

Charcoal Newco 1 Limited

Annual Report and financial statements

Registered number 6128686

52 weeks ended 28 December 2019

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Strategic Report

The Directors present their Strategic Report for the 52 weeks ended 28 December 2019.

Strategic management

The principal activity of the Company throughout the year and for the foreseeable future is to act as an investment holding and financing company for fellow Group companies.

Business 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 28 December 2019 for the Company show a profit before tax of £31,561,000 (52 weeks ended 29 December 2018: loss before tax of £35,823,000), the decrease being primarily driven by an increase in dividends received. As at 28 December 2019, the Company had net assets of £591,513,000 (29 December 2018: £541,799,000). The Directors are satisfied with the performance and position of the Company.

Business environment

As an investment holding and financing company, the Company's principal risks and uncertainties are directly related to Merlin Entertainments Limited (previously Merlin Entertainments plc) and its subsidiaries (the Group). The principal risks are discussed within the Annual Report and accounts of Merlin Entertainments Limited and details of how to obtain these accounts can be found in note 1. Accordingly no specific risks and uncertainties are identified in these financial statements.

COVID-19

The COVID-19 coronavirus has surfaced in nearly all regions around the world, resulting in governments in affected areas taking unprecedented steps to impose a range of restrictions on both individuals and organisations. Hospitality and leisure businesses have been significantly impacted as a result of the combination of mandated closures, the capacity restrictions created by 'social distancing' and lower consumer demand in many markets. At the foundation of all business decisions that the Merlin Entertainments Group makes in response to the COVID-19 pandemic is the health, safety, and wellbeing of employees and visitors around the globe. As such, government advice has been followed and, in many cases, the Group has gone beyond those requirements to ensure a socially responsible response. Best practice enhanced hygiene and safety measures have been rolled out across the Group's operations. These measures have received positive feedback from customers, local authorities and health agencies. The Merlin Entertainments Group has also implemented a number of operating cost and cash control measures.

The impact of the COVID-19 outbreak is uncertain and its effect on people's ability or desire to travel and gather in public spaces (including within the attractions industry) will continue to impact the Group's financial condition and results of operations. We cannot predict when all attractions will be allowed to open. Moreover, social distancing and other policies to slow the further spread of the disease may impact the operation and consumer appeal of our attractions. Even once these policies are lifted, interest in visiting our attractions may remain weak for a significant length of time and we cannot predict if and when each of our attractions will return to pre-outbreak demand or ticket pricing.

Brexit

The Directors, as part of the wider Merlin Entertainments Group, continue to monitor the potential impact of Brexit to the Group and the Company. A number of exercises have been undertaken to identify hot spots, perform analysis of particular contractual arrangements that could be threatened or become more expensive, assess increasing costs of duty, and analyse alternative supply options and the volume and location of inventory holdings. If there is no agreement between the UK and the EU, the Directors believe that there could be both structural issues, for example the impact of leaving the EU tax and trade treaty umbrella and immigration restrictions, and transitory issues that would be shorter term impacts. The transitory issues would occur as a consequence of administrative, process or market changes, which will unwind over a number of months after exiting the EU. The principal areas where these issues may occur are delays in the movement or availability of goods and products that disrupt retail, food and beverage and ride operations, when either sourced directly or through third party providers in the supply chain. There are also a number of potential consequences of Brexit that are being considered as both a risk and an opportunity.

Directors' Report

The Directors present their Directors' Report and the audited financial statements for the 52 weeks ended 28 December 2019. 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 (2018: £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 (2018: £nil).

Subsequent events and going concern

The Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements. In making this statement the Directors have satisfied themselves that based on the Group's current base case projections, the Company would have access to sufficient cash funds and / or the ability to call on intercompany loan receivables to meet the Company's foreseeable cash requirements. This assessment takes into account an assessment of the ongoing impact of the COVID-19 pandemic. A fellow Merlin Entertainments Group undertaking, Merlin Entertainments Group Holdings Limited, has also given a letter of support to the Company indicating its intention to provide financial and other support to the Company. The ability of other group entities to support the Company is dependent on the performance and liquidity of the wider Merlin Entertainments group of companies. Merlin Entertainments Group Holdings Limited is itself reliant on the support of Merlin Entertainments Limited which had a material uncertainty in relation to going concern disclosed in its consolidated 2019 financial statements.

The situation is constantly changing and subject to unforeseeable developments. Therefore, it remains possible that further significant negative developments may arise, over and above the scenarios that have been modelled. These circumstances therefore represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. For further details see note 1 to the financial statements.

On 23 November, as part of a group restructuring, the Company acquired the investment in Merlin Entertainments Crown (UK) Limited that had previously been held by the Company's subsidiary undertaking, Charcoal Newco 1A Limited.

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 21 December 2020.

