The Tussauds Group Limited.

Disabled persons

Applications for employment from disabled persons are given full and fair consideration in the light of the abilities and aptitudes of the applicant and the requirements of the post for which application has been made.

In the event of employees becoming disabled, every reasonable effort is made to facilitate their continuing employment by the company.

It is company policy that disabled employees should, as far as possible, have the same training, career development and promotion opportunities as other members of staff.

Employee consultation and information

The Chief Executive communicates with all employees in a variety of ways to explain the group's goals and to summarise the financial and economic factors that affect the performance of the different businesses.

At each company location two way communications and consultation is achieved by regularly informing employees on relevant company issues and developments through a systematic process of quarterly company briefings, employee forums and an employee magazine published three times a year.

The group-wide internal communication is supplemented at a local level by departmental meetings, site newsletters and staff noticeboards. Great importance is attached to the quality of direct contact between managers and employees during formal and informal face to face communication.

The group has continued its significant investment in training for employees at all levels as well as management development programmes. All permanent employees have an annual appraisal and there is a management succession plan in place.

Every permanent employee is eligible for a performance related annual bonus, which is determined partly by achievement of personal objectives, and partly by the company's business performance.

Contributions for charitable purposes

During the year, charitable donations in the United Kingdom amounted to £5,000 (1999 : £9,000).

Auditors

In accordance with Section 386 of The Companies Acts 1985-1989, an elective resolution, dated 9th August 1996, was made to dispense with the obligation to appoint auditors annually.

Deloitte & Touche have expressed their willingness to continue in office as auditors.

Accounts and reports

In accordance with Section 252 of The Companies Acts 1985-1989, an elective resolution, dated 9th August 1996, was made to dispense with the laying of accounts and reports before the company in general meeting.

Annual general meetings

In accordance with Section 366A of The Companies Acts 1985-1989, an elective resolution, dated 9th August 1996, was made to dispense with the holding of annual general meetings.

By Order of the Board.

Sarah Coote

S J Coote
Secretary

29 March 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to select suitable accounting policies and apply them consistently and make judgements and estimates that are reasonable and prudent.

The directors must also state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements which must be prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for the maintenance of adequate accounting records in compliance with the Companies Act 1985, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

**Report of the auditors to the members of
Tussauds Attractions Limited**

We have audited the financial statements on pages 7 to 19, which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the financial statements, which are required to be prepared in accordance with the applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

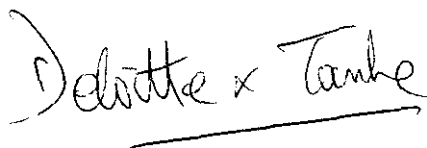
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31st December 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Deloitte & Touche', with a horizontal line drawn underneath it.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

30 March 2001

**Profit and loss account
for the year ended 31st December 2000**

	Notes	Year ended 31 st December 2000 £'000	Period from 20 th October 1998 to 31 st December 1999 £'000
Turnover	2	41,252	34,346
Cost of sales		(7,552)	(5,613)
Gross profit		33,700	28,733
Administration expenses			
Amortisation of goodwill	3	(519)	(392)
Other administration expenses		(31,196)	(23,594)
Total administration expenses		(31,715)	(23,986)
Operating profit	3	1,985	4,747
Interest receivable and similar income	6	2,536	283
Interest payable and similar charges	7	(10,195)	(7,212)
Loss on ordinary activities before taxation		(5,674)	(2,182)
Taxation credit	8	1,396	519
Loss on ordinary activities after taxation and Retained loss for the year/period	18	(4,278)	(1,663)

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

All activities are derived from continuing operations.

Reconciliation of movement in shareholders' funds

	Year ended 31 st December 2000 £'000	Period from 20 th October 1998 to 31 st December 1999 £'000,
Loss for the financial year/period	(4,278)	(1,663)
Shares issued	-	2,500
Surplus on asset revaluation	-	9,898
Net (decrease)/increase in shareholders' funds	(4,278)	10,735
Opening shareholders' funds	11,556	821
Closing shareholders' funds	7,278	11,556

Statement of total recognised gains and losses

	Year ended 31 st December 2000 £'000	Period from 20 th October 1998 to 31 st December 1999 £'000
Loss for the financial year/period	(4,278)	(1,663)
Surplus on asset revaluation	-	9,898
Total recognised (loss)/gain for the financial year/period	(4,278)	(8,235)

