Madame Tussauds Touring Exhibition Limited

Annual Report and Financial Statements

Registered number 3844617

53 weeks ended 31 December 2022

Contents

Strategic Report

The Directors present their Strategic Report for the 53 weeks ended 31 December 2022.

Strategic management

The principal activity of the Company throughout the period has been daytime family entertainment outside the United Kingdom, through a visitor attraction operated by the Company's Hong Kong branch. These financial statements are presented in Sterling and contain the results of the Hong Kong branch translated at the average rates of exchange during the period. The average Hong Kong Dollar/Sterling exchange rate during 2022 was 9.7 (*2021: 10.7*).

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

Business performance

Since 2020 the Company, like every business, has had to respond to the challenges presented by the COVID-19 pandemic. After some closure periods during 2020 the attraction re-opened in April 2021, but only operated for nine months during that year. The attraction was then closed again from early January until mid-April 2022 under local government policy.

As at the date of approving these financial statements, the impact of COVID-19 on trading continues to be assessed. During the period of the COVID-19 pandemic the Company took appropriate measures to reduce operating expenditure and preserve liquidity.

The Directors have determined that the result before interest, taxation and depreciation is the most appropriate key performance indicator (KPI) for an understanding of the development, performance and position of the Company. This indicator, as well as the revenue, profit before tax and net assets position of the Company, was as follows:

	2022	2021
	£000s	£000s
Loss before interest, tax and depreciation	**(134)**	(391)
Revenue	**915**	475
Profit before tax	**347**	319
Net assets	**69,192**	65,572

Strategic Report *(continued)*

Principal risks and uncertainties

The directors consider that the specific principal risks and uncertainties faced by the Company are as set out below. Together with the rest of the Merlin Entertainments Group, the Company has appropriate measures in place to mitigate these risks. These risks are discussed in further detail within the Annual Report and accounts of Motion JVco Limited and details of how to obtain these accounts can be found in note 1.

Risk type and description	How risks are managed
Safety – guests, staff members or contractors being harmed or becoming ill as result of serious incidents.	• Regular performance reviews by specific Merlin Board Committee • Ownership of health, safety and security (HSS) risks by line management. • Competent operational and engineering staff monitor and inspect facilities in accordance with a planned programme, backed up by professional HSS teams. • Annual risk register review and action planning processes. • Regular internal and independent external auditing and review regimes.
Innovation and customer satisfaction – if guests consider our offerings are outdated, no longer relevant or enjoyable, or provide negative social media comments that adversely influence the likelihood of a customer to visit an attraction.	• Customer feedback collected and analysed against challenging satisfaction targets. • Ongoing investment to continually refresh the guest experience. • Engagement with the public and on social media
People availability and expertise - attracting and retaining staff.	• Driving greater productivity to ensure more motivated, better rewarded employees. • Personal development plans to encourage long term employment stability. • Annual employee survey to monitor employee engagement and identify opportunities.
Competition - for consumers' leisure time	• Ongoing investment to ensure continued appeal to visitors. • Competitor research and monitoring.
IT robustness, technological developments and cyber security	• Strategic Groupwide focus to ensure the long term stability of operating systems and data security. • Implementation of additional security measures to mitigate the increasing threat of cyber security risk. • Data protection policies in place and continuous review of data protection approach
Impact of increasing costs on operating margins and capital expenditure	• Strategic focus on pricing • Cost base that can be flexed to meet demand. • Effective financial and contractual controls regarding procurement activities.
Liquidity / cashflow risk - a lack of liquidity could inhibit the ability of the Company to operate and grow.	• Access to Merlin banking facilities (see note 20)

Directors' Report

The Directors present their Directors' Report and the audited financial statements for the 53 weeks ended 31 December 2022 *(2021: 52 weeks ended 25 December 2021)*.

Dividends

The Directors do not recommend the payment of a dividend *(2021: £nil)*.

Directors

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

- F Rose
- M Jowett

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

Employees

Regular informal meetings are held between management and employees in order to keep employees informed on current developments within the company and to take account of their views in making decisions likely to affect their interests. In addition the wider Merlin Entertainments Group keep teams up to date via the digital newsletter 'The Wizard's News.'

Disabled persons

The Company makes no differentiation between able bodied and disabled persons in terms of recruitment, training and career progression. The Company will make every effort to continue the employment and training of those persons who become disabled while employed by the company.

