

**Chessington World of Adventures Operations
Limited**

**Directors' report and financial
statements**

Registered number 6128521
52 weeks ended 29 December 2012



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Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 29 December 2012

Business review

Principal activity and future developments

The principal activity of the company throughout the period was to act as an agent in the operation of a young family visitor attraction, focused on rides, shows and animal displays

Under an agency agreement, the company operated the visitor attraction, Chessington World of Adventures as agent for Merlin Attractions Operations Limited. Under this agency agreement, the company is reimbursed for costs incurred in the operation of the attraction.

The company's operating fixed assets and operational staff were transferred to Merlin Attractions Operations Limited at the end of the year.

The results for the company show a profit before tax of £906,000 (2011 £859,000) and turnover of £11,398,000 (2011 £10,660,000). As at 29 December 2012, the company had net assets of £5,260,000 (31 December 2011 £5,034,000). The directors are satisfied that these financial statements give a fair review of the development of the business and the company during the period and of its position at the period end. Given the limited nature of the company's ongoing operations no key performance indicators have been identified for the company's activities.

Principal risks and uncertainties

Competition in the leisure and entertainment industry, together with the influence of the weather and socio-economic environment on visitor numbers, represent continuing risks for the company. The company's principal risks and uncertainties are directly related to the Merlin Entertainments Group and accordingly no specific risks and uncertainties are identified in these financial statements. The principal risks are discussed within the accounts of Merlin Entertainments S à r l and details of how to obtain these accounts can be found in Note 16.

Dividends

The directors do not recommend the payment of a dividend (2011 £nil).

Directors

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

C Armstrong
NS Mackenzie
F Montgomery

During the period the company maintained liability insurance for its directors and officers.

Employees

Regular informal meetings are held between management and employees in order to keep employees informed on current developments within the company and to take account of their views in making decisions likely to affect their interests. In addition a monthly newsletter is produced.

Directors' report *(continued)*

Disabled persons

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

Charitable and political donations

During the period, charitable donations in the United Kingdom amounted to £nil (2011 £nil). The company participates in The Merlin Group's own charity "Merlin's Magic Wand", which is funded by the group and enables children who are disadvantaged through ill health, disability, abuse or poverty to have a great experience at one of the group's many attractions through a combination of free tickets and financial support for travel and accompanying carers. The company made no political donations during the period (2011 £nil).

Disclosure of information to auditors

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.

Auditors

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

By order of the board



C Armstrong
Company Secretary

2 September 2013

3 Market Close
Poole
Dorset
BH15 1NQ

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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).

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 judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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 Chessington World of Adventures Operations Limited

We have audited the financial statements of Chessington World of Adventures Operations Limited for the 52 weeks ended 29 December 2012 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 December 2012 and of its profits for the 52 weeks then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Mark Summerfield
Senior Statutory Auditor

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

6 September 2013

Profit and loss account
for the 52 weeks ended 29 December 2012

		52 weeks ended 29 December 2012 £000	53 weeks ended 31 December 2011 £000
	<i>Note</i>		
Turnover – intercompany agency revenues	2	11,398	10,660
Cost of sales		-	-
Gross profit		11,398	10,660
Administrative expenses		(10,492)	(9,801)
Operating profit and profit on ordinary activities before taxation	3	906	859
Tax on profit on ordinary activities	6	(680)	(1,946)
Profit/(Loss) for the financial period	12	226	(1,087)

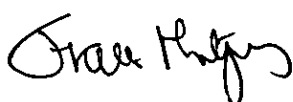
There are no recognised gains or losses other than the profit/(loss) for the financial period reported above. There is also no difference between the profit on ordinary activities before taxation and the result for the financial period stated above and their historical cost equivalents.

The results of the company for the period relate wholly to continuing operations, being the operation of a visitor attraction, Chessington World of Adventures, as agent for a fellow group company.