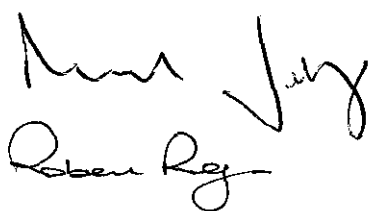
Balance sheet
at 31st December 2000

	Notes	31 st December 2000 £'000	31 st December 1999 £'000
Fixed assets			
Goodwill	9	9,476	9,995
Tangible fixed assets	10	76,182	79,453
Investments	11	8,420	6,921
		<u>94,078</u>	<u>96,369</u>
Current assets			
Stocks	12	782	807
Debtors	13	296,543	115,552
		<u>297,325</u>	<u>116,359</u>
Creditors: amounts falling due within one year	14	(262,113)	(77,568)
Net current assets		<u>35,212</u>	<u>38,791</u>
Total assets less current liabilities		<u>129,290</u>	<u>135,160</u>
Creditors: amounts falling due after more than one year	15	(119,678)	(119,874)
Provision for liabilities and charges	16	(2,334)	(3,730)
Net assets		<u>7,278</u>	<u>11,556</u>
Capital and reserves			
Called up share capital	17	2,500	2,500
Share premium	18	52	52
Revaluation reserve	18	9,898	9,898
Profit and loss account	18	(5,172)	(894)
Shareholders' funds		<u>7,278</u>	<u>11,556</u>
Attributable to equity shareholders		7,278	11,556
Attributable to non-equity shareholders		-	-

The financial statements on pages 7 to 19 were approved by the board of directors on 29 March 2001 and were signed on its behalf by:

M G Jolly

R Roger



)
) Directors
)

**Notes to the financial statements
for the year ended 31st December 2000**

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The particular accounting policies adopted are described below.

Basis of accounting

As in previous years the financial statements of the company are prepared in accordance with the historical cost convention, as modified by the revaluation of freehold properties.

Consolidation

The company is exempt under section 228 of the Companies Act 1985 from the obligation to prepare and deliver group accounts as the company is itself a wholly owned subsidiary of Tussauds Intermediate Holdings Limited (see note 22), a company registered in England and Wales which prepares group accounts.

Goodwill

On the acquisition of a business, fair values are attributed to separable net assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition and amortised over its estimated useful life up to a maximum of 20 years from the effective date of the acquisition.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. At 27 March 1999 certain freehold land and buildings were valued on the basis of open market valuation. On adoption of FRS 15, the company followed the transitional provisions to retain the book value of land and buildings which were revalued in 1999, but not to adopt a policy of revaluation in the future. These values are retained subject to the requirements to test assets for impairment in accordance with FRS11. Apart from freehold land and assets in the course of construction, fixed assets are depreciated over their estimated economic lives in equal annual amounts.

The principal estimated economic lives are:

Warwick Castle freehold buildings	1000 years
Freehold buildings	20 years to 100 years
Short term leasehold properties	Over period of lease
Plant and equipment	3 years to 20 years
Warwick Castle Chattels	100 years

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Rentals are charged to profit and loss in equal amounts over the lease term.

1. Principal accounting policies (continued)**Stocks**

Stocks are stated at the lower of cost and net realisable value.

Investments

Investments are stated at cost. Provision is made for any permanent diminution in value.

Repairs, renewals and maintenance of buildings

Expenditure is written off as incurred.

Deferred taxation

Provision is made, by the liability method, at the expected applicable rates for taxation deferred in respect of all timing differences between accounting and taxation treatment, except when tax effects of such deferrals are expected to continue for the foreseeable future.

Interest capitalised

Gross borrowing costs incurred in relation to new projects are capitalised during the construction period.

Cash flow statement

The cash flows of the company are included in the consolidated group cash flow statement of The Tussauds Group Limited, the ultimate holding company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from preparing a cash flow statement.

Pension costs

The company is a member of The Tussauds Group (UK) Pension Plan Trustee Limited Plan, which is primarily a contracted out salary related pension scheme with a money purchase section. Expected costs are charged to the profit and loss account in order to apportion the cost of pensions over the service lives of employees in the scheme. Variations arising from a significant reduction in the number of employees are adjusted in the profit and loss account to the extent that the expected pension cost, reduced by other variations, exceeds contributions payable for that period. Other variations from cost are apportioned over the expected service lives of current employees in the scheme.

2. Turnover

Turnover represents sales in the United Kingdom and is stated net of value added tax.

3. Operating profit

	Year ended 31st December 2000	Period from 20th October 1998 to 31st December 1999
	£'000	£'000
This is stated after charging:		
Auditors' remuneration	76	86
Hire of plant and machinery	105	323
Other hire expenses	19	10
Property lease expenses	348	335
Research and development expenditure	14	19
Depreciation of tangible fixed assets	6,009	4,326
Amortisation of goodwill	519	392

4. Directors' emoluments

	Year ended 31st December 2000	Period from 20th October 1998 to 31st December 1999
	£'000	£'000
Aggregate emoluments	902	636
Pension contributions	87	66
	989	702

Retirement benefits are accruing to seven directors under a defined benefit scheme.