Charitable and political donations

The Company made no charitable or political donations during the period *(2021: £nil)*.

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 auditor

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

Going Concern

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

The projections and forecasts prepared for the going concern assessment period to the end of Q3 2024, indicate that the Company will have sufficient funds and resources to continue in operational existence, operate within its available facilities and settle its liabilities as they fall due. Motion JVco Limited, the ultimate parent company, has also provided a letter of support confirming that it will continue to make available such funds as are needed by the company.

For further details see note 1 to the financial statements.

Directors' Report *(continued)*

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 Strategic Report and the Directors' Report were both approved by the Board on 5 June 2023.

By order of the Board

F Rose
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.

Independent Auditor's Report to the members of Madame Tussauds Touring Exhibition Limited

Opinion

We have audited the financial statements of Madame Tussauds Touring Exhibition Limited for the 53 week period ended 31 December 2022 (the 'period') which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.
Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements, are those that relate to the reporting framework (International Accounting Standards in conformity with the requirements of the Companies Act 2006, and FRS 101 and the Companies Act 2006), Health and Safety regulations and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We understood how Madame Tussauds Touring Exhibition Limited is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of Board and other relevant committee minutes, discussions with the Audit Committee, review of whistleblowing reports and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of the users of the financial statements.
- Based on this understanding we designed our audit procedures to identify irregularities including fraud. We performed audit procedures, including through testing journal entries include those impacting revenue and other adjustments for appropriateness. These procedures included the use of data analytics in our testing and correlation of revenue to cash and were designed to provide reasonable assurance the financial statements were free from material fraud or error. Our procedures involved review of Board minutes to identify non-compliance with such laws and regulations, enquiries of legal counsel, management and internal audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Richard Harrison (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
5 June 2023

Statement of comprehensive income

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

	Note	2022 £000s	2021 £000s
Revenue	2	**915**	475
Cost of sales		**(121)**	(64)
Gross profit		**794**	411
Other operating income		**71**	-
Operating expenses		**(2,898)**	(2,365)
Operating loss	3	**(2,033)**	(1,954)
Finance income	6	**2,463**	2,345
Finance costs	7	**(83)**	(72)
Profit before tax		**347**	319
Taxation	8	**(257)**	(141)
Profit for the year		**90**	178
Other comprehensive income			
Items that may be reclassified to the income statement			
Exchange differences on the retranslation of net assets of foreign operations		**3,369**	(125)
Total comprehensive income for the year		**3,459**	53

Statement of financial position
as at 31 December 2022 (2021: as at 25 December 2021)

	Note	2022 £000s	2021 £000s
Non-current assets			
Property, plant and equipment	9	**4,848**	5,026
Right-of-use assets	17	**1,163**	1,482
Investments	11	**11,358**	11,358
Other receivables	12	**23,625**	23,161
Deferred tax assets	15	**470**	167
		41,464	41,194
Current assets			
Inventories	10	**-**	3
Trade and other receivables	12	**32,233**	29,165
Cash and cash equivalents	20	**357**	645
		32,590	29,813
Total assets		**74,054**	71,007
Current liabilities			
Trade and other payables	13	**(3,020)**	(3,482)
Lease liability	17	**(474)**	(379)
		(3,494)	(3,861)
Non-current liabilities			
Provisions	14	**(866)**	(758)
Lease liability	17	**(502)**	(816)
		(1,368)	(1,574)
Total liabilities		**(4,862)**	(5,435)
Net assets		**69,192**	65,572
Capital and reserves			
Share capital	16	**-**	-
Capital reserve		**-**	974
Translation reserve		**4,310**	941
Retained earnings		**64,882**	63,657
Total equity		**69,192**	65,572

These financial statements were approved by the Board of Directors on 5 June 2023 and were signed on its behalf by:

F Rose
Director

Statement of changes in equity

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

	Share capital £000s	Capital reserve £000s	Translation reserve £000s	Retained earnings £000s	Total equity £000s
At 26 December 2020	-	974	1,066	63,479	**65,519**
Profit for the year	-	-	-	178	**178**
Other comprehensive loss for the year	-	-	(125)	-	**(125)**
Total comprehensive income for the year	-	-	(125)	178	**53**
At 25 December 2021	-	**974**	**941**	**63,657**	**65,572**
Profit for the year	**-**	-	**-**	**90**	**90**
Other comprehensive income for the year	**-**	-	**3,369**	-	**3,369**
Total comprehensive income for the year	**-**	-	**3,369**	**90**	**3,459**
Transfer between reserves	-	**(974)**	-	**974**	**-**
Share based payment transactions (note 19)	**-**	**-**	**-**	**161**	**161**
At 31 December 2022	**-**	**-**	**4,310**	**64,882**	**69,192**

Notes to the financial statements

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

1 Accounting policies

Basis of preparation

These financial statements have been prepared for the 53 weeks ended 31 December 2022 *(2021: 52 weeks ended 25 December 2021).*

Madame Tussauds Touring Exhibition Limited (the Company) is incorporated 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's functional currency is Hong Kong Dollars, due to the trade of the Company being undertaken in Hong Kong. As a registered UK Company, the Directors have chosen to present the financial statements in Sterling.

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 includes the Company in their consolidated financial statements, which are prepared in accordance with adopted IFRSs and are available to the public and may 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;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of leases.

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

- IFRS 2 Share-based Payments in respect of Group settled share-based payments; and
- 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.

Notes to the financial statements *(continued)*
for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

1 Accounting policies *(continued)*

New accounting standards

In 2020, in response to the COVID-19 pandemic, the International Accounting Standards Board (IASB) issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. On 31 March 2021 the IASB extended this amendment beyond 30 June 2021. As a lessee the Company has applied the practical expedient and was not required to assess whether eligible rent concessions are lease modifications. Accordingly, a concession in the form of reductions in rent has been accounted for as a variable lease payment and recognised in profit or loss.

No other new accounting standards, amendments, or IFRIC interpretations have had a significant impact on the Company during the year.

Judgements and estimates

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.

Judgements

Management considers the following area to be a judgement that has a significant effect on the amounts recognised in the financial statements:

- *Expected credit losses (note 12) – the Company has exercised its judgement in assessing that there are no credit losses relating to financial assets.*

Estimates

Management considers the following areas to involve a degree of estimation uncertainty:

- *Taxation (note 8)* - recognition of deferred tax balances and accounting for tax risks.
- *Investments (note 11)* - earnings multiples and discounted cash flows when calculating the value of investments, which underpins the annual review of the carrying amount of the Company's investment in subsidiaries.
- *Provisions (note 14)* - estimated outflow to settle the obligations and, where relevant, the appropriate discount and inflation rates to apply.
- *Lease obligations (note 17)* - estimation of the discount rate used in the calculation of certain lease liabilities. IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the Group to extend the lease term, the Group makes a judgement as to whether it is reasonably certain that the option will be taken.

While these areas do not present a significant risk resulting in a material adjustment, they are areas of focus for management.

Going concern

The Company reported a profit after tax for the period of £90,000 and as at 31 December 2022 had net assets of £69,192,000. The financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below.

Prior to the COVID-19 pandemic, the Company traded profitably and generated positive cash flows on its own account, participating in the Merlin Entertainments Group's centralised treasury arrangements and sharing banking arrangements with its fellow Group companies.

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

1 Accounting policies *(continued)*

Going concern *(continued)*

As at the date of approving these financial statements, the impact of COVID-19 on trading is being assessed continually. During the period of the COVID-19 pandemic the Company has been taking appropriate measures to reduce operating expenditure and preserve liquidity. The Company's visitor attraction in Hong Kong is now open and trading, albeit with reduced visitor volumes. While understanding that it is currently difficult to forecast accurately at this time, but reflecting the latest situation, our current base case assumption up to the end of Q3 2024 is that there will be a gradual recovery to more normalised trading levels.

The projections and forecasts prepared for the going concern assessment period to the end of Q3 2024 are derived from the Group's 2023 budget and longer term strategic plan, approved by the Board of Motion JVco Limited, the ultimate parent company, in December 2022, with relevant refinements made to reflect more recent information. This period has been selected as the going concern assessment period to ensure that it includes the likely liquidity low point in the next trading cycle.