By order of the Board



F Rose
Company Secretary
Link House
25 West Street
Poole
Dorset
BH15 1LD

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

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

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

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Independent Auditor's Report to the members of Charcoal Newco 1 Limited

Opinion

We have audited the financial statements of Charcoal Newco 1 Limited (the Company) for the 52 weeks ended 28 December 2019 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 28 December 2019 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 draw attention to note 1 to the financial statements which indicates that the challenges posed by the COVID-19 pandemic mean that the Company's ability to continue as a going concern is reliant on continued support from Merlin Entertainments Group Holdings Limited. This company has indicated its intention to provide financial and other support to the Company for a period of 12 months from the date of approval of the financial statements. The ability of Merlin Entertainments Group Holdings Limited to provide support is dependent on the performance and liquidity of the wider Merlin Entertainments Group, the majority of whose portfolio of attractions around the world have been impacted by the COVID-19 pandemic. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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.



Independent Auditor's Report to the members of Charcoal Newco 1 Limited (continued)

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.
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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.

Caroline Griffiths
Senior Statutory Auditor

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

Statement of comprehensive income

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

	<i>Note</i>	2019 £000	2018 £000
Dividend income	2	142,890	65,086
Operating profit	2	142,890	65,086
Finance income	3	23,339	17,399
Finance costs	4	(134,668)	(118,308)
Profit/(loss) before tax		31,561	(35,823)
Taxation	5	20,538	17,404
Profit/(loss) for the year		52,099	(18,419)
Other comprehensive income			
<i>Items that may be reclassified to the income statement</i>			
Fair value changes on effective hedges and settlement of swaps	10	(2,944)	2,838
Income tax on items relating to components of other comprehensive income	5	559	(540)
Other comprehensive income for the year net of income tax		(2,385)	2,298
Total comprehensive income for the year		49,714	(16,121)

Statement of financial position

as at 28 December 2019 (2018: as at 29 December 2018)

	Note	2019 £000	2018 £000
Non-current assets			
Investments	6	2,113,279	2,124,476
Other receivables	7	604,351	634,496
Deferred tax assets	9	8,853	9,456
		2,726,483	2,768,428
Current assets			
Tax receivable		20,992	18,583
Trade and other receivables	7	557,012	569,142
		578,004	587,725
Total assets		3,304,487	3,356,153
Current liabilities			
Trade and other payables	8	(3,542)	(3,443)
Cash and cash equivalents		(30,605)	(34,096)
		(34,147)	(37,539)
Non-current liabilities			
Other payables	8	(2,678,827)	(2,776,815)
Total liabilities		(2,712,974)	(2,814,354)
Net assets		591,513	541,799
Capital and reserves			
Share capital	10	2	2
Capital reserve		519,705	519,705
Hedging reserve		650	3,035
Retained earnings		71,156	19,057
Total equity		591,513	541,799

These financial statements were approved by the Board of Directors on 21 December 2020 and were signed on its behalf by:



F Rose
Director

Statement of changes in equity

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

	Share capital £000	Capital reserve £000	Hedging reserve £000	Retained earnings £000	Total equity £000
At 31 December 2017	2	519,705	737	37,476	557,920
Loss for the year	-	-	-	(18,419)	(18,419)
Other comprehensive income for the year (note 10)	-	-	2,298	-	2,298
Total comprehensive income for the year	-	-	2,298	(18,419)	(16,121)
At 29 December 2018	2	519,705	3,035	19,057	541,799
Profit for the year	-	-	-	52,099	52,099
Other comprehensive income for the year (note 10)	-	-	(2,385)	-	(2,385)
Total comprehensive income for the year	-	-	(2,385)	52,099	49,714
At 28 December 2019	2	519,705	650	71,156	591,513

Notes to the financial statements

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

1 Accounting policies

Basis of preparation

These financial statements have been prepared for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018).

Charcoal Newco 1 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.

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.

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;
- 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 is Motion JVco Limited. Motion JVco Limited and Merlin Entertainments Limited (an intermediary parent company), both include the Company in their consolidated financial statements. The consolidated financial statements of Merlin Entertainments Limited are prepared in accordance with Adopted IFRSs. They are available to the public and can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

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

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 28 December 2019 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 (continued)

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

1 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate for the reasons set out below.

The Directors have prepared cash flow forecasts as part of a Group cash flow forecasting exercise. This indicates that for a period of 12 months from the date of approval of these financial statements, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from a fellow subsidiary undertaking, to meet its liabilities as they fall due for that period. The Company meets its day-to-day working capital requirements through a combination of consolidated banking arrangements and intergroup loan facilities. Based on this, the Company will be able to operate within the level of its currently available funding with the support of a Group entity.

As at the date of approving these financial statements, the impact of the Coronavirus (COVID-19) pandemic (COVID-19) on trading is being assessed continually. While understanding that it is currently difficult to forecast accurately the impact of COVID-19 at this time, but reflecting the latest situation, our current base case assumption is that there will continue to be a gradual and sustained recovery to more normalised trading levels within the Group. The Directors have prepared cash flow forecasts until the end of 2021 which take into account the Group's immediately available cash reserves, the access to liquidity via the Merlin Entertainments Group's shared banking arrangements, and the Company's receivable balances owed by other Merlin Group companies. These forecasts indicate that the Company will have sufficient access to cash reserves and /or access to intra-group funding to meet its liabilities as they fall due for that period.

