Merlin Entertainments Group Luxembourg S.à r.l

Managers' report and consolidated financial statements 2009

Registered number B108846

(with the report of the Réviseur d'Entreprises Agréé thereon)

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Managers' report

The managers present their 2009 managers' report and consolidated financial statements covering a trading period of 52 weeks ended 26 December 2009 *(2008: 52 weeks ended 27 December 2008).*

Principal activities

The Group's principal activity is the operation of visitor attractions and theme parks in the United Kingdom, Continental Europe, North America and the Far East. The Group's results are detailed on page 6 of the consolidated financial statements.

The Company's principal activity is that of a holding company.

Business review

The Group has enjoyed a successful year during 2009, with growth in both revenues and operating profit during the year. Two new visitor attractions were opened, including one in Portugal, a new country of operation. The financial position of the Group remains strong and the Group experienced an improvement during the year in net assets excluding non-current shareholder loans.

The Group made no acquisitions during 2009.

Research and development

The Group does not engage in significant research and development activities.

Financial instruments

Information on financial instruments is detailed in note 25.

Proposed dividend

The managers do not recommend the payment of a dividend.

Market value of land and buildings

In the opinion of the managers, the market value of the land and buildings of the Group is not materially different from their net book value.

Subsequent events

On 7 January 2010, the Group acquired the business and assets of Cypress Gardens, a theme park in Florida. Further information is provided in note 29.

On 31 March 2010 the Group settled the Italian shareholder debt in full resulting in a payment of £16.7 million. Further information is provided in note 29.

Group's likely future development

The managers consider that the Group's existing operations will continue, attracting increasing market share and generating profits. Opportunities to increase its portfolio by opening new attractions will be sought out and evaluated, and, where appropriate, the Group will acquire other existing businesses. The Group will continue as a market leader in branded visitor attractions.

Managers' report *(continued)*

Managers and managers' interests

The managers who held office during the year were as follows:

Robert Friedman

John Sutherland

Knud Hjorth (resigned 31 March 2009)

Colin Armstrong

Jamie Nelson (resigned 27 November 2009)

Christian Rojkjaer (appointed 27 May 2009, resigned 14 October 2009)

Claus Andersen (appointed 14 October 2009)

Other than as detailed below, none of the managers who held office at the end of the financial year had any disclosable interest in the shares of Group companies.

Share options

According to the register of managers' interests, the following rights to subscribe for shares in or debentures of Group companies were granted to the managers or their immediate families, or exercised by them, during the financial year:

	Date of grant	Class of ordinary share	At 28 December 2008	Options granted during the year	Options exercised during the year	At 26 December 2009	Exercise price (p)
Colin Armstrong	03.04.08	B1	350	-	-	350	37.0
	08.05.09	B1	-	150	-	150	37.0
	03.04.08	B2	350	-	-	350	37.0
	08.05.09	B2	-	150	-	150	37.0
	03.04.08	B3	350	-	-	350	37.0
	08.05.09	B3	-	150	-	150	37.0
	03.04.08	B4	350	-	-	350	37.0
	08.05.09	B4	-	150	-	150	37.0
	03.04.08	B5	350	-	-	350	37.0
	08.05.09	B5	-	150	-	150	37.0
Total			1,750	750	-	2,500	

Certain managers benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Employees

Regular informal meetings are held between management and employees in order to keep employees informed on current developments within the Group and to take account of their views in making decisions likely to affect their interests. Works councils operate at some sites. In addition a quarterly newsletter is produced.

Managers' report *(continued)*

Disclosure of information to auditors

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

Auditors

Pursuant to a partners' resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit S.à r.l. will therefore continue in office.

By order of the board

John Sutherland
Manager

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23 June 2010

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Merlin Entertainment Group Luxembourg S.à r.l. for the 52 week period ended December 26, 2009, which comprise the consolidated statement of financial position as at December 26, 2009 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the 52 week period then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Managers' responsibility for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the consolidated financial statements.

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

KPMG Audit S.à r.l., a Luxembourg private limited company, is a subsidiary of KPMG Europe LLP and a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss enity

T.V.A. LU 20379877
Capital 25.000 €
R.C.S. Luxembourg B 103590

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Merlin Entertainment Group Luxembourg S.à r.l. as of December 26, 2009, and of its consolidated financial performance and its consolidated cash flows for the 52 week period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Managers, is consistent with the consolidated financial statements.