Taking into account the Company's immediately available cash reserves, and access to funding if required from fellow Group companies, these forecasts indicate that the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Company's immediate parent undertaking, Merlin Entertainments Group Holdings Limited, has confirmed to the Company that it will continue to enable the Company to access cash funds when required under a lending facility agreement, where the availability on demand as at 31 December 2022 was £25,991,000.

Motion JVco Limited, the ultimate parent company, has provided a letter of support confirming that it will continue to make available such funds as are needed by the company. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Considering the Company's statement of financial position, available facilities, support from its parent undertaking and the Group's cash flow forecasts, these financial projections indicate that the Company will have sufficient funds and resources to continue in operational existence, operate within its available facilities and settle its liabilities as they fall due over the going concern assessment period. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

Classification of financial instruments issued by the Company

Financial instruments are recognised on the statement of financial position when the Company becomes party to the contractual provisions of the instrument. The accounting policy for each type of financial instrument is included within the relevant note.

Financial assets are initially measured at fair value, unless otherwise noted, and are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire or the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities are initially measured at fair value, plus, in the case of other financial liabilities, directly attributable transaction costs. Other financial liabilities are measured at amortised cost. Financial liabilities are measured at fair value through profit or loss and are held on the statement of financial position at fair value. A financial liability is derecognised when the Company's obligations are discharged, expire or are cancelled. Finance payments associated with financial liabilities are dealt with as part of finance costs.

An equity instrument is any contract that has a residual interest in the assets of the Company after deducting all of its liabilities. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Notes to the financial statements *(continued)*
for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

1 Accounting policies *(continued)*

***Classification of financial instruments issued by the Company** (continued)*

Where financial instruments consist of a combination of debt and equity, the Company will assess the substance of the arrangement in place and decide how to attribute values to each taking into consideration the policy definitions above.

The Company assesses expected credit losses (ECLs) in accordance with IFRS9 - Financial Assets, and makes a judgement as to whether allowances are required for ECLs based on the risk of non-payment, taking into account ageing, previous experience, economic conditions and forward-looking data.

The Company applies the 3-stage impairment model as prescribed by IFRS 9. If the Company assesses that there has not been a significant increase in the credit risk of a financial asset since initial recognition, then the asset is considered to be at Stage 1 of the model and 12 month expected credit losses (ECLs) are calculated on that asset. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

If the asset is subsequently assessed to have experienced a significant increase in credit risk the asset is considered to have moved to Stage 2 of the model and lifetime ECLs are calculated. If the asset has become credit-impaired it is considered to have moved to Stage 3.

The Company initially recognises loss allowances on financial assets at an amount equal to 12 month ECLs, which are the portion of ECLs that are possible within the 12 months after the reporting date. In measuring these ECLs the Company considers reasonable and supportable information that is relevant and available without undue cost or effort, which includes both historical and forward looking quantitative and qualitative information in applying IFRS 9's staging.

At each reporting date the Company assesses whether financial assets are 'credit-impaired'. The Company considers that a financial asset is credit-impaired when one or more of the following events have occurred:

- significant financial difficulty of the borrower;
- a breach of contract or default event;
- the restructure of a loan by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or financial reorganisation.

Once the stage of the asset has been determined, the Company calculates an ECL on a probability weighted basis by adopting the methodology; Probability of Default (PD) * Loss Given Default (LGD) * Exposure at Default (EAD).

In determining each of the above components the Company considers the contractual terms of the asset. Historical and forward-looking information of borrowers are considered in the case of intercompany receivables. In assessing PD the Company uses comparable market available data for credit default swap spreads. In assessing LGD the Company considers asset recoverability including collateral and credit enhancements. Loss allowances for financial assets measured are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset at amortised cost is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or portion thereof. The Company makes an assessment with respect to the timing and amount of the write-off based on expectations of recovery by considering indicators such as 180 days past due.

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.

Notes to the financial statements *(continued)*
for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

1 Accounting policies *(continued)*

Finance income and costs

Finance costs comprise interest payable, unwinding of discounts on the asset retirement provision and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Finance income comprises interest receivable from funds invested and net foreign exchange gains.

Finance income and costs are recognised in the income statement as they accrue, 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.

Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses.

Where components of an item of PPE have different useful lives, they are accounted for separately.