The availability of that intra-group support funding is reliant on the ability of other Group entities to remit cash as required. This is dependent on the performance and liquidity of the wider Merlin Entertainments group of companies, where the spread of COVID-19 has had a material negative impact on the Group's portfolio of attractions around the world. At the end of Q1 2020, substantially all of Merlin's attractions were closed. The Group's geographic diversity subsequently enabled attractions to be opened where possible during Q2 and Q3 2020 and by the end of Q3, the majority of attractions were open and the Group generated positive cash flow in Q3 2020. A small number of the Group's most significant locations remained closed and a limited number of attractions that had opened subsequently closed again. Certain of the larger seasonal theme park attractions have as usual closed or will have limited trading over the winter period. The situation is constantly changing and subject to unforeseeable developments. Additional lockdown and other restrictions have recently been implemented in certain countries; this may extend in due course to other territories.

The Directors have therefore considered a severe but plausible downside scenario that models a reoccurrence of a prolonged worldwide shutdown across the Merlin estate during late 2020 through to April 2021 without any further cost mitigation. In this situation the Merlin Entertainments Group would continue to have access to sources of liquidity throughout 2021 and into 2022.

As noted above, the situation is constantly changing and subject to unforeseeable developments. Therefore, it remains possible that further significant negative developments may arise, over and above the scenarios that have been modelled.

A fellow Merlin Entertainments Group undertaking, Merlin Entertainments Group Holdings Limited, has given a letter of support to the Company indicating its intention to provide financial and other support to the Company. Merlin Entertainments Group Holdings Limited is itself reliant on the support of Merlin Entertainments Limited which had a material uncertainty in relation to going concern disclosed in its consolidated 2019 financial statements. 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.

Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Notes to the financial statements (continued)
for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

1 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised at fair value less attributable fees. These fees are then amortised through the income statement on an effective interest rate basis over the expected life of the loan (or over the contractual term where there is no clear indication that a shorter life is appropriate). If the Company subsequently determines that the expected life has changed, the resulting adjustment to the effective interest rate calculation is recognised as a gain or loss on re-measurement and presented separately in the income statement in accordance with IFRS 9.

Investments

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

Finance income and costs

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

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

Foreign currencies

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

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.

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

1 Accounting policies (continued)

Taxation (continued)

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.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding policy statement, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the income statement over the remaining life of the hedged item.

Notes to the financial statements (continued)
for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

1 Accounting policies (continued)

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, primarily the Company's interest-bearing loans and borrowings, 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.

Dividends

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

Dividend income

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

Notes to the financial statements (continued)
for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

2 Operating profit

Operating profit is stated after crediting:

	2019 £000	2018 £000
Dividends received	<u>142,890</u>	<u>65,086</u>

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	<u>4</u>	<u>4</u>

Fees payable to the Company's auditor for services other than the statutory audit of the Company are disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent.

No staff are employed by the Company apart from the Directors. The Directors received no remuneration from the Company during the period and are paid by other Group undertakings. The Directors did not receive remuneration for their services to the Company as the services provided to the Company are incidental to their wider role in the Group.

3 Finance income

	2019 £000	2018 £000
Interest income on amounts owed by Group undertakings	18,096	15,183
Net gains on interest rate swaps	2,944	-
Other interest income	2,299	2,216
	<u>23,339</u>	<u>17,399</u>

4 Finance costs

	2019 £000	2018 £000
Interest expense on amounts owed to Group undertakings	129,404	110,543
Net foreign exchange losses	5,264	4,039
Net loss on interest rate swaps	-	3,726
	<u>134,668</u>	<u>118,308</u>

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

5 Taxation

Recognised in the income statement

	2019 £000	2018 £000
<i>Current tax</i>		
Current year	(20,992)	(18,583)
Adjustments for prior periods	(708)	280
Total current income tax	(21,700)	(18,303)
<i>Deferred tax (note 9)</i>		
Origination and reversal of temporary differences	511	(213)
Changes in tax rate	5	1,112
Adjustments for prior periods	646	-
Total deferred tax	1,162	899
Total tax credit in income statement	(20,538)	(17,404)

Reconciliation of effective tax rate

	2019 %	2019 £000	2018 %	2018 £000
Profit/(loss) before tax		31,561		(35,823)
Income tax using the domestic corporation tax rate	19.0%	5,997	19.0%	(6,806)
Foreign exchange loss not deductible	2.1%	671	(1.1%)	376
Dividend income not subject to tax	(86.0%)	(27,149)	34.5%	(12,366)
Changes in tax rate	0.0%	5	(3.1%)	1,112
Adjustments in respect of prior periods	(0.2%)	(62)	(0.8%)	280
Total tax credit in the income statement	(65.1%)	(20,538)	48.6%	(17,404)

The standard rate for UK corporation tax used in the 52 weeks ended 28 December 2019 was 19.0% (2018: 19.0%). A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 28 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the Company's future tax charge.

