Chessington World of Adventures Operations Limited

Annual report and financial statements

Registered number 06128521

53 weeks ended 31 December 2016

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Strategic Report

The directors present their Strategic report for the 53 weeks ended 31 December 2016.

Strategic Management

The principal activity of the company throughout the year 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 performs operational tasks as an agent for Merlin Attractions Operations Limited for which it receives an agency fee.

Business environment

Competition in the leisure and entertainments industry, together with the influence of the weather and socio-economic environment on visitor numbers, represents continuing risks for the company. The company's principal risks and uncertainties are directly related to the Merlin Entertainments Group and accordingly no other specific risks and uncertainties are identified in these financial statements. The principal risks are discussed within the accounts of Merlin Entertainments plc and details of how to obtain these accounts can be found in note 7.

Business performance

The directors have determined that the result before tax and the net assets or liabilities 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 company show a profit before tax of £627,000 *(2015: £689,000)*. As at 31 December 2016, the company had net assets of £7,787,000 *(26 December 2015: £7,335,000)*. 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 53 weeks ended 31 December 2016. Details of the company's principal activity and future developments; its principal risks and uncertainties; and its KPI's can be found within the Strategic Report.

Dividends

The directors do not recommend the payment of a dividend *(2015: £nil)*.

Directors

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

F Montgomery
J Platt
F Rose
M Jowett *(appointed 26 February 2016)*
C Armstrong *(resigned 26 February 2016)*

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

Charitable and political donations

During the period, charitable and political donations in the United Kingdom amounted to £nil *(2015: £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.

Directors' report *(continued)*

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.

Auditor

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.

The Strategic Report and the Directors Report were both approved by the Board on 20 July 2017.

By order of the board

F Rose
Company Secretary

3 Market Close
Poole
Dorset
BH15 1NQ

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; 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 53 weeks ended 31 December 2016 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 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 31 December 2016 and of its profit for the period 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 matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Chessington World of Adventures Operations Limited *(continued)*

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.



Hugh Green
Senior Statutory Auditor

20 July 2017

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

Statement of comprehensive income

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

	Note	2016 £000	2015 £000
Revenue	2	**627**	689
Profit before tax		**627**	689
Taxation	4	**(175)**	(199)
Profit for the year		**452**	490
Other comprehensive income for the year net of income tax		**-**	-
Total comprehensive income for the year		**452**	490

Statement of financial position

at 31 December 2016 (2015: 26 December 2015)

	Note	2016 £000	2015 £000
Current assets			
Trade and other receivables	5	**7,962**	7,538
Total assets		**7,962**	7,538
Current liabilities			
Tax payable		**(175)**	(203)
Total liabilities		**(175)**	(203)
Net assets		**7,787**	7,335
Capital and reserves			
Share capital	6	**-**	-
Capital reserve		**150**	150
Retained earnings		**7,637**	7,185
Total equity		**7,787**	7,335

These financial statements were approved by the board of directors on 20 July 2017 and were signed on its behalf by:

F Rose
Director

Statement of changes in equity

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

	Share capital £000	Capital reserve £000	Retained earnings £000	Total equity £000
At 28 December 2014	-	150	6,695	**6,845**
Profit for the year	-	-	490	**490**
At 26 December 2015	-	**150**	**7,185**	**7,335**
Profit for the year	-	-	452	**452**
At 31 December 2016	-	**150**	**7,637**	**7,787**

Notes to the financial statements

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

1 Accounting policies

Basis of preparation

These financial statements have been prepared for the 53 weeks ended 31 December 2016 (*2015: 52 weeks ended 26 December 2015*).

Chessington World of Adventures Operations Limited (the "Company") is a company incorporated and domiciled in the UK. It is a private company Limited by shares.

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 subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy or the reclassification of items in the financial statements; and
- Disclosures in respect of the compensation of Key Management Personnel.

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:

- 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.

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 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

1 Accounting policies *(continued)*

Going concern

The Company is expected to continue to trade profitably and generate positive cash flows on its own account for the foreseeable future. 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.

Revenue

Revenue represents intercompany agency fees received.

Taxation

The tax charge for the year is recognised in the income statement and the statement of comprehensive income, according to the accounting treatment of the related transaction. The tax charge comprises both current and deferred tax.

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 amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

After considering forecast future profits, deferred tax assets are recognised where it is probable that future taxable profits will be available against which those assets can be utilised.

Capital reserve

The capital reserve includes the cumulative amounts recognised in relation to closed share based payment schemes operated by the company.

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.

2 Revenue

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

Notes to the financial statements *(continued)*

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

3 Operating profit

	2016 £000	2015 £000
Audit of these financial statements	**1**	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.

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.

4 Taxation

Recognised in the income statement

	2016 £000	2015 £000
Current tax expense		
Current year	**175**	203
Adjustments for prior periods	**-**	(4)
Total current income tax	**175**	199
Total tax expense in the income statement	**175**	199

Reconciliation of effective tax rate

	2016 %	2016 £000	2015 %	2015 £000
Profit before tax		**627**		689
Income tax using the domestic corporation tax rate	**20.0%**	**125**	20.2%	139
Imputed interest	**8.0%**	**50**	9.3%	64
Adjustment for prior periods	**-**	**-**	(0.6%)	(4)
Total tax expense in the income statement	**28.0%**	**175**	28.9%	199

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The standard rate for UK corporation tax used in the 53 weeks ended 31 December 2016 was 20% (2015: 20.25%). Closing deferred tax balances have been valued at 19% (2015: 19%).

An additional reduction 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 *(continued)*

for the 53 weeks ended 31 December 2016 (2015: 52 weeks ended 26 December 2015)

5 Trade and other receivables

	Current 2016 £000	Current 2015 £000
Amounts owed by group undertakings	**7,962**	7,538

6 Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	-	-

7 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, with a registered address of 3 Market Close, Poole, Dorset, BH15 1NQ. 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, with a registered address of 3 Market Close, Poole, Dorset, BH15 1NQ.