The initial cost of PPE includes all costs incurred in bringing the asset into use and includes external costs for the acquisition, construction and commissioning of the asset and internal project costs (primarily staff expenses).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of PPE. Land is not depreciated. Assets under construction are not depreciated until they come into use, when they are transferred to buildings or plant and equipment as appropriate. No residual values are typically considered.

The estimated useful lives are as follows:

Buildings	50 years, or the period of the lease if shorter
Plant and equipment	5 - 30 years

Impairment testing

The carrying amounts of the Company's PPE are reviewed annually to determine whether there is any indication of impairment. If any such indication exists or if the asset has an indefinite life, the asset's recoverable amount is estimated.

The process of impairment testing is to estimate the recoverable amount of the assets concerned, and recognise an impairment loss whenever the carrying amount of those assets exceeds the recoverable amount.

Impairment losses are recognised in the income statement. They are allocated first to reduce the carrying amount of goodwill, and then to reduce the carrying amount of other intangible assets and other assets on a pro rata basis.

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.

The results and financial position of foreign operations are translated into Sterling as follows:

- Assets and liabilities are translated at the closing rate at the end of the reporting period.
- Income and expenses are translated at average exchange rates during the year.
- All resulting exchange differences are recognised in equity in the translation reserve.

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

1 Accounting policies *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is measured using the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

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.

Leases

Where a contract provides the right to control the use of an asset for a period of time in exchange for consideration, the contract is accounted for as a lease. In order for lease accounting to apply, an assessment is made at the inception of the contract that considers whether;

- the Company has the use of an identified asset, which entitles it to the right to obtain substantially all of the economic benefits that arise from the use of the asset, and;
- the right to direct the use of the asset, either through the right to operate the asset or by predetermining how the asset is used.

At the lease commencement date the Company, as the lessee, will recognise; a lease liability representing its obligation to make lease payments and an asset representing its right to use the underlying leased asset (ROU asset).

The lease liability is initially measured as the present value of future lease payments, discounted using the interest rate implicit in the lease, or if not available an incremental borrowing rate. Future lease payments will include fixed payments, variable lease payments that depend on an index or rate (initially measured at the rate at the commencement date) and amounts expected to be payable by the lessee under residual value guarantees.

The ROU asset is initially measured at cost, which comprises the amount initially recognised as the lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred, and the estimated costs to be incurred at the end of the lease to restore the site to the required condition stipulated in the lease.

On inception of a lease for a new site, where required, the estimated cost of decommissioning any additions is included within ROU assets and depreciated over the lease term. A corresponding asset retirement provision is set-up and the discounting applied is unwound over the lease term.

Depreciation (and any subsequent impairment) on the ROU asset, interest on the lease liability and any variable lease payments are all recognised in the income statement.

The lease liability is adjusted for interest on the liability, adjustments to the lease payments and any reassessment of the lease as a result of a contract modification.

After the commencement date the Company measures the ROU asset using a cost model, reducing the cost through depreciation and any impairment losses. Adjustments will be made to the ROU asset to reflect the changes in the lease liability as a result of changes to lease payments or modifications to the lease.

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

1 Accounting policies *(continued)*

Revenue

Revenue represents the amounts received (excluding VAT and similar taxes) as set out below. When accounting for revenue, an assessment is made, considering the control principles of IFRS 15, as to whether parties involved in providing goods or services to a customer are acting as a principal (if they control delivery to the customer) or, if they are arranging for those goods or services to be provided by the other party, as an agent.

Visitor revenue represents admissions tickets, retail, food and beverage sales and other commercial offerings such as photos and games experiences inside the attraction. Tickets, annual passes and other services can be bought in advance, generally online, in which case they are held in deferred revenue and recognised when the visitor uses those tickets or services or the validity period expires. Revenue from annual passes and other tickets that entitle a customer to continued visits over a period of time is deferred and then recognised over the period that the pass is valid. Retail and food and beverage revenue, along with other similar commercial offerings, is recognised at the point of sale.

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Provisions

Provisions are recognised when the Company has legal or constructive obligations as a result of past events and it is probable that expenditure will be required to settle those obligations. They are measured at the Directors' best estimates, after taking account of information available and different possible outcomes.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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.

Capital reserve

The capital reserve includes the cumulative amounts recognised in relation to share based payment schemes operated by the company. During 2022 the previous balance of £974,000 was transferred to retained earnings.