Highest paid director

	Year ended 31st December 2000	Period from 20th October 1998 to 31st December 1999
	£'000	£'000
Aggregate emoluments	204	134
Pension contributions	11	15
Accrued pension at end of period	-	3
	215	152

5. Employee information (including directors)

	Year ended 31 st December 2000 £'000	Period from 20 th October 1998 to 31 st December 1999 £'000
Aggregate remuneration	12,457	10,008
Social security costs	939	767
Pension costs	2,069	1,595
	<u>15,465</u>	<u>12,370</u>

The average number of employees during the period was 695 (1999: 758). 644 (1999: 709) employees were employed within the Attractions divisions and 51 (1999: 49) at Head Office.

Pension commitments

The company is a member of The Tussauds Group (UK) Pension Plan Trustee Limited, which is primarily a contracted out salary related scheme with a money purchase section formed on 1st January 1999. The pension costs relating to the group plan are assessed in accordance with the advice of an independent qualified actuary. The first actuarial valuation was calculated as at 1st January 1999, the date of formation of the scheme, thus no assets were present at the valuation date. The company's pension cost is £2,069,000.

6. Interest receivable and similar income

	Year ended 31 st December 2000 £'000	Period from 20 th October 1998 to 31 st December 1999 £'000
Bank deposits	2,536	283
	<u>2,536</u>	<u>283</u>

7. Interest payable and similar charges

	Year ended 31 st December 2000 £'000	Period from 20 th October 1998 to 31 st December 1999 £'000
Group Company Loans	9,392	6,941
Finance lease interest expense	122	25
Bank interest and other borrowings	681	246
	<u>10,195</u>	<u>7,212</u>

8. Taxation credit

	Year ended 31 st December 2000 £'000	Period from 20 th October 1998 to 31 st December 1999 £'000
UK corporation tax at 30% (1999: 31%):		
Deferred credit	(1,396)	(388)
Current credit	-	(156)
Deferred charge	-	25
	<u>(1,396)</u>	<u>(519)</u>

There is no current year corporation tax charge due to the availability of losses.

9. Goodwill

	2000 £'000	1999 £'000
Cost		
At 1 st January	10,387	-
Arising on businesses acquired in the period	-	10,387
At 31 December	<u>10,387</u>	<u>10,387</u>
Amortisation		
At 1 st January	(392)	-
Provided in the period	(519)	(392)
At 31 December	<u>(911)</u>	<u>(392)</u>
Net book value at 31 December	<u>9,476</u>	<u>9,995</u>

10. Tangible fixed assets

	Freehold land and buildings £'000	Short term leasehold property £'000	Plant and equipment £'000	Payments on account and assets in course of construction £'000	Total £'000
Cost or as valued					
At 1 st January 2000	56,948	2,716	50,372	2,009	112,045
Transfers	42	-	1,967	(2,009)	-
Additions	452	-	2,841	252	3,545
Additions under finance lease	-	-	1,017	-	1,017
Disposals	-	-	(2,009)	-	(2,009)
At 31st December 2000	57,442	2,716	54,188	252	114,598
Depreciation					
At 1 st January 2000	3,394	943	28,255	-	32,592
Transfers	(108)	-	-	-	(108)
Charge for the period	231	69	5,709	-	6,009
Disposals	-	-	(77)	-	(77)
At 31st December 2000	3,517	1,012	33,887	-	38,416
Net book value at 31st December 2000	53,925	1,704	20,301	252	76,182
Net book value at 31st December 1999	53,554	1,773	22,117	2,009	79,453

The net book value of the company's plant and equipment includes £1,158,000 in respect of assets held under finance leases (1999: £500,000).

A professional valuation was made of freehold land and buildings as at 27th March 1999 on the basis of open market valuation by DTZ Debenham Thorpe, Chartered Surveyors.

The revaluation included at 31st December 2000 is: £'000
9,898

If the land and buildings had not been revalued, the total cost of freehold land and buildings for the company would have been £47,050,000 the depreciation charge in the current period would have been £242,000 accumulated depreciation would have been £3,636,000 and net book value would have been £43,414,000.

Interest capitalised

The net book value included in tangible assets for cumulative interest capitalised amounts to nil for property (1999: £68,000) and nil for plant and equipment (1999: nil).

11. Investments

Cost	Unlisted Investment	Subsidiary	
	Loans	Undertakings	
	£'000	£'000	£'000
At 1 January 2000	5,400	1,521	6,921
Interest accrued in the year	1,499	-	1,499
At 31st December 2000	6,899	1,521	8,420

Interests in principal group undertakings:

	Country of incorporation or registration	Activity	Class and percentage of shares held by company	
Madame Tussauds Australia Pty Ltd	Australia	Family entertainment	Ordinary	100
Madame Tussaud Scenerama BV	Netherlands	Family entertainment	Ordinary	100
Warwick Castle Limited (incorporated 12th November 1998)	England and Wales	Holding Company	Ordinary	100

The company also owns all the issued share capital of Madame Tussaud's Limited, The London Planetarium Company Limited, and Warwick Castle Park Limited, which do not trade. The cost of these shares has been written off. The principal activity of all subsidiary undertakings was daytime family entertainment.