Recognised directly in equity through other comprehensive income

	2019 £000	2018 £000
Tax on effective portion of changes in fair value of cash flow hedges and settlement of interest rate swaps.	(559)	540

Notes to the financial statements (continued)
for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

6 Investments

	Shares in subsidiary undertakings £000
Cost and carrying value	
At 31 December 2016	2,103,381
Fair value hedge adjustment	21,095
At 29 December 2018	2,124,476
Fair value hedge adjustment	(11,197)
At 28 December 2019	<u>2,113,279</u>

The Company has designated \$422,000,000 of the carrying amount of the investment in Merlin UK Finco 1 Limited as a hedge against the variability in fair value, due to foreign exchange movements, of loan payables with Merlin Entertainments Crown (UK) Limited totalling \$422,000,000. As the value of the portion of the hedged item is equal to the value of the hedging instrument, the hedge is 100% effective. This has resulted in the carrying amount of the investment in Merlin UK Finco 1 Limited decreasing in 2020 by £10,006,000 (2018: increase of £20,749,000). The income statement effect has been offset against the foreign exchange movement on the above loan payable being hedged.

The Company had also designated €25,000,000 of the carrying amount of the investment in Merlin UK Finco 2 Limited as a hedge against the variability in fair value, due to foreign exchange movements, of loan payables with Merlin Entertainments Group Holdings Limited totalling €25,000,000. As the value of the portion of the hedged item was equal to the value of the hedging instrument, the hedge was 100% effective. This resulted in the carrying amount of the investment in Merlin UK Finco 2 Limited decreasing in 2019 by £1,191,000 (2018: increasing £346,000). The income statement effect has been offset against the foreign exchange movement on the above loan payable being hedged. In December 2019 the loan with Merlin Entertainments Group Holdings Limited was redenominated into a GBP balance. At this point the hedge ceased.

The Company has the following direct investments in subsidiary undertakings:

Company	Country of incorporation	Class of share held	2019 Shareholding	2018 Shareholding
Charcoal Newco 1a Limited	UK ⁽¹⁾	Ordinary	100%	100%
Merlin Entertainments Group Holdings Limited	UK ⁽¹⁾	Ordinary	100%	100%
Merlin US Holdings Limited	UK ⁽¹⁾	Ordinary	25%	25%
Merlin Entertainments North America LLC	USA ⁽²⁾	Ordinary	100%	100%
Merlin UK Finco 1 Limited	UK ⁽¹⁾	Ordinary	100%	100%
Merlin UK Finco 2 Limited	UK ⁽¹⁾	Ordinary	100%	100%

Registered offices:

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

⁽²⁾ 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801, United States

See note 13 for a list of the Company's indirect investments in subsidiary and joint venture undertakings.

Notes to the financial statements (continued)
for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

7 Trade and other receivables

	Non-current 2019 £000	Non-current 2018 £000	Current 2019 £000	Current 2018 £000
Amounts owed from Group undertakings	604,351	634,496	557,012	569,142

Where amounts due from 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, a rate of between 3% - 5% per annum (2018: 3% - 5% per annum) is applied.

8 Trade and other payables

	Non-current 2019 £000	Non-current 2018 £000	Current 2019 £000	Current 2018 £000
Amounts owed to Group undertakings	2,678,827	2,776,815	3,542	3,443

Where amounts due to Group undertakings have been formally agreed at the balance sheet date by the counterparty agreed as payable 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 to Group undertakings is charged, a rate of between 2% - 7% per annum (2018: 3% - 4% per annum) is applied.

9 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £000	Assets 2018 £000	Liabilities 2019 £000	Liabilities 2018 £000	Net 2019 £000	Net 2018 £000
Other short term temporary differences	8,853	9,456	-	-	8,853	9,456
Net tax assets	8,853	9,456	-	-	8,853	9,456

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 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

9 Deferred taxation (continued)

Movement in deferred tax during the current year:

	At 30 December 2018 £000	Recognised in income statement £000	Recognised in other comprehensive income £000	At 28 December 2019 £000
Other short term temporary differences	9,456	(1,162)	559	8,853
Net tax assets	9,456	(1,162)	559	8,853

Movement in deferred tax during the previous year:

	At 1 January 2018 £000	Recognised in income statement £000	Recognised in other comprehensive income £000	At 29 December 2018 £000
Other short term temporary differences	10,895	(899)	(540)	9,456
Net tax assets	10,895	(899)	(540)	9,456

10 Share capital and reserves

Share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
225,432 (2018: 225,432) ordinary shares of £0.01 each	2	2

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.

Retained earnings

No dividend was paid during the year (2018: £nil).

Hedging reserve

The Company has floating rate loan payables with fellow Group companies. The majority of the balances at year end have been swapped to a fixed rate using interest rate swaps (see note 11). The Company applies hedge accounting. During the year, fair value changes to cash flow hedges amounted to a loss of £1,231,000, net of income tax (2018: gain of £452,000). The remaining loss of £1,154,000 relates to the settlement of interest rate swaps.