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

1 Accounting policies *(continued)*

Share based payments

The Company is a hiring entity for which staff retention services are received in exchange for share-based payment plans issued by the Merlin Group. These plans are the obligation of fellow Group companies Motion JVco Limited or Motion Topco Limited to settle with cash or equity respectively. The Company has no obligation to settle the transactions and hence classifies these share-based payment transactions as equity settled per IFRS 2 'Share-based payment'. The fair value of share plans is recognised as an expense over the expected vesting period with a corresponding entry to retained earnings. All entries are net of deferred tax. The fair value of share plans is determined at the date of grant. The fair value of awards granted is measured based on observable market data, taking into account the terms and conditions upon which awards were granted. For all cash-settled awards and cash-settled elements relating to compound instruments, the fair value is re-measured at each accounting date up to the vesting date by applying an option pricing model. Non-market based performance conditions (including most likely exit events) are taken into account for all plans in estimating the number of awards likely to vest, which is reviewed at each accounting date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment is made after the vesting date even if the awards are forfeited or are not exercised.

2 Revenue

Revenue is wholly attributable to the principal activity of the Company and arises solely in Hong Kong.

3 Operating loss

Operating loss is stated after charging or crediting:

	2022	2021
	£000s	£000s
Depreciation of property, plant and equipment	**1,351**	1,230
Depreciation of right-of-use assets	**548**	333
Rent waiver as a result of COVID-19	**(20)**	(36)
Expense relating to variable lease payments	**426**	414

Auditor's remuneration was as follows:

	2022	2021
	£000s	£000s
Audit of these financial statements	**31**	36
Other assurance services	**-**	7
	31	43

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.

Notes to the financial statements *(continued)*
for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

4 Staff numbers and costs

The average number of persons employed by the company (including Directors) during the period was as follows:

	2022	2021
Attraction management and central administration	**7**	7
Operations	**24**	20
	31	27

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000s	£000s
Wages and salaries	**1,831**	1,440
Share-based payments	**161**	-
Other pension costs	**24**	33
	2,016	1,473

5 Directors' remuneration

The Directors received no remuneration from the Company during the period and are paid by other Group undertakings. Neither of the Directors received remuneration for their services to the Company as the services provided to the Company form part of their wider role in the Group and there is no appropriate basis on which to allocate their remuneration by individual entity.

6 Finance income

	2022	2021
	£000s	£000s
Interest income on amounts owed by Group undertakings	**2,463**	2,345
	2,463	2,345

7 Finance costs

	2022	2021
	£000s	£000s
Unwinding of discount on asset retirement provision	**27**	4
Interest expense on lease liabilities	**56**	68
	83	72

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

8 Taxation

Recognised in the statement of comprehensive income

	2022	2021
	£000s	£000s
Current tax expense		
Current year	**431**	445
Adjustments for prior periods	**27**	19
Total current tax expense	**458**	464
Deferred tax credit (note 15)		
Origination and reversal of temporary differences	**(199)**	(327)
Changes in tax rate	**-**	-
Adjustments for prior periods	**(2)**	4
Total deferred tax credit	**(201)**	**(323)**
Total tax expense in income statement	**257**	**141**

Reconciliation of effective tax rate

	2022	**2022**	2021	2021
	%	**£000s**	%	£000s
Profit before tax		**347**		319
Income tax using the domestic corporation tax rate	**19.0%**	**66**	19.0%	61
Expense not deductible for tax purposes		**55**		4
Effect of tax rates in foreign jurisdictions		**111**		53
Adjustments in respect of prior periods		**25**		23
Total tax expense in the income statement	**74.1%**	**257**	44.1%	141

The standard rate for UK corporation tax used in the 53 weeks ended 31 December 2022 was 19.0% *(2021: 19.0%)*. The current rate of 19.0% continued until April 2023 when it increased to 25%, as announced in the March 2021 Budget. This will have a consequential effect on the Company's future tax charge.