12. Stocks

	2000	1999
	£'000	£'000
Goods for resale	782	807

13. Debtors

	2000	1999
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,405	870
Amounts owing by group undertakings	293,430	112,239
Other debtors	1,027	613
Prepayments and accrued income	681	1,830
	296,543	115,552

14. Creditors: amounts falling due within one year

	2000	1999
	£'000	£'000
Bank loans and overdrafts	44,987	14,492
Trade creditors	1,476	1,304
Amounts owing to group undertakings	209,556	57,310
Corporation tax	431	115
Obligations under finance leases	300	94
Other taxation and social security	1,318	629
Other creditors	72	636
Accruals and deferred income	3,973	2,988
	<u>262,113</u>	<u>77,568</u>

15. Creditors: amounts falling due after more than one year

	2000	1999
	£'000	£'000
Amounts owing to group undertakings	118,842	119,556
Obligations under finance leases	836	318
	<u>119,678</u>	<u>119,874</u>

Amounts owing to group undertakings comprise:

a) £6,270,000 15% unsecured subordinated loan stock 2025 issued to Tussauds Limited as part consideration for acquisition of businesses. Interest accrued to 31 December 2000 amounts to £1,767,238 (1999 :£719,000).

b) Loan from Tussauds Finance Limited secured on assets of the business:

Amount	Interest rate
£'000	
24,471	3 months LIBOR plus 0.85% per annum
9,788	3 months LIBOR plus 1.35% per annum
48,943	7.078% per annum
<u>29,365</u>	8.167% per annum
<u>112,567</u>	

The repayment periods are:

	Amounts owed		Total	Total
	to group	Obligations under		
	undertakings	finance leases		
	2000	2000	2000	1999
	£'000	£'000	£'000	£'000
More than one year but not more than two years	2,496	333	2,829	1,876
More than two years but not more than five years	8,663	503	9,166	8,279
More than five years	<u>107,683</u>	<u>-</u>	<u>107,683</u>	<u>109,719</u>
	<u>118,842</u>	<u>836</u>	<u>119,678</u>	<u>119,874</u>

16. Provisions for liabilities and charges

	Deferred taxation £'000
At 1 st January 2000	3,730
Profit and loss account	(1,396)
	<hr/>
At 31st December 2000	2,334
	<hr/>

The above deferred tax provisions, which are also potential liabilities, are in respect of accelerated tax allowances.

Deferred tax as calculated by the liability method has been provided at the expected long term corporation tax rate of 30 per cent.

In the opinion of the directors, the revaluation reserves are not anticipated to be realised in the foreseeable future. They therefore do not constitute a timing difference and thus the deferred taxation has not been quantified or provided.

17. Share capital

	Number	2000 £	1999 £
Authorised, called up, allotted and fully paid			
Ordinary shares of £1 each	2,500,100	2,500,100	2,500,100
4 per cent cumulative preference shares of £1 each	100	100	100
		<hr/>	<hr/>
		2,500,200	2,500,200
		<hr/>	<hr/>

The cumulative preference shares are non-redeemable, non-voting and have preferential right to return of capital on a winding up.

18. Reserves

	Revaluation reserve £,000	Share premium £'000	Profit and loss £'000
At 1 st January 2000	9,898	52	(894)
Retained loss for the year	-	-	(4,278)
	<hr/>	<hr/>	<hr/>
At 31st December 2000	9,898	52	(5,172)
	<hr/>	<hr/>	<hr/>

19. Capital commitments

The company had no capital commitments authorised and contracted for at the year end.

20. Operating lease rentals

At 31st December 2000, the company had commitments under operating leases to make the following payments in the next financial year:

	Land and Buildings 2000 £'000	Other 2000 £'000	Land and Buildings 1999 £'000	Other 1999 £'000
For leases expiring:				
Within one year	-	30	-	13
Between one and five years	-	91	149	225
In five years or more	348	-	459	-
Total	348	121	608	238

21. Transactions with directors

No director had a material interest in any contract or arrangement with the company during the period.

22. Parent company and ultimate controlling party

The company is a wholly owned subsidiary of Tussauds Intermediate Holdings Limited. The ultimate parent company is The Tussauds Group Limited and the ultimate controlling party is Charterhouse General Partners (VI) Limited. The consolidated financial accounts of The Tussauds Group Limited may be obtained on request from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

23. Related party transactions

The company is a wholly owned subsidiary within The Tussauds Group Limited and utilises the exemption contained in FRS 8 Related Party Disclosures not to disclose any transactions with entities that are part of the group.