

LEGOLAND Windsor Park Limited

Registered No. 2721728

DIRECTORS

C M Nielsen (Chairman)
J Bøndergaard
R Powell
G Carpenter
D Bradley
W Haviluk
K Kalcher

SECRETARY

R Powell

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

SOLICITORS

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

REGISTERED OFFICE

200 Aldersgate Street
London EC1A 4JJ

 ERNST & YOUNG



DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The loss for the year amounted to £336,000 (1998 - loss of £1,692,000).

The directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's principal activity is and will continue to be the operation of LEGOLAND Windsor Park.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were those listed on page 1.

No director held any disclosable interest in the shares of the company or any other group undertaking.

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 Review' and 'Bric-a-Brac' 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.

CREDITOR 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.

At 31 December 1999 the company had an average of 66 days purchases outstanding in trade creditors.

DIRECTORS' REPORT

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

Since 31 December 1999 the company has not experienced any adverse effects as a result of the Year 2000 issue. The company is continuing to monitor its computer systems and any additional costs are not expected to be significant.

By order of the board



R Powell
Secretary

~~17 March 2000~~

25 May 2000

ERNST & YOUNG

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS
to the members of LEGOLAND Windsor Park Limited

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

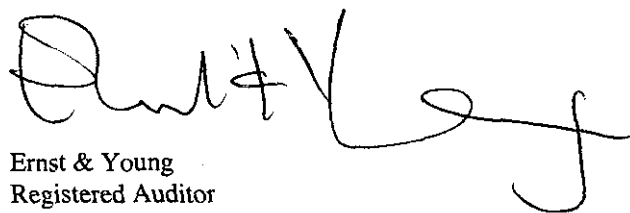
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

25 May 2000

LEGOLAND Windsor Park Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	Notes	1999 £000	1998 £000
TURNOVER	2	28,374	28,054
Cost of sales		5,555	5,973
Gross profit		22,819	22,081
Other income		17	30
Administrative expenses		(22,659)	(22,997)
OPERATING PROFIT/(LOSS)	3	177	(886)
Bank interest receivable		60	60
Interest payable	6	(573)	(866)
		(513)	(806)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(336)	(1,692)
Tax on loss on ordinary activities	7	-	-
LOSS ON ORDINARY ACTIVITIES FOR THE YEAR		(336)	(1,692)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no gains or losses other than those recognised in the profit and loss account.

LEGOLAND Windsor Park Limited

BALANCE SHEET

at 31 December 1999

	Notes	1999 £000	1998 £000
FIXED ASSETS			
Tangible assets	8	69,359	70,518
CURRENT ASSETS			
Stocks	9	1,782	1,515
Debtors	10	1,026	725
Cash		937	896
		3,745	3,136
CREDITORS: amounts falling due within one year	11	12,047	7,452
NET CURRENT LIABILITIES		(8,302)	(4,316)
TOTAL ASSETS LESS CURRENT LIABILITIES		61,057	66,202
CREDITORS: amounts falling due after more than one year	12	-	(4,809)
		61,057	61,393
CAPITAL AND RESERVES			
Called up share capital	14	77,800	77,800
Profit and loss account	15	(16,743)	(16,407)
		61,057	61,393

ERNST & YOUNG

D Bradley

~~C M Nielsen~~

~~17 March 2000~~

25 May 2000

)
) Directors

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The company is dependent on continuing finance being made available by its parent company to enable it to continue operating and meet its liabilities as they fall due.

The parent company has indicated its intention to continue to provide finance in order for the company to meet its liabilities as they fall due.

Statement of cash flows

The company, being a subsidiary undertaking of a parent which prepares publicly available consolidated accounts is taking advantage of the exemption in Financial Reporting Standard No. 1 not to present a statement of cash flows.

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.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction at rates calculated 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:

Freehold buildings	-	25 years
Plant and machinery	-	5 - 10 years
- including Motor vehicles	-	6 years
LEGO models	-	3 years
Fixtures and fittings	-	10 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

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.

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

LEGOLAND Windsor Park Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES (continued)

Related Parties

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the LEGO A/S group.

Pensions

The company contributes to the money purchase pension schemes of certain employees.

2. TURNOVER

Turnover represents income from the company's principal activities as set out in the directors' report (net of VAT).

	1999 £000	1998 £000
United Kingdom	27,989	26,202
Rest of the world	385	1,852
	<u>28,374</u>	<u>28,054</u>

3. OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting):

	1999 £000	1998 £000
Auditors' remuneration - audit	31	30
- non audit	35	66
Depreciation of owned assets	5,153	6,850
Operating lease rentals - land and buildings	124	124
- plant and equipment	22	29
Foreign exchange gain	(10)	(54)
	<u></u>	<u></u>

4. DIRECTORS' EMOLUMENTS

Only one director received emoluments during the year.