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

11 Derivative financial assets/(liabilities)

The Company manages interest rate risk by entering into interest rate swap contracts with Merlin Entertainments Group Holdings Limited. Interest rate swaps are recognised at fair value which is determined by reference to market rates. The fair value is the estimated amount that the Company would receive or pay to exit the swap, taking into account current interest rates, credit risks and bid/ask spreads. Following initial recognition, changes in fair value are recognised in other comprehensive income, as the Company adopts hedge accounting for all interest rate swaps.

12 Ultimate parent company

The ultimate parent Company is Motion JVco Limited, a Company incorporated in the United Kingdom.

The immediate controlling parent company is Merlin Entertainments Group Luxembourg 3 S.à r.l., a company incorporated in Luxembourg, with a registered address of Polaris-Vertigo Building, 2-4 rue Eugene Ruppert, L-2453, Luxembourg.

13 Related subsidiary and joint venture undertakings

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

Company	Country of incorporation	Class of share held	Ownership 2019	Ownership 2018
AAE Unit Trust	Australia ⁽¹⁾	-	100.0%	100.0%
AQDEV Pty Limited	Australia ⁽²⁾	Ordinary	100.0%	100.0%
Aquia Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
Australian Alpine Enterprises Holdings Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
Australian Alpine Enterprises Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
Australian Alpine Reservation Centre Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
Falls Creek Ski Lifts Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
Gebi Falls Creek Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	57.0%
Hotham Heights Developments Ltd ^(a)	Australia ⁽³⁾	Ordinary	-	65.0%
Illawarra Tree Topps Pty Ltd	Australia ⁽³⁾	Ordinary	100.0%	100.0%
LEGOLAND Discovery Centre Melbourne Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Limlimbu Ski Flats Pty Ltd ^(a)	Australia ⁽⁴⁾	Ordinary	-	64.0%
Living and Leisure Australia Limited	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Living and Leisure Australia Trust	Australia ⁽¹⁾	-	100.0%	100.0%
Living and Leisure Australia Management Limited	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Living and Leisure Finance Trust	Australia ⁽¹⁾	-	100.0%	100.0%
LLA Aquariums Pty Limited	Australia ⁽¹⁾	Ordinary	100.0%	100.0%

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

13 Related subsidiary and joint venture undertakings (continued)

Company	Country of incorporation	Class of share held	Ownership 2019	Ownership 2018
Melbourne Underwater World Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Melbourne Underwater World Trust	Australia ⁽¹⁾	-	100.0%	100.0%
ME LoanCo (Australia) Pty Limited	Australia ⁽²⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (Australia) Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
MHSC DP Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
MHSC Hotels Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
MHSC Properties Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
MHSC Transportation Services Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
Mount Hotham Management and Reservation Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
Mount Hotham Skiing Company Pty Ltd ^(a)	Australia ⁽¹⁾	Ordinary	-	100.0%
MUW Holdings Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Northbank Development Trust	Australia ⁽¹⁾	-	100.0%	100.0%
Northbank Place (Vic) Pty Ltd	Australia ⁽⁵⁾	Ordinary	50.0%	50.0%
Oceanis Australia Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Oceanis Australia Unit Trust	Australia ⁽¹⁾	-	100.0%	100.0%
Oceanis Developments Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Oceanis Foundation Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Oceanis Holdings Limited	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Oceanis Korea Unit Trust	Australia ⁽¹⁾	-	100.0%	100.0%
Oceanis NB Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
Oceanis Northbank Trust	Australia ⁽¹⁾	-	100.0%	100.0%
Oceanis Unit Trust	Australia ⁽¹⁾	-	100.0%	100.0%
Sydney Attractions Group Pty Ltd	Australia ⁽²⁾	Ordinary	100.0%	100.0%
Sydney Tower Observatory Pty Limited	Australia ⁽²⁾	Ordinary	100.0%	100.0%
Sydney Wildlife World Pty Limited	Australia ⁽²⁾	Ordinary	100.0%	100.0%
The Otway Fly Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
The Otway Fly Unit Trust	Australia ⁽¹⁾	-	100.0%	100.0%
The Sydney Aquarium Company Pty Limited	Australia ⁽²⁾	Ordinary	100.0%	100.0%
Underwater World Sunshine Coast Pty Ltd	Australia ⁽¹⁾	Ordinary	100.0%	100.0%
US Fly Trust	Australia ⁽¹⁾	-	100.0%	100.0%
White Crystal (Mount Hotham) Pty Ltd ^(a)	Australia ⁽³⁾	Ordinary	-	82.6%
Madame Tussauds Austria GmbH	Austria ⁽⁶⁾	Ordinary	100.0%	100.0%
MT Austria Holdings GmbH	Austria ⁽⁶⁾	Ordinary	100.0%	100.0%
SEA LIFE Centre Belgium N.V.	Belgium ⁽⁷⁾	Ordinary	100.0%	100.0%
Christchurch Investment Company Limited	British Virgin Islands ⁽⁸⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (Canada) Inc	Canada ⁽⁹⁾	Ordinary	100.0%	100.0%
Madame Tussauds Exhibition (Beijing) Company Limited	China ⁽¹⁰⁾	Ordinary	100.0%	100.0%
Madame Tussauds Exhibition (Shanghai) Company Limited	China ⁽¹¹⁾	Ordinary	100.0%	100.0%
Madame Tussauds Exhibition (Wuhan) Company Limited	China ⁽¹²⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Hong Kong Limited	China ⁽¹³⁾	Ordinary	100.0%	100.0%
Merlin Exhibition (Chongqing) Company Limited	China ⁽¹⁴⁾	Ordinary	100.0%	100.0%