Balance sheet
 at 29 December 2012

	<i>Note</i>	29 December 2012		31 December 2011	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7	-		36,706	
Investments	8	-		-	
			-		36,706
Current assets					
Debtors	9	5,993		-	
		5,993		-	
Creditors: amounts falling due within one year	10	(733)		(31,672)	
Net current assets/(liabilities)			5,260		(31,672)
Total assets less current liabilities			5,260		5,034
Net assets			5,260		5,034
Capital and reserves					
Called up share capital	11	-		-	
Capital reserve	12	150		150	
Profit and loss account	12	5,110		4,884	
Shareholder's funds	13		5,260		5,034

These financial statements were approved by the board of directors on 2 September 2013 and were signed on its behalf by



F Montgomery
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

These financial statements have been prepared for the 52 weeks ended 29 December 2012 (*2011 53 weeks ended 31 December 2011*) The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review in the Directors' Report The financial position of the company, its cash flows, liquidity position and borrowing facilities are directly related to the position of the overall Merlin Entertainments Group As such, details of this groupwide position are described in the consolidated financial statements of Merlin Entertainments S à r l available to the public from the address in Note 16

In addition, the notes to the consolidated financial statements of Merlin Entertainments S à r l include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

The company has appropriate financial resources and trades profitably The directors believe that the company is well placed to manage its business risks successfully and that it has adequate resources 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

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Related party transactions

As the company is a wholly owned subsidiary of Merlin Entertainments S à r l, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Merlin Entertainments S à r l, within which this company is included, can be obtained from the address given in Note 16

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations is capitalised Goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Land and buildings	-	1 - 50 years
Plant and machinery	-	5 - 30 years

No depreciation is provided on freehold land or assets in the course of construction

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Turnover

Turnover represents intercompany agency fees received for the reimbursement of operating expenses.

Pensions

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

Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost, which includes a proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Share based payments

Group share and share option schemes allow certain employees to acquire shares of the ultimate parent company. The fair value of these shares or options is recognised as an employee expense with a corresponding increase in equity, in the form of a parent company capital contribution. The fair value of shares is determined based on an analysis of profit multiples in the Group's industry sector. The fair value of options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Notes (continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

3 Notes to the profit and loss account

	52 weeks ended 29 December 2012 £000	53 weeks ended 31 December 2011 £000
Operating profit is stated after charging		
Depreciation of tangible fixed assets	2,216	1,825
Operating lease rentals - plant and equipment	91	103

Auditor's remuneration

	52 weeks ended 29 December 2012 £000	53 weeks ended 31 December 2011 £000
Audit of these financial statements	16	17

The auditor's remuneration is borne by a fellow group company

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

4 Remuneration of directors

The directors received no remuneration from the company during the period and are paid by other group undertakings. None of the directors received remuneration for their services to the company as the services provided to the company are incidental to their wider role in the group.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category, was as follows

	52 weeks ended 29 December 2012	53 weeks ended 31 December 2011
Attraction management	26	77
Operations	789	712
	815	789

The aggregate payroll costs of these persons were as follows

	52 weeks ended 29 December 2012 £000	53 weeks ended 31 December 2011 £000
Wages and salaries	7,506	7,157
Social security costs	458	482
Other pension costs	221	234
	8,185	7,873

6 Taxation

Analysis of tax charge

	52 weeks ended 29 December 2012 £000	53 weeks ended 31 December 2011 £000
<i>UK corporation tax</i>		
Current tax on income for the period	734	734
Adjustment in respect of prior period	(54)	1
Total current tax	680	735
<i>Deferred tax</i>		
Origination of timing differences	-	5
Adjustment in respect of prior period	-	1,206
Total deferred tax	-	1,211
Tax on profit on ordinary activities	680	1,946

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2011 higher) than the standard rate of corporation tax in the UK of 24% (2011 26%). The differences are explained below

	52 weeks ended 29 December 2012 £000	53 weeks ended 31 December 2011 £000
Profit on ordinary activities before taxation	906	859
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2011 26%)	217	223
Effects of		
Expenses disallowable for tax purposes	118	324
Difference between capital allowances and depreciation in the period	399	187
Adjustment in respect of prior period	(54)	1
Total current tax charge (see above)	680	735

The company has an unprovided deferred tax asset of £nil at 29 December 2012 (2011 £1,260,000), which relates to accelerated capital allowances, which are not expected to reverse in the near future

On 21 March 2012 the Chancellor announced the reduction in the main rate of corporation tax from 26% to 24% with effect from 1 April 2012, and to 23% effective from 1 April 2013. This rate change was substantively enacted on 3 July 2012. The closing deferred tax balances have been valued at 23% (2011 25%).