Luxembourg, 23 June 2010

KPMG Audit S.à r.l.
Cabinet de révision agréé

Thierry Ravasio

Consolidated income statement

For the 52 weeks ended 26 December 2009
(2008: 52 weeks ended 27 December 2008)

	Note	2009 Underlying trading £m	2009 Exceptional and non-trading items [(2)] £m	2009 Total £m	2008 Underlying trading £m	2008 Exceptional and non-trading items [(2)] £m	2008 Total £m
Revenue	2,5	769.0	-	769.0	662.3	-	662.3
Cost of sales	6	(104.4)	-	(104.4)	(87.9)	-	(87.9)
Gross profit		664.6	-	664.6	574.4	-	574.4
Staff expenses	7	(191.2)	-	(191.2)	(164.5)	-	(164.5)
Other operating expenses		(237.7)	-	(237.7)	(207.3)	(1.9)	(209.2)
EBITDA [(1)]	2	235.7	-	235.7	202.6	(1.9)	200.7
Depreciation, amortisation and impairment	10,11	(59.0)	-	(59.0)	(52.3)	(28.0)	(80.3)
Operating profit		176.7	-	176.7	150.3	(29.9)	120.4
Finance income	8	0.7	10.6	11.3	17.6	28.3	45.9
Finance costs	8	(179.0)	(22.7)	(201.7)	(175.4)	(65.4)	(240.8)
Loss before tax		(1.6)	(12.1)	(13.7)	(7.5)	(67.0)	(74.5)
Taxation	9	(22.1)	5.0	(17.1)	(15.2)	9.8	(5.4)
Loss for the year		**(23.7)**	**(7.1)**	**(30.8)**	**(22.7)**	**(57.2)**	**(79.9)**
Loss attributable to:							
Owners of the Company		(23.8)	(7.1)	(30.9)	(21.9)	(57.2)	(79.1)
Non-controlling interest		0.1	-	0.1	(0.8)	-	(0.8)
Loss for the year		**(23.7)**	**(7.1)**	**(30.8)**	**(22.7)**	**(57.2)**	**(79.9)**

(1) EBITDA – this is defined as earnings before finance income and costs, taxation, depreciation and amortisation and is after taking account of profit after tax of joint ventures.

(2) Details of exceptional and non-trading items are provided in note 3.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the 52 weeks ended 26 December 2009

(2008: 52 weeks ended 27 December 2008)

	Note	2009	2008
		£m	**£m**
Loss for the year		(30.8)	(79.9)
Other comprehensive income			
Exchange differences on retranslation of subsidiaries		(0.7)	21.8
Exchange differences relating to the net investment in foreign operations	8	19.2	(76.3)
Defined benefit plan actuarial gains and losses	22	(0.9)	(1.4)
Income tax on other comprehensive income	9	1.6	(2.3)
Other comprehensive income for the year net of income tax		19.2	(58.2)
Total comprehensive income for the year		**(11.6)**	**(138.1)**
Total comprehensive income attributable to:			
Owners of the Company		(11.5)	(138.2)
Non-controlling interest		(0.1)	0.1
Total comprehensive income for the year		**(11.6)**	**(138.1)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

at 26 December 2009

(2008: 27 December 2008)