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

13 Related subsidiary and joint venture undertakings (continued)

Company	Country of incorporation	Class of share held	Ownership 2019	Ownership 2018
Merlin Exhibition (Shenyang) Company Limited	China ⁽⁴⁷⁾	Ordinary	100.0%	100.0%
Merlin Indoor Children's Playground (Shanghai) Company Limited	China ⁽¹⁵⁾	Ordinary	100.0%	100.0%
Shanghai Chang Feng Oceanworld Co. Ltd	China ⁽¹⁶⁾	Ordinary	100.0%	100.0%
SEA LIFE Helsinki Oy	Finland ⁽¹⁷⁾	Ordinary	100.0%	100.0%
SEA LIFE France SARL	France ⁽¹⁸⁾	Ordinary	100.0%	100.0%
Tussauds Deutschland GmbH	Germany ⁽¹⁹⁾	Ordinary	100.0%	100.0%
Heide-Park Soltau GmbH	Germany ⁽¹⁹⁾	Ordinary	100.0%	100.0%
Tussauds Heide Metropole GmbH	Germany ⁽⁴⁸⁾	Ordinary	94.8%	94.8%
Merlin Entertainments India Private Limited	India ⁽²⁰⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Ireland 1 Limited	Ireland ⁽²¹⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Ireland 2 Limited	Ireland ⁽²¹⁾	Ordinary	100.0%	100.0%
SEA LIFE Centre Bray Limited	Ireland ⁽²²⁾	Ordinary	100.0%	100.0%
Gardaland S.r.l.	Italy ⁽²³⁾	Ordinary	99.9%	99.9%
Incoming Gardaland S.r.l.	Italy ⁽²⁴⁾	Ordinary	99.9%	99.9%
Merlin Attractions Italy S.r.l.	Italy ⁽²³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Group Italy S.r.l.	Italy ⁽²³⁾	Ordinary	100.0%	100.0%
Merlin Water Parks S.r.l.	Italy ⁽²³⁾	Ordinary	100.0%	100.0%
Ronchi del Garda S.p.A.	Italy ⁽²⁵⁾	Ordinary	49.4% ^(c)	49.4% ^(c)
Ronchi S.p.A.	Italy ⁽²³⁾	Ordinary	90.4%	90.4%
LEGOLAND Japan Limited	Japan ⁽²⁶⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (Japan) Limited	Japan ⁽²⁷⁾	Ordinary	100.0%	100.0%
Merlin Lux Finco 1 S.à r.l.	Luxembourg ⁽²⁸⁾	Ordinary	100.0%	100.0%
Merlin Lux Finco 2 S.à r.l.	Luxembourg ⁽²⁸⁾	Ordinary	100.0%	100.0%
Amsterdam Dungeon B.V.	Netherlands ⁽²⁹⁾	Ordinary	100.0%	100.0%
Madame Tussauds Amsterdam B.V.	Netherlands ⁽³⁰⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Holdings Nederland B.V.	Netherlands ⁽²⁹⁾	Ordinary	100.0%	100.0%
SEA LIFE Centre Scheveningen B.V.	Netherlands ⁽³²⁾	Ordinary	60.0%	60.0%
LEGOLAND Discovery Centre Scheveningen B.V.	Netherlands ⁽³¹⁾	Ordinary	100.0%	100.0%
Auckland Aquarium Limited	New Zealand ⁽³³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (New Zealand) Limited	New Zealand ⁽³³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (SEA LIFE PORTO)				
Unipessoal Lda	Portugal ⁽³⁴⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Singapore Pte. Ltd	Singapore ⁽³⁵⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Korea Company Limited (formerly Aquaria Twenty-One Co. Ltd)	South Korea ⁽³⁶⁾	Ordinary	100.0%	100.0%
Busan Aquaria Twenty One Co. Ltd	South Korea ⁽³⁷⁾	Ordinary	100.0%	100.0%
LEGOLAND Korea LLC	South Korea ⁽³⁶⁾	Ordinary	100.0%	100.0%
SLCS SEA LIFE Centre Spain S.A.	Spain ⁽³⁸⁾	Ordinary	100.0%	100.0%
Siam Ocean World Bangkok Co Ltd	Thailand ⁽³⁹⁾	Ordinary	100.0%	100.0%
Istanbul Sualti Dnyasi Turizm Ticaret A.S	Turkey ⁽⁴⁰⁾	Ordinary	100.0%	100.0%
Madame Tussauds Museum LLC ^(b)	UAE ⁽⁴¹⁾	-	48.0%	48.0%
Merlin Holdings Limited ^(b)	UAE ⁽⁴²⁾	Ordinary	1.0%	1.0%
Alton Towers Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Alton Towers Resort Operations Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Charcoal CLG 2 Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%

