

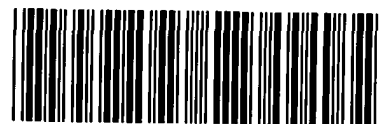
Merlin Entertainments Group Limited

Annual Report and financial statements

Registered number 5022287

52 weeks ended 30 December 2017

THURSDAY



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27/09/2018
COMPANIES HOUSE

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Strategic Report

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

Strategic management

The Company's principal activity is as a holding company and provider of management services to other Group companies.

Business environment

The Company's principal risks and uncertainties are directly related to Merlin Entertainments plc and its subsidiaries (the Group). The principal risks are discussed within the Annual Report and accounts of Merlin Entertainments plc and details of how to obtain these accounts can be found in note 19. Accordingly no specific risks and uncertainties are identified in these financial statements.

Business performance

The Directors have determined that the result before tax and the net assets or liabilities position are the most appropriate key performance indicators (KPI's) for an understanding of the development, performance and position of the Company. The results for the 52 weeks ended 30 December 2017 for the Company show a loss before tax of £6,063,000 (53 weeks ended 31 December 2016: £9,531,000). As at 30 December 2017, the Company had net assets of £4,442,000 (31 December 2016: £10,883,000). This is in line with expectations and the Directors are satisfied with the performance and position of the Company.

Directors' Report

The Directors present their Directors' Report and the audited financial statements for the 52 weeks ended 30 December 2017. Details of the Company's principal activity and future developments; its principal risks and uncertainties; and its KPIs can be found within the Strategic Report.

Dividends

The Directors do not recommend the payment of a dividend (2016: *£nil*).

Directors

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

F Rose
M Jowett

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

Political donations

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

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 a quarterly newsletter is produced.*

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.

Post balance sheet events

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

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

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

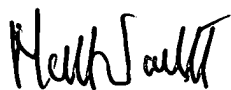
Information presented in other sections

Details of the Company's principal activity and future developments; its principal risks and uncertainties; and its KPIs can be found within the Strategic Report. The going concern assessment can be found within note 1 of the financial statements.

Directors' Report *(continued)*

The Strategic Report and the Directors' Report were both approved by the Board on 20 September 2018.

By order of the Board



M Jowett
Director
Link House
25 West Street
Poole
Dorset
BH15 1LD

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;*
- *assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and*
- *use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.*

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Independent Auditor's Report to the members of Merlin Entertainments Group Limited

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

Strategic Report and Directors' Report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.



Independent Auditor's Report to the members of Merlin Entertainments Group Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

James Childs-Clarke
Senior Statutory Auditor

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

26 September 2018

Statement of comprehensive income

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

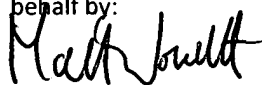
	<i>Note</i>	2017 £000	2016 £000
Revenue	2	18,715	18,124
Operating expenses		(24,986)	(27,703)
Operating loss	3	(6,271)	(9,579)
Finance income	6	209	75
Finance costs	7	(1)	(27)
Loss before tax		(6,063)	(9,531)
Taxation	8	860	1,831
Loss for the year		(5,203)	(7,700)
Other comprehensive income for the year net of income tax		-	-
Total comprehensive loss for the year		(5,203)	(7,700)

Statement of financial position

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

	Note	2017 £000	2016 £000
Non-current assets			
Property, plant and equipment	9	49	-
Investments	10	12,136	12,136
Other receivables	11	6,551	6,551
Deferred tax assets	14	497	1,480
		19,233	20,167
Current assets			
Tax receivable		27,166	1,346
Trade and other receivables	11	29,303	48,546
		56,469	49,892
Total assets		75,702	70,059
Current liabilities			
Trade and other payables	12	(12,561)	(31,535)
Provisions	13	(1,215)	(922)
Cash and cash equivalents		(57,386)	(26,671)
		(71,162)	(59,128)
Non-current liabilities			
Provisions	13	(98)	(48)
Total liabilities		(71,260)	(59,176)
Net assets		4,442	10,883
Capital and reserves			
Share capital	15	38	38
Capital reserve		8,204	9,442
Retained earnings		(3,800)	1,403
Total equity		4,442	10,883

These financial statements were approved by the Board of Directors on 20 September 2018 and were signed on its behalf by:



M Jowett
Director

Statement of changes in equity

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

	Share capital £000	Capital reserve £000	Retained earnings £000	Total equity £000
At 27 December 2015	38	4,420	9,103	13,561
Total comprehensive loss for the year	-	-	(7,700)	(7,700)
Equity-settled share based payment transactions	-	5,022	-	5,022
At 31 December 2016	38	9,442	1,403	10,883
Total comprehensive loss for the year	-	-	(5,203)	(5,203)
Equity-settled share based payment transactions	-	(1,238)	-	(1,238)
At 30 December 2017	38	8,204	(3,800)	4,442

Notes to the financial statements

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

1 Accounting policies

Basis of preparation

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

Merlin Entertainments Group Limited (the Company) is a company incorporated, registered and domiciled in the UK. It is a private company limited by shares. The address of its registered office is Link House, 25 West Street, Poole, Dorset BH15 1LD.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

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

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

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

- 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.

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 December 2017 have had a material impact on the Company.

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the financial statements

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

1 Accounting policies (continued)

Going concern

The Company meets its day-to-day working capital requirements through a combination of consolidated banking arrangements (including notional cash pooling) and intergroup loan facilities. Taking account of reasonably possible changes in trading performance, the Company will be able to operate within the level of its currently available funding.

For the year ended 30 December 2017, the Company recorded pre-tax losses of £6,063,000 (2016 pre-tax losses: £9,531,000) and as at 30 December 2017 had a net current liabilities position of £14,693,000 (31 December 2016: £9,236,000). An intermediate parent undertaking has confirmed that it will provide such financial and other support as is necessary to enable the Company to trade and meet its liabilities as they fall due for at least twelve months from the date of signing these financial statements. The directors have concluded there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of this parent undertaking to continue as a going concern or the Merlin Entertainments Group's ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and support from the intermediate parent undertaking the Company's directors have no reason to expect that the Company will not be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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, internal project costs (primarily staff expenses) and capitalised borrowing costs.

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	The period of the lease
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On inception of a lease the estimated cost of decommissioning the leased asset is included within PPE and depreciated over the lease term and a corresponding asset retirement provision set-up and the discounting applied is unwound over the lease term.

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.

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

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

1 Accounting policies (*continued*)

Revenue

Revenue represents charges made to other group companies in respect of management services provided net of VAT. The charges have been calculated by reference to the costs incurred by the Company in providing such services uplifted for a reasonable element of profit.

Interest-bearing loans and borrowings

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

Finance income and costs

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

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

Foreign currencies

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

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.

Pensions

In the case of defined contribution schemes, the Company pays fixed contributions into a separate fund on behalf of the employee and has no further obligations to them. The risks and rewards associated with this type of scheme are assumed by the members rather than the employer. Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Notes to the financial statements

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

1 Accounting policies (continued)

Share based payments

The fair value of equity-settled share-based payments under share plans operated by Merlin Entertainments plc is recognised as an employee expense with a corresponding increase in equity, in the form of a parent company capital contribution. The fair value is measured at grant date and charged as the employees become unconditionally entitled to the rights.

The fair value of the share plans is recognised as an expense over the expected vesting period net of deferred tax with a corresponding entry to the income statement. The fair value of the share plans is determined at the date of grant. Non-market based vesting conditions (i.e. earnings per share and return on capital employed targets) are taken into account in estimating the number of awards likely to vest. The estimate of the number of awards likely to vest 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.

Dividends

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

Dividend income

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

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.

2 Revenue

Revenue is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

3 Operating loss

	2017 £000	2016 £000
<i>Operating loss is stated after charging:</i>		
Operating lease rentals – land and buildings	217	210
Operating lease rentals – other	-	119
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
	2017 £000	2016 £000
Audit of these financial statements	10	10
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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

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

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2017	2016
Management and administration	177	163

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	13,019	12,133
Share based payments	(1,238)	5,022
Social security costs	1,569	1,295
Other pension costs	3,030	548
	16,380	18,998

During 2017 an additional one-off payment of £2,260,000 was paid in relation to the Group's defined benefit pension scheme, which the Company is a participating employer. This payment was agreed following the last full actuarial valuation of the defined benefit scheme which was carried out as at 31 December 2015.

5 Directors' remuneration

	2017 £000	2016 £000
Remuneration	391	507
Company pension contributions to defined contribution pension schemes	16	17

During the year retirement benefits were accruing to 2 (2016: 2) Directors in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £302,000 (2016: £275,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £5,600 (2016: £7,000).