Subsequently, further reductions in the corporation tax rate have been announced, expected to reduce the rate to 20% from 1 April 2015. Such reductions will reduce future corporation tax charges, and reduce the future value of deferred tax assets and liabilities. However, as these changes were not substantively enacted at the balance sheet date, no adjustments have been made in these accounts.

Notes (continued)

7 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Total £000
Cost				
At 1 January 2012	26,227	16,062	971	43,260
Additions	-	2,492	4,050	6,542
Transferred to Merlin Attractions Operations Limited	(26,227)	(18,554)	(5,021)	(49,802)
At 29 December 2012	-	-	-	-
Depreciation				
At 1 January 2012	1,967	4,587	-	6,554
Charge for the period	346	1,870	-	2,216
Transferred to Merlin Attractions Operations Limited	(2,313)	(6,457)	-	(8,770)
At 29 December 2012	-	-	-	-
Net book value				
At 29 December 2012	-	-	-	-
At 31 December 2011	24,260	11,475	971	36,706

8 Investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2012 and 29 December 2012	104

The principal direct undertakings in which the company's interest at the period end is more than 20% are as follows

Company	Activity	Country of incorporation	Shareholding	Description of shares held
CWA Propco Limited	Dormant	England and Wales	100%	Ordinary
Chessington Zoo Limited	Dormant	England and Wales	100%	Ordinary
Chessington World of Adventures Limited	Dormant	England and Wales	100%	Ordinary

Notes *(continued)*

9 Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	5,993	-

10 Creditors amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to group undertakings	-	30,938
Corporation tax	733	734
	733	31,672

11 Called up share capital

	2012 £000	2011 £000
<i>Allotted, called up and fully paid</i> 100 ordinary shares of £1 each	-	-

12 Reserves

	Capital Reserve £000	Profit and loss account £000
At 1 January 2012	150	4,884
Profit for the financial period	-	226
At 29 December 2012	150	5,110

Notes (continued)

12 Reserves (continued)

Share based payments

During 2011 equity settled schemes were created that enable certain senior employees to acquire ordinary shares in the ultimate parent undertaking at market value. At the discretion of the group's Chief Executive Officer further shares can also be granted in recognition of long service and/or outstanding contribution. These shares are expected to vest on a qualifying transaction, including a stock exchange listing.

No charge arose during the year (2011 nil). The number of shares issued is as follows:

	Number 2012	Number 2011
At the start of the period	13,650	-
(Decrease)/Increase during the period	(13,650)	13,650
At the end of the period	-	13,650

13 Reconciliation of movements in shareholder's funds

	2012 £000	2011 £000
Opening shareholder's funds	5,034	6,121
Profit/(Loss) for the period	226	(1,087)
Closing shareholder's funds	5,260	5,034

14 Commitments

(a) Capital commitments at the end of the financial period for which no provision has been made, are as follows:

	2012 £000	2011 £000
Contracted	-	120

(b) Annual commitments under non-cancellable operating leases are as follows:

	2012 £000	2011 £000
Operating leases which expire		
Within one year	-	60
In the second to fifth years inclusive	-	59
	-	119

Notes *(continued)*

15 Pension commitments

During the period the company operated a defined contribution pension scheme for a number of its employees. The pension charge for the period was £221,000 (2011 £234,000). The pension costs are charged to the profit and loss account in the period that they are incurred and any outstanding contributions at the period end are included within creditors. The assets of the scheme are held separately from those of the company in independently administered funds. At the period end the outstanding contributions due to the scheme were £nil (2011 £nil).

16 Ultimate parent company

The ultimate parent undertaking is Merlin Entertainments S à r l a company incorporated in Luxembourg, 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 Merlin Entertainments Group Limited, 3 Market Close, Poole, Dorset, BH15 1NQ.

The immediate parent company is Charcoal HoldCo Limited.