	Note	2009 £m	2008 £m
Non-current assets			
Property, plant and equipment	10	909.0	909.5
Intangible assets	11	945.7	978.5
Investment in joint ventures	12	0.7	0.7
Other receivables	15	4.1	4.7
Deferred tax assets	13	31.9	41.0
		1,891.4	1,934.4
Current assets			
Inventories	14	11.6	12.4
Trade and other receivables	15	40.5	41.1
Other financial assets	16	-	23.8
Cash and cash equivalents	17	87.0	114.9
		139.1	192.2
Total assets		2,030.5	2,126.6
Current liabilities			
Bank overdrafts	17	0.4	-
Interest-bearing loans and borrowings	18	27.6	102.1
Finance leases	18	2.1	2.4
Other financial liabilities	18	83.3	77.3
Trade and other payables	20	102.4	103.7
Tax payable		1.9	0.4
Provisions	21	7.0	5.6
		224.7	291.5
Non-current liabilities			
Interest-bearing loans and borrowings (excluding shareholder loans)	18	1,081.1	1,108.6
Finance leases	18	89.3	92.9
Other payables	20	15.1	7.4
Provisions	21	14.8	22.0
Employee benefits	22	4.9	4.4
Deferred tax liabilities	13	119.0	123.2
		1,324.2	1,358.5
Total liabilities excluding non-current shareholder loans		1,548.9	1,650.0
Net assets excluding non-current shareholder loans		**481.6**	**476.6**
Non-current shareholder loans	18	595.9	580.7
Net liabilities		**(114.3)**	**(104.1)**
Issued capital and reserves attributable to owners of the Company		(118.0)	(107.9)
Non-controlling interest		3.7	3.8
Total equity	24	**(114.3)**	**(104.1)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the 52 weeks ended 26 December 2009

(2008: 52 weeks ended 27 December 2008)

	Note	Share capital £m	Share premium £m	Trans-lation reserve £m	Retained earnings £m	Total parent equity £m	Non control-ling interest £m	Total equity £m
At 30 December 2007		0.6	88.0	(8.5)	(50.4)	29.7	3.5	33.2
Loss for the year		-	-	-	(79.1)	(79.1)	(0.8)	(79.9)
Other comprehensive income for the year net of income tax		-	-	(58.1)	(1.0)	(59.1)	0.9	(58.2)
Total comprehensive income for the year		-	-	(58.1)	(80.1)	(138.2)	0.1	(138.1)
Acquisition of minority interest	12	-	-	-	-	-	0.2	0.2
Equity settled share based transactions	23	-	-	-	0.6	0.6	-	0.6
At 27 December 2008		**0.6**	**88.0**	**(66.6)**	**(129.9)**	**(107.9)**	**3.8**	**(104.1)**
Loss for the year		-	-	-	(30.9)	(30.9)	0.1	(30.8)
Other comprehensive income for the year net of income tax		-	-	20.0	(0.6)	19.4	(0.2)	19.2
Total comprehensive income for the year		-	-	20.0	(31.5)	(11.5)	(0.1)	(11.6)
Equity settled share based transactions	23	-	-	-	1.4	1.4	-	1.4
At 26 December 2009		**0.6**	**88.0**	**(46.6)**	**(160.0)**	**(118.0)**	**3.7**	**(114.3)**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the 52 weeks ended 26 December 2009
(2008: 52 weeks ended 27 December 2008)

	Note	2009 £m	2008 £m
Cash flows from operating activities			
Loss for the year:		(30.8)	(79.9)
Adjustments for:			
Depreciation, amortisation and impairment charges	10,11	59.0	80.3
(Amortisation)/release of grants		(0.3)	1.0
Loss/(gain) on sale of property, plant and equipment		0.3	(0.2)
Finance income	8	(11.3)	(45.9)
Finance costs	8	201.7	240.8
Taxation	9	17.1	5.4
		235.7	201.5
Working capital changes		2.9	16.0
Increase in provisions and other non-current liabilities		-	6.9
		238.6	224.4
Tax paid		(5.0)	(5.3)
Net cash inflow from operating activities		233.6	219.1
Cash flows from investing activities			
Interest received		0.7	16.3
Dividends received from joint ventures	12	-	0.2
Acquisition of subsidiaries, net of cash acquired	4	(0.7)	(19.8)
Acquisition of intangibles		(0.3)	-
Acquisition of property, plant and equipment		(100.9)	(96.2)
Disposal of property, plant and equipment		0.4	0.5
Loans repaid by joint ventures	12	-	0.2
Net cash outflow from investing activities		(100.8)	(98.8)
Cash flows from financing activities			
Proceeds from bank loans		-	78.6
Capital repayments of finance leases		(2.4)	(2.1)
Interest paid		(100.4)	(105.6)
Repayment of borrowings		(82.5)	-
Available-for-sale financial assets acquired		-	(21.5)
Disposal of available-for-sale financial assets		23.6	-
Dividends paid to minority interests		(0.1)	(2.7)
Net cash outflow from financing activities		(161.8)	(53.3)
Net (decrease)/increase in cash and cash equivalents		(29.0)	67.0
Cash and cash equivalents at beginning of year		114.9	39.5
Effect of exchange rate fluctuations		0.7	8.4
Cash and cash equivalents, net of bank overdrafts, at end of year	17	**86.6**	**114.9**

The accompanying notes form an integral part of these consolidated financial statements.