6 Finance income

	2017 £000	2016 £000
Interest income on amounts owed by Group undertakings	207	74
Net foreign exchange gains	2	-
Other interest receivable	-	1
	209	75

Notes to the financial statements

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

7 Finance costs

	2017 £000	2016 £000
Net foreign exchange losses	-	22
Unwinding of discount on asset retirement provision	1	2
Other interest expense	-	3
	<u>1</u>	<u>27</u>

8 Taxation

Recognised in the income statement

	2017 £000	2016 £000
<i>Current tax credit</i>		
Current year	(1,145)	(528)
Adjustments for prior periods	(698)	(202)
Total current income tax	<u>(1,843)</u>	<u>(730)</u>
<i>Deferred tax expense (note 14)</i>		
Origination and reversal of temporary differences	824	(1,167)
Changes in tax rate	(11)	58
Adjustments for prior periods	170	8
Total deferred tax	<u>983</u>	<u>(1,101)</u>
Total tax credit in income statement	<u>(860)</u>	<u>(1,831)</u>

Reconciliation of effective tax rate

	2017 %	2017 £000	2016 %	2016 £000
Loss before tax		(6,063)		(9,531)
Income tax using the domestic corporation tax rate	19.3%	(1,167)	20.0%	(1,907)
Expense not deductible for tax purposes	(1.9%)	113	(2.2%)	212
Impact of share-based payments	(12.1%)	733	-	-
Changes in tax rate	0.2%	(11)	(0.6%)	58
Adjustments in respect of prior periods	8.7%	(528)	2.0%	(194)
Total tax credit in the income statement	<u>14.2%</u>	<u>(860)</u>	<u>19.2%</u>	<u>(1,831)</u>

The standard rate for UK corporation tax used in the 52 weeks ended 30 December 2017 was 19.3% (2016: 20.0%). Closing deferred tax balances have been valued at 16.5% (2016: 19.0%).

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

Notes to the financial statements

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

9 Property, plant and equipment

	Land and buildings £000
Cost	
At 27 December 2015 and 31 December 2016	34
Additions	49
	<hr/>
At 30 December 2017	83
	<hr/>
Depreciation	
At 26 December 2015, 31 December 2016 and 30 December 2017	34
	<hr/>
Carrying value	
At 26 December 2015 and 31 December 2016	-
	<hr/>
At 30 December 2017	49
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10 Investments

	Shares in subsidiary undertakings £000
Cost and carrying value	
At 27 December 2015, 31 December 2016 and 30 December 2017	12,136
	<hr/>

The Company has the following direct investments in subsidiary undertakings:

Company	Country of incorporation	Class of shares held	Ownership 2017	Ownership 2016
Merlin Entertainments Finance Limited ⁽¹⁾	UK ⁽²⁾	Ordinary	-	-
SEA LIFE Trustees Limited	UK ⁽²⁾	Ordinary	100%	100%
LEGOLAND Windsor Park Limited	UK ⁽²⁾	Ordinary	100%	100%
Merlin Entertainments Group Operations Limited	UK ⁽²⁾	Ordinary	100%	100%
Merlin's Magic Wand Trustees Limited	UK ⁽²⁾	Ordinary	100%	100%

⁽¹⁾ Company dissolved in 2016.

Registered offices:

⁽²⁾ Link House, 25 West Street, Poole, Dorset BH15 1LD, United Kingdom

See note 20 for a list of the Company's indirect investments in subsidiary and joint venture undertakings.

Notes to the financial statements

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

11 Trade and other receivables

	Non-current 2017 £000	Non-current 2016 £000	Current 2017 £000	Current 2016 £000
Amounts owed from Group undertakings	6,551	6,551	26,971	45,771
Other receivables	-	-	213	600
Prepayments and accrued income	-	-	50	329
Other taxation and social security	-	-	2,069	1,846
	6,551	6,551	29,303	48,546

Included in amounts due from Group undertakings is £6,551,000 (2016: £6,551,000) where the Company has agreed not to seek repayment of the loans concerned for a period of at least one year, and accordingly they have been classed as non-current. Interest on long term amounts owed by Group undertakings is charged at a rate of 3% per annum (2016: 3% per annum).