Notes to the financial statements *(continued)*
for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

9 Property plant and equipment

	Plant and equipment £000s
Cost	
At 26 December 2020	14,629
Additions	84
Effects of movement in foreign exchange	(48)
At 25 December 2021	14,665
Additions	810
Disposals	(138)
Effects of movement in foreign exchange	1,602
At 31 December 2022	**16,939**
Depreciation	
At 26 December 2020	8,409
Charge for the year	1,230
At 25 December 2021	9,639
Charge for the year	1,351
Effects of movement in foreign exchange	1,101
At 31 December 2022	**12,091**
Carrying value	
At 26 December 2020	6,220
At 25 December 2021	5,026
At 31 December 2022	**4,848**

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

10 Inventories

	2022	2021
	£000s	£000s
Goods for resale	-	3

11 Investments

	£000s
Cost and carrying value	
At 26 December 2020, 25 December 2021 and 31 December 2022	**11,358**

There were no movements in investments during either 2021 or 2022.

During the year the Company reviews the investment balances for any indicators of impairment in accordance with the accounting policy, as referred to in note 1. No material adjustments were made in 2021 or 2022.

The Company has the following direct investment in a subsidiary undertaking:

Company	Country of incorporation	Class of share held	2022 Shareholding	2021 Shareholding
Merlin Entertainments Hong Kong Limited	China	Ordinary	100%	100%

Registered office: Shops B131, B132 & B133 of Level B1, K11 Musea Victoria Dockside, 12 Salisbury Road Tsim Sha Tsui, Kowloon Hong Kong

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

12 Trade and other receivables

	Non-current 2022 £000s	Non-current 2021 £000s	**Current 2022 £000s**	Current 2021 £000s
Trade receivables	**-**	-	**-**	12
Amounts owed by Group undertakings	**23,330**	22,906	**32,085**	28,956
Prepayments and accrued income	**295**	255	**148**	197
	23,625	23,161	**32,233**	29,165

The amounts owed by Group undertakings are classified as financial assets and as such are recorded at amortised cost in accordance with the "Classification of financial instruments issued by the Company" accounting policy disclosed on pages 14 and 15 of these accounts.

Where amounts owed by Group undertakings have been agreed as receivable 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 by Group undertakings is charged this has been at a rate of 4.9% per annum (*2021: 4.6% per annum*).

Amounts owed by Group undertakings and classified as current include £25,991,000 (*2021: £25,221,000*) that is available on demand under a lending facility with the Company's parent undertaking.

The Company considers the carrying amount of these assets to be a reasonable approximation to their fair value.

Credit risk

Credit risk is limited to the carrying value of the amounts due as noted above. Credit risk is the risk of financial loss to the Company arising if the counterparty to a financial instrument fails to meet its contractual obligations. All financial assets are concluded with companies within the Merlin Entertainments Group, which are expected to fully perform under the terms of the respective agreements. The Company does not expect any counterparties to fail to meet their obligations. The Company assessed the credit risk for the loans based on the long-term corporate credit rating of the Group. At 31 December 2022 all assets within the Company were performing with none past due or credit impaired.

The Company has assessed for Expected Credit Losses (ECLs) in accordance with the aforementioned policy and no material adjustments arose as a result of this assessment. This reflects the assessment of the quality of the receivables.

13 Trade and other payables

	Current 2022 £000s	Current 2021 £000s
Trade payables	**392**	370
Amounts owed to Group undertakings	**1,622**	1,956
Accruals and deferred income	**730**	890
Other payables	**276**	266
	3,020	3,482

The amounts owed to Group undertakings are classified as financial liabilities and as such are recorded at amortised cost in accordance with the "Classification of financial instruments issued by the Company" accounting policy disclosed on pages 14 and 15 of these accounts. The amounts owed to Group undertakings are repayable on demand and no interest is being charged on these balances.

Notes to the financial statements *(continued)*
for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

14 Provisions

	Asset retirement provisions £000s
At 25 December 2021	758
Created during the year (see note 17)	60
Effects of movements in foreign exchange	21
Unwinding of discount (see note 7)	27
At 31 December 2022	**866**
2022	
Non-current	866
	866
2021	
Non-current	758
	758

The asset retirement provision relates to the anticipated costs of removing assets from and restoring the site in Hong Kong at the end of its lease term. It was established on inception and is reviewed annually. It is discounted back to present value with the discount then being unwound through the income statement as part of finance costs, as reported in note 7.

The cost of establishing this provision together with the impact of any changes in the discount rate is capitalised within the cost of the related right-of use assets, as reported in note 17.