Notes *(forming part of the financial statements)*

52 weeks ended 26 December 2009

1 Accounting policies

Merlin Entertainments Group Luxembourg S.à r.l. (the "Company") is a company incorporated in Luxembourg and its registered office is 19, rue de Bitbourg, L-1273, Luxembourg.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in joint ventures.

These consolidated financial statements were approved by the Board of Managers on 23 June 2010.

The consolidated financial statements have been prepared and approved by the managers in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all subsidiaries and joint ventures. Judgements made by the managers, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 32.

Basis of preparation

These consolidated financial statements have been prepared for the 52 weeks ended 26 December 2009 *(2008: 52 weeks ended 27 December 2008)*. The consolidated financial statements are prepared on the historical cost basis except for derivative financial instruments measured at their fair value.

Although the Group has net current liabilities of £85.6 million *(2008: £99.3 million)*, net liabilities of £114.3 million *(2008: £104.1 million)* and a loss for the year of £30.8 million *(2008: £79.9 million)*, the consolidated financial statements have been prepared on the going concern basis. The treatment assumes that the Group will continue in operational existence, and will be able to meet its liabilities as they fall due, for at least 12 months from the date of signature of the consolidated financial statements. As highlighted in note 18 the Group is funded by a bank loan facility, due for renewal in 2012. The Group's forecasts show that it should be able to operate within the level of its current facilities. The managers consider this assumption to be reasonable because after reviewing the Group's cash flow forecasts and trading budgets and making appropriate enquiries, they believe the Group to be operationally and financially robust, and that it will generate sufficient cash to meet its borrowing requirements for the next 12 months.

All values are stated in £m except where otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Merlin Entertainments Group Luxembourg S.à r.l and its subsidiaries at the end of each reporting period, and include its share of its joint ventures' results using the equity method.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated.

Where subsidiaries enter into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, these are considered to be insurance arrangements and accounted for as such. In this respect, the subsidiary concerned treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

Exceptional and non-trading items

Exceptional and non-trading items, as disclosed on the face of the income statement, are items which, due to their material nature, have been classified separately in order to draw them to the attentions of the reader of the accounts. They are adjustments that, in the judgement of the managers, are required in order to show the underlying business performance of the Group more accurately.

Notes *(continued)*

52 weeks ended 26 December 2009

1 Accounting policies *(continued)*

Investments in joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised income and expenses of joint ventures on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

Operating segments

The Group determines and presents operating segments based on the information that is provided internally to the Chief Executive Officer, who is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment.

Foreign currency

Foreign currency transactions are translated into the functional currency 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, except when deferred in equity as qualifying net investment hedges.

The results and financial position of all Group companies, which do not have a Sterling functional currency, are translated into Sterling as follows:

i) assets and liabilities are translated at the closing rate at the date of the statement of financial position;

ii) income and expenses are translated at average exchange rates during the year;

iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. The Group treats specific inter-company loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. In the event of a foreign entity being sold, such exchange differences would be recognised in the income statement as part of the gain or loss on sale.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Notes *(continued)*

52 weeks ended 26 December 2009

1 Accounting policies *(continued)*

Financial assets and liabilities

Derivative financial instruments – interest rate swaps and forward exchange contracts

Derivative financial instruments are recognised at fair value. Subsequent to initial recognition the gain or loss on remeasurement to fair value is recognised immediately in the income statement, except in specific circumstances where the Group may choose to adopt hedge accounting under IAS 39.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to exit the swap at the end of the reporting period, taking into account current interest rates, the current creditworthiness of the swap counterparties, own credit risk and the impact of the bid/ask spread. The fair value of forward exchange contracts is the present value of future cash flows.

Available-for-sale financial assets – money market fund

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are recognised at fair value and any subsequent changes in fair value are recognised in equity. When derecognised, the cumulative gain or loss is transferred to the income statement.