These emoluments were as follows:

	1999 £000	1998 £000
Emoluments	<u>159</u>	<u>189</u>

LEGOLAND Windsor Park Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

5. STAFF COSTS

	1999 £000	1998 £000
Wages and salaries	6,792	6,439
Social security costs	528	517
Other pension costs	72	98
	<u>7,392</u>	<u>7,054</u>

The average number of full-time equivalent staff including directors during the year was as follows:

	1999 No.	1998 No.
Manufacturing	10	31
Management and administrative	100	102
Operations	361	311
	<u>471</u>	<u>444</u>

6. INTEREST PAYABLE

	1999 £000	1998 £000
Bank interest	295	616
To connected company	278	250
	<u>573</u>	<u>866</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	1999 £000	1998 £000
UK corporation tax	-	-

No liability to corporation tax arises as a result of losses incurred during the year. In 1998 part of the company's loss for the year was surrendered to a fellow subsidiary but no payment has been made in respect of this surrender.

The company also has losses available to carry forward against future trading profits which would be sufficient to offset any reversal of timing differences arising from accelerated capital allowances. Accordingly no provision is made for deferred taxation.

LEGOLAND Windsor Park Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

8. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures and fittings £000</i>	<i>Assets in the course of construction £000</i>	<i>Total £000</i>
Cost:					
At 1 January 1999	59,162	22,867	6,299	572	88,900
Additions	33	233	-	4,111	4,377
Disposals	(238)	(82)	(136)	-	(456)
Transfers	647	1,997	273	(2,917)	-
At 31 December 1999	59,604	25,015	6,436	1,766	92,821
Depreciation:					
At 1 January 1999	4,943	10,924	2,515	-	18,382
Provided during the year	1,923	2,422	808	-	5,153
Disposals	-	(28)	(45)	-	(73)
At 31 December 1999	6,866	13,318	3,278	-	23,462
Net book value:					
At 31 December 1999	52,738	11,697	3,158	1,766	69,359
At 1 January 1999	54,219	11,943	3,784	572	70,518

9. STOCKS

	<i>1999 £000</i>	<i>1998 £000</i>
Raw materials	273	424
Goods for resale	1,509	1,091
	1,782	1,515

10. DEBTORS

	<i>1999 £000</i>	<i>1998 £000</i>
VAT recoverable	49	5
Trade debtors	270	142
Other debtors	28	9
Prepayments and accrued income	518	237
Amounts owed by fellow subsidiary undertakings	161	332
	1,026	725

LEGOLAND Windsor Park Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

11. CREDITORS: amounts falling due within one year

	1999 £000	1998 £000
Bank loans and overdraft	4,691	4,966
Trade creditors	1,004	598
Other creditors	268	379
Other taxes and social security costs	195	111
Accruals and deferred income	1,173	900
Amounts owed to fellow subsidiary undertakings	638	498
Amounts owed to parent company	4,078	-
	<u>12,047</u>	<u>7,452</u>

12. CREDITORS: amounts falling due after more than one year

	1999 £000	1998 £000
Amounts owed to parent company	-	4,809
	<u>-</u>	<u>4,809</u>

The loan principal is repayable in total on 31 December 2000, unless the lender and borrower agree in advance to another arrangement. Interest is charged each month at LIBOR plus 1/4 %.

13. DEFERRED TAXATION

No deferred taxation has been provided for in the accounts, and the amounts not provided are as follows:

	1999 £000	1998 £000
Accelerated capital allowances	(3,492)	(2,525)
Losses	7,418	6,888
Deferred tax asset	<u>3,926</u>	<u>4,363</u>

14. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1999 No.	1998 No.	1999 £000	1998 £000
Ordinary shares of £1 each	35,000,000	35,000,000	35,000	35,000
Redeemable ordinary shares of £1 each	50,000,000	50,000,000	42,800	42,800
	<u>85,000,000</u>	<u>85,000,000</u>	<u>77,800</u>	<u>77,800</u>

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.

LEGOLAND Windsor Park Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and loss account £000	Total £000
At 1 January 1998	77,800	(14,715)	63,085
Loss for the year		(1,692)	(1,692)
At 31 December 1998	77,800	(16,407)	61,393
Loss for the year		(336)	(336)
At 31 December 1999	77,800	(16,743)	61,057

16. CAPITAL COMMITMENTS

At 31 December 1999 the company had the following commitments in respect of the development of the Park:

	1999 £000	1998 £000
Contracted, not provided	787	542

17. OTHER FINANCIAL COMMITMENTS

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	1999 £000	1998 £000
Operating leases which expire:		
Within one year	83	-
Within two to five years	-	124

18. PENSION CONTRIBUTIONS

The company contributes to a number of money purchase schemes for certain of its directors and employees.

19. GUARANTEE

The company has guaranteed the operating lease on a property of a fellow subsidiary undertaking, LEGO Lifestyle International Limited. The annual rent paid under the lease is £59,000.

20. ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The company is a subsidiary undertaking of LEGO Park Holding UK Limited into which company's accounts, those of LEGOLAND Windsor Park Limited have been consolidated. 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 accounts of LEGO A/S are available from Erhvervs og Selskabsstyrelsen, Kampmannsgade 1, DK-1780 Copenhagen V, Denmark.

The directors consider the ultimate controlling party is the Kirk Kristiansen family interests.