12 Trade and other payables

	Current 2017 £000	Current 2016 £000
Trade creditors	1,080	1,499
Amounts owed to Group undertakings	3,430	22,189
Accruals and deferred income	7,721	7,595
Other creditors	330	252
	12,561	31,535

13 Provisions

	Asset retirement provisions £000	Insurance claims provisions £000	Total £000
At 1 January 2017	48	922	970
Created during the year	49	1,193	1,242
Unused amounts reversed	-	(900)	(900)
Unwinding of discount	1	-	1
At 30 December 2017	98	1,215	1,313

The asset retirement provisions relate to the anticipated costs of removing assets from and restoring leased property at the end of the lease term.

The insurance claims provision relates to anticipated costs of paying the excess values on open insurance claims.

Notes to the financial statements

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

13 Provisions (continued)

	Asset retirement provisions £000	Insurance claims provisions £000	Total £000
2017:			
Current	-	1,215	1,215
Non-current	98	-	98
	<u>98</u>	<u>1,215</u>	<u>1,313</u>
2016:			
Current	-	922	922
Non-current	48	-	48
	<u>48</u>	<u>922</u>	<u>970</u>

14 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	Assets 2016 £000
Property, plant and equipment	28	22
Other short term temporary differences	469	1,458
Net tax assets	<u>497</u>	<u>1,480</u>

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

Movement in deferred tax during the current year:

	At 1 January 2017 £000	Recognised in income statement £000	At 30 December 2017 £000
Property, plant and equipment	22	6	28
Other short term temporary differences	1,458	(989)	469
Net tax assets	<u>1,480</u>	<u>(983)</u>	<u>497</u>

Notes to the financial statements

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

14 Deferred taxation (continued)

Movement in deferred tax during the previous year:

	At 27 December 2015 £000	Recognised in income statement £000	At 31 December 2016 £000
Property, plant and equipment	25	(3)	22
Other short term temporary differences	354	1,104	1,458
Net tax assets	379	1,101	1,480

There are no unrecognised deferred tax assets (2016: £nil).

15 Share capital and reserves

Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
3,784,993 (2016: 3,784,993) Ordinary shares of £0.01 each	38	38

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16 Share-based payments

Share based payments – equity-settled schemes

Merlin Entertainments plc operates four employee share incentive schemes: the Performance Share Plan (PSP), the Company Share Option Plan (CSOP), the Deferred Bonus Plan (DBP) and the All Employee Sharesave Plan (AESP). Awards under the PSP vest three years after grant date, upon satisfaction of earnings per share and return on capital employed performance conditions, and continued employment. Awards under the CSOP, the DBP and the AESP vest three years after grant date subject to continued employment. All awards under the PSP and DBP are granted for nil consideration. Further details on these plans including the scheme rules and the performance conditions attaching to the PSP can be found in the Merlin Entertainments plc Annual Report and Accounts.

The first issues of awards under the PSP and CSOP were in November 2013. The first issue of awards under the DBP was in March 2015. The AESP was launched in January 2014.

	Date of grant	Exercise price (£)	Period when exercisable	Average remaining contractual life (years)	Number of shares 2017	Number of shares 2016
PSP	November 2013 – September 2017	-	2018 - 2020	1.3	3,570,392	4,230,154
DBP	March 2015 – March 2017	-	2018 - 2020	0.4	157,302	156,815
CSOP	November 2013 – September 2017	3.15 - 4.81	2018 - 2027	7.8	294,000	238,025
AESP	January 2014 – April 2017	2.96 - 4.10	2018 - 2020	1.8	288,524	341,102

Notes to the financial statements

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

17 Commitments

The minimum rentals payable under non-cancellable operating lease rentals are as follows:

	2017 £000	2016 £000
Less than one year	394	261
Between one and five years	1,311	727
More than five years	304	304
	2,009	1,292

18 Banking arrangements

Along with other Group companies in the United Kingdom, the Company is a member of a consolidated banking arrangement which includes notional bank pooling and an overdraft facility. As such it is party to a cross guarantee to the Bank for debts or liabilities arising from the banking arrangement whereby each member company guarantees the obligations of each other member to the Bank.

As a result of the above pooling arrangements, at any reporting date, Group companies will hold assets in a combination of intercompany balances and cash which can vary.

19 Ultimate parent company

The ultimate parent Company is Merlin Entertainments plc, a Company incorporated in the United Kingdom, which is the only company preparing Group financial statements. The consolidated financial statements of this Group are available to the public and may be obtained from Link House, 25 West Street, Poole, Dorset BH15 1LD.

The immediate parent company is Merlin Entertainments Group Holdings Limited, with a registered address of Link House, 25 West Street, Poole, Dorset BH15 1LD.

20 Related subsidiary and joint venture undertakings

In addition to the direct investments in subsidiary undertakings listed in note 10, the Company has the following indirect investments in subsidiary and joint venture undertakings:

Company	Country of incorporation	Class of shares held	Ownership 2017	Ownership 2016
Subsidiary undertaking				
SEA LIFE Centre Belgium N.V.	Belgium ⁽¹⁾	Ordinary	100%	100%
SEA LIFE Helsinki Oy ^(b)	Finland ⁽²⁾	Ordinary	100%	100%
SEA LIFE France SARL	France ⁽³⁾	Ordinary	100%	100%
SEA LIFE Centre Bray Limited	Ireland ⁽⁴⁾	Ordinary	100%	100%
Amsterdam Dungeon B.V.	Netherlands ⁽⁵⁾	Ordinary	100%	100%
Merlin Entertainments Holdings Nederland B.V.	Netherlands ⁽⁶⁾	Ordinary	100%	100%
SEA LIFE Centre Scheveningen B.V.	Netherlands ⁽⁷⁾	Ordinary	60%	60%
Merlin Entertainments (SEA LIFE PORTO) Unipessoal Lda	Portugal ⁽⁸⁾	Ordinary	100%	100%
SLCS SEA LIFE Centre Spain S.A.	Spain ⁽⁹⁾	Ordinary	100%	100%
London Aquarium (South Bank) Limited	UK ⁽¹⁰⁾	Ordinary	100%	100%
Merlin Attractions Management Limited	UK ⁽¹⁰⁾	Ordinary	100%	100%
Merlin Entertainments (Blackpool) Limited	UK ⁽¹⁰⁾	Ordinary	100%	100%

Notes to the financial statements

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

20 Related subsidiary and joint venture undertakings (continued)

Company	Country of incorporation	Class of shares held	Ownership 2017	Ownership 2016
Merlin Entertainments (Dungeons) Limited	UK ⁽¹⁰⁾	Ordinary	100%	100%
Merlin Entertainments (SEA LIFE) Limited	UK ⁽¹⁰⁾	Ordinary	100%	100%
Merlin Entertainments Developments Limited	UK ⁽¹⁰⁾	Ordinary	100%	100%
Merlin Entertainments Group Employee Benefit Trustees Limited	UK ⁽¹⁰⁾	Ordinary	100%	100%
SEA LIFE Centre (Blackpool) Limited	UK ⁽¹⁰⁾	Ordinary	100%	100%
Tussauds Hotels Limited (formerly SEA LIFE Centres Limited) ^(a)	UK ⁽¹⁰⁾	Ordinary	-	-
Tussauds Theme Parks Limited ^(a)	UK ⁽¹⁰⁾	Ordinary	-	-
Tussauds Holdings Limited ^(a)	UK ⁽¹⁰⁾	Ordinary	-	-
Pirate Adventure Golf Limited ^(c)	UK ⁽¹⁰⁾	Ordinary	100%	50%

^(a) Company was dissolved in 2016.

^(b) The Group acquired the remaining 50% of the SEA LIFE Helsinki joint venture in 2016.

^(c) On 12 September 2017 the Group acquired the remaining 50% of the Pirate Adventure Golf Limited joint venture.

Registered offices:

- ⁽¹⁾ Koning Albert 1 Laan 116, 8370, Blankenberge, Belgium
- ⁽²⁾ Tivolitie 10, Helsinki 00510, Finland
- ⁽³⁾ Centre Commercial Val d'Europe, Espace 502, 14 cours du Danube, Serris, 77111 MARNE LA VALLEE, France
- ⁽⁴⁾ First Floor, Fitzwilton House, Wilton Place, Dublin 2, Ireland
- ⁽⁵⁾ Fred. Roeskestraat 123, 1076 EE Amsterdam, Netherlands
- ⁽⁶⁾ Croeselaan 18, Utrecht, Netherlands
- ⁽⁷⁾ Rokin 78, 1012 KW Amsterdam, Netherlands
- ⁽⁸⁾ Avenida Da Boavista 3265, 7th Floor, 4100 - 137 Porto, Portugal
- ⁽⁹⁾ Puerto Marina, Benalmadena-Costa, 29630 Benalmadena, Malaga, Spain
- ⁽¹⁰⁾ 3 Market Close, Poole, Dorset, BH15 1NQ, United Kingdom