15 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets 2022 £000s	Assets 2021 £000s	**Liabilities 2022 £000s**	Liabilities 2021 £000s	**Net 2022 £000s**	Net 2021 £000s
Property, plant and equipment	-	-	**(511)**	(507)	**(511)**	(507)
Right-of-use assets/lease liability	**79**	49	-	-	**79**	49
Other short term temporary differences	**20**	18	-	-	**20**	18
Tax value of loss carry-forwards	**882**	607	-	-	**882**	607
Net tax assets/(liabilities)	**981**	674	**(511)**	(507)	**470**	167

Other short term temporary differences primarily relate to financial assets and liabilities and various accruals and prepayments.

Notes to the financial statements *(continued)*
for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

15 Deferred taxation *(continued)*

Movement in deferred tax during the current period:

	At 26 December 2021 £000s	Recognised in income statement £000s	Effects of movements in foreign exchange £000s	At 31 December 2022 £000s
Property, plant and equipment	(507)	35	(39)	(511)
Right-of-use assets/lease liability	49	18	12	79
Other short term temporary differences	18	-	2	20
Tax value of loss carry-forwards	607	148	127	882
Net tax assets	**167**	**201**	**102**	**470**

Movement in deferred tax during the previous period:

	At 27 December 2020 £000s	Recognised in income statement £000s	Effects of movements in foreign exchange £000s	At 25 December 2021 £000s
Property, plant and equipment	(551)	41	3	(507)
Right-of-use assets/lease liability	46	3	-	49
Other short term temporary differences	40	(21)	(1)	18
Tax value of loss carry-forwards	296	300	11	607
Net tax assets/(liabilities)	**(169)**	**323**	**13**	**167**

16 Share capital

	2022 £000s	2021 £000s
Authorised		
100 (2021: 100) ordinary shares of £1 each	-	-
Allotted, called up and fully paid		
1 (2021: 1) ordinary share of £1	-	-

The holders of the 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.

Notes to the financial statements *(continued)*
for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

17 Lease obligations

Right-of-use assets

	Land and buildings £000s
Cost	
At 26 December 2020	4,100
Movements in asset retirement provisions	461
Effects of movement in foreign exchange	(14)
At 25 December 2021	4,547
Additions	77
Movements in asset retirement provisions	60
Effects of movement in foreign exchange	429
At 31 December 2022	**5,113**
Depreciation	
At 26 December 2020	2,734
Charge for the year	332
Effects of movement in foreign exchange	(1)
At 25 December 2021	3,065
Charge for the year	548
Effects of movement in foreign exchange	337
At 31 December 2022	**3,950**
Carrying value	
At 26 December 2020	1,366
At 25 December 2021	1,482
At 31 December 2022	**1,163**

During the year the Company reviews useful economic lives and tests ROU assets for impairment in accordance with the accounting policy, as referred to in note 1. No material adjustments were made in 2021 or 2022.

Lease liabilities

	2022 £000s	2021 £000s
Current	**474**	379
Non-current	**502**	816
	976	1,195

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2022 (2021: 52 weeks ended 25 December 2021)

18 Pension commitments

During the period the company operated a defined contribution pension scheme for a number of its employees. The pension charge for the period was £24,000 *(2021: £33,000)*. The pension costs are charged to the income statement in the period that they are incurred and any outstanding contributions at the period end are included within creditors. The assets of the scheme are held separately from those of the company in independently administered funds. At the period end the outstanding contributions due to the scheme were £nil *(2021: £nil)*.

19 Share-based payment transactions

The Merlin Group operates employee share incentive plans. Eligible employees of the Company have been issued share awards relating to the Group's Management Share Scheme (MSS). The MSS's are accounted for as part equity-settled, part cash-settled and part compound instruments. MSS plans were granted to Group employees on several dates from 11 November 2021 to 14 November 2022. Eligible employees were either awarded ordinary C shares in Motion Topco Limited or awards which entitle the employee to a cash payment equivalent to the fair value of a notional number of shares upon vesting. Further details on this scheme can be found in the consolidated financial statements of the Company's ultimate parent, Motion JVco Limited.

20 Banking arrangements and other guarantees

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

Together with other Group undertakings, and in connection with the Group's secured debt facilities, the Company has previously entered into cross guarantees in respect of the indebtedness of certain other Group companies, which include charges over certain Group assets.

21 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.