Property, plant and equipment

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

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below. All other leases are accounted for as operating leases.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Assets under construction are not depreciated until they come in to use, when they are transferred to buildings or plant and equipment as appropriate.

The estimated useful lives are as follows:

Freehold / long leasehold buildings	50 years
Leasehold buildings	20 – 50 years
Plant and equipment	5 – 30 years

On inception of a lease the estimated cost of decommissioning the leased asset is included within property, plant and equipment and depreciated over the lease term and a corresponding asset retirement provision set-up and released to the income statement over the lease term.

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and joint ventures. In respect of business acquisitions, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired and contingent liabilities assumed. Identifiable intangible assets are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the joint venture.

Negative goodwill arising on an acquisition is recognised in the income statement.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Notes *(continued)*

52 weeks ended 26 December 2009

1 Accounting policies *(continued)*

Intangible assets and goodwill *(continued)*

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at the end of each reporting period. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Brands	Indefinite
Licences	Life of licence (from 5 to 15 years)
Other intangible assets	Relevant contractual period (up to 30 years)

With effect from 28 December 2008, the Group considers that its brands have an indefinite life. Previously they were amortised over 30 years (see note 32). Amortisation therefore ceased on 27 December 2008 and brands are now tested annually for impairment.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Other receivables are stated at their amortised cost less impairment losses.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Impairment

The carrying amounts of the Group's assets other than inventories and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at the end of each reporting period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units, then to reduce the carrying amount of other intangible assets and the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Notes *(continued)*

52 weeks ended 26 December 2009

1 Accounting policies *(continued)*

***Impairment** (continued)*

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value, being the amount of the consideration received less the directly attributable transaction costs associated with the borrowing. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. In the event of any change in assumptions in respect of the period of the borrowings, the effective interest rate calculated at the inception of the borrowings is maintained, with unexpected variations in cash flows being recognised through the income statement.

Borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009 the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense in the period in which they are incurred. This change in accounting policy was due to the adoption of IAS 23 "Borrowing Costs" (2007) and, in accordance with the transitional provisions of such standard, comparative figures have not been restated.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit schemes

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets. The calculation is performed by a qualified actuary using the projected unit credit method.

Notes *(continued)*

52 weeks ended 26 December 2009

1 Accounting policies *(continued)*

Employee benefits *(continued)*

Defined benefit schemes (continued)

All actuarial gains and losses are recognised in the period they occur directly into equity through other comprehensive income.

Share-based payment transactions

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Group measures provisions at the managers' best estimates of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking account of information available and different possible outcomes. Specific asset retirement provisions are established in respect of assets where necessary on inception and discounted back to present value. The discount on these provisions is then unwound through the income statement as part of financing costs.

Revenue

Revenue represents the amounts (excluding VAT and similar taxes) received from customers for the sale of goods, specifically, admissions tickets, room revenue, retail and food and beverage sales. Revenue from the sale of annual passes is deferred and then recognised over the period that the pass is valid. Ticket revenue is recognised at point of entry. From time to time, the Group enters into service contracts for attraction development and revenue is recognised under these contracts on a percentage completion basis.

Cost of sales

Cost of sales represents variable expenses (excluding VAT and similar taxes) incurred from revenue generating activity. The expense of food and beverage and retail consumables are the principal expenses included under this category.

Government grants

Capital based government grants are included within accruals and deferred income in the statement of financial position and credited to operating profit over the estimated useful economic lives of the assets to which they relate.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received and predetermined non-contingent rent increases are recognised in the income statement as an integral part of the total lease expense over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes *(continued)*

52 weeks ended 26 December 2009

1 Accounting policies *(continued)*

***Expenses** (continued)*

Financing costs and income

Financing costs comprise interest payable, finance charges on finance leases, applicable foreign exchange losses and losses on hedging instruments that are recognised in the income statement (see 'Interest-bearing borrowings' accounting policy).

Financing income comprises interest receivable, dividend income, applicable foreign exchange gains, and gains on hedging instruments that are recognised in the income statement.

Interest income and interest payable is recognised as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or 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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

New standards and interpretations

With effect from 1 January 2009 the Group adopted the following pronouncements:

Amendment to IAS 23 "Borrowing Costs", which requires capitalisation of borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. As a result, interest has been capitalised on certain