Notes to the financial statements (continued)
for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

13 Related subsidiary and joint venture undertakings (continued)

Company	Country of incorporation	Class of share held	Ownership 2019	Ownership 2018
Charcoal Holdco Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Charcoal Midco 1 Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Chessington Hotel Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Chessington World of Adventures Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Chessington World of Adventures Operations Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Chessington Zoo Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
CWA PropCo Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
LEGOLAND US Holdings Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
LEGOLAND Windsor Park Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
London Aquarium (South Bank) Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
London Dungeon Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
London Eye Holdings Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
London Eye Management Services Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Madame Tussaud's Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Madame Tussauds Touring Exhibition Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Attractions Operations Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Magic Making Limited (formerly Merlin Entertainment Limited)	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (Asia Pacific) Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (Blackpool) Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (Dungeons) Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (NBD) Limited (formerly Tussauds (NBD) Limited)	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments (SEA LIFE) Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Crown (UK) Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Developments Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Group Employee Benefit Trustees Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Group Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Group Operations Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin's Magic Wand Trustees Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin UK Finance 1A Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Merlin UK Finance 2A Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Pirate Adventure Golf Limited ^(d)	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
SEA LIFE Centre (Blackpool) Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
SEA LIFE Trust Trustees Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
The London Planetarium Company Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
The Millennium Wheel Company Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
The Seal Sanctuary Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
The Tussauds Group Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Thorpe Park Operations Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Tussauds Attractions Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Tussauds Group (UK) Pension Plan Trustee Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

13 Related subsidiary and joint venture undertakings (continued)

Company	Country of incorporation	Class of share held	Ownership 2019	Ownership 2018
SEA LIFE Centres Limited (<i>formerly Tussauds Hotels Limited</i>)	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Tussauds Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Warwick Castle Limited	UK ⁽⁴³⁾	Ordinary	100.0%	100.0%
Lake George Fly LLC	USA ⁽⁴⁴⁾	-	100.0%	100.0%
LEGOLAND California LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Center Arizona LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Center Boston LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Center Columbus LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Centre (Dallas) LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Centre (Meadowlands) LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Center Michigan LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Center Philadelphia LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Center San Antonio LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND Discovery Center San Jose LLC	USA ⁽⁴⁵⁾	-	100.0%	-
LEGOLAND Discovery Centre US LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
LEGOLAND New York LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Madame Tussauds Hollywood LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Madame Tussaud Las Vegas LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Madame Tussauds Nashville LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Madame Tussaud's New York LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Madame Tussauds Orlando LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Madame Tussauds San Francisco LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Madame Tussauds Washington LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Merlin Entertainments Chicago LLC	USA ⁽⁴⁵⁾	-	100.0%	-
Merlin Entertainments Crown (US) Inc	USA ⁽⁴⁵⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Group Florida LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Merlin Entertainments Group US Holdings Inc	USA ⁽⁴⁵⁾	Ordinary	100.0%	100.0%
Merlin Entertainments Group US LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Merlin Entertainments Group Wheel LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Merlin Entertainments Short Breaks LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
Merlin Entertainments US NewCo LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
San Francisco Dungeon LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
SEA LIFE Center San Antonio	USA ⁽⁴⁵⁾	-	100.0%	100.0%
SEA LIFE Charlotte LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
SEA LIFE Meadowlands LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
SEA LIFE Michigan LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
SEA LIFE Minnesota LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
SEA LIFE Orlando LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
SEA LIFE US LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%
The Tussauds Group LLC	USA ⁽⁴⁵⁾	-	100.0%	100.0%

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

13 Related subsidiary and joint venture undertakings (continued)

Joint venture undertaking	Country of incorporation	Class of share held	Ownership 2019	Ownership 2018
LL Dubai Hotel LLC	UAE ⁽⁴⁶⁾	Ordinary	40.0%	40.0%

^(a) These subsidiaries have subsequently been disposed of as part of the Merlin Group's disposal of its Australian ski fields operations. The transaction completed in April 2019.

^(b) Merlin Attractions Operations Limited (a related subsidiary undertaking) has 100% beneficial ownership of these entities.

^(c) Charcoal Newco 1 Limited has control over this entity via control of the immediate parent entity and the control that the immediate parent entity has over the subsidiary entity.

^(d) Company dissolved 3 October 2019.

Registered offices:

- (1) Level 11, 50 Queen Street, Melbourne, VIC, 3000, Australia
- (2) Level 16, 201 Elizabeth Street, Sydney, NSW, 2000, Australia
- (3) 3 Ireland Street Bright, VIC, 3741, Australia
- (4) Falls Creek Road, 3699 Falls Creek, Victoria, Australia
- (5) Doncaster Road 861, 3109 Melbourne - Doncaster East, Victoria, Australia
- (6) Riesenradplatz 5-6, 1020 Wien, Vienna, Austria
- (7) Koning Albert 1 Laan 116, 8370, Blankenberge, Belgium
- (8) P.O. Box 3340, Road Town, Tortola, British Virgin Islands
- (9) Suite 5300 Commerce Court West, 199 Bay Street, Toronto, ON, M5L 1B9, Canada
- (10) No. 4, 6, 8, 10, 12, 14, 16, 18 Qianmen Avenue, Dongcheng District, Beijing, China
- (11) 10/F New World Building, No 2-68 Nanjing Xi Road, Shanghai 200003, China
- (12) 21, Han Street, Wuchang District, (Shops 40/41/42) Building 5, Lot J2, Wuhan, China
- (13) 3F, St John's Building, No. 33 Garden Road, Central, Hong Kong
- (14) 4-11, Fu 9, No. 133, Nanpin Road, Nan'an District, Chongqing, China
- (15) L2-25, 2F, 3F Parkside Plaza, Putuo District, Shanghai, China
- (16) 189, Dadhue Road, Pu Tuo District, Shanghai, 200062, China
- (17) Tivolitie 10, Helsinki 00510, Finland
- (18) Centre Commercial Val d'Europe, Espace 502, 14 cours du Danube, Serris, 7711 MARNE LA VALLEE, France
- (19) Heidenhof 1, 29614 Soltau, Germany
- (20) 44, Regal Building, Connaught Place, New Delhi, Central Delhi DL, 110001, India
- (21) 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
- (22) First Floor, Fitzwilton House, Wilton Place, Dublin 2, Ireland
- (23) Via Derna 4, Castelnovo del Garda, 37014, Verona, Italy
- (24) Via Vivaldi n.7, Castelnovo del Garda Verona, 37014, Verona, Italy
- (25) Loc Ronchi, Castel del Garda Verona, 37014, Verona, Italy
- (26) 2-2-1, Kinjoufuto Minato-ku, Nagoya-shi, Japan
- (27) Island Mall, Decks Tokyo Beach, 1-6-1 Daiba, Minato-ku, Tokyo, Japan
- (28) Polaris-Vertigo Building, 2-4 rue Eugene Ruppert, L-2453, Luxembourg
- (29) Rokin 78, 1012 KW Amsterdam, Netherlands
- (30) Dam 20 GEBOUW P&C, 1012 NP Amsterdam, Netherlands
- (31) Gevers Deynootweg 970, 2586 BW Den Haag, Netherlands
- (32) Strandweg 13, 2586 JK Den Haag, Netherlands
- (33) Level 12, 55 Shortland Street, Auckland 1010, New Zealand
- (34) Avenida Da Boavista 3265, 7th Floor, 4100 - 137 Porto, Portugal
- (35) 10, Changi Business Park Central 2, #05-01, HansaPoint@CBP, 486030, Singapore
- (36) 1411-4, Jung 1-dong, Haenudee-Gu, Busan, Republic of Korea

Notes to the financial statements (continued)
for the 52 weeks ended 28 December 2019 (2018: 52 weeks ended 29 December 2018)

13 Related subsidiary and joint venture undertakings (continued)

- (37) Yoseon-dong, 8F Moorim Building, 16 Joongang-ro, Chuncheon-si, Gangwon-do, Republic of Korea
- (38) Puerto Marina, Benalmadena-Costa, 29630 Benalmadena, Malaga, Spain
- (39) B1-B2 Floor Siam Paragon, 991 Rama 1 Road, Khweng Patumwan, Bangkok 10330, Thailand
- (40) Kocatepe Mah, Pasa Cad, Forum Istanbul AVM No. 5/5, Bayrampasa, Turkey
- (41) Office 1601, 48 Burj Gate, Burj Khalifa, Dubai, United Arab Emirates
- (42) Emaar Square, Building 3, Level 5, P.O. Box 37172, Dubai, United Arab Emirates
- (43) Link House, 25 West Street, Poole, Dorset, BH15 1LD, United Kingdom
- (44) 80 State Street, Albany, New York 12207-2543, United States
- (45) 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801, United States
- (46) 201-01 Emaar Square, PO Box 123311, Dubai, United Arab Emirates
- (47) No.2 Jia-1, Bolan Road, Heping Distict, Shenyang, China
- (48) Heidenhof 1, 29614 Soltau, Germany
- (49) Gevers Deynootweg 970, 2586 BW Den Haag, Netherlands

14 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 guarantee to the Bank for all debit balances arising from the Group facility whereby each member company guarantees the debit balance of each other member to the Bank.

15 Subsequent events and going concern

For further details on how the COVID-19 pandemic has affected the Company's going concern assessment, see note 1 to the financial statements.

On 23 November, as part of a group restructuring, the Company acquired the investment in Merlin Entertainments Crown (UK) Limited that had previously been held by the Company's subsidiary undertaking, Charcoal Newco 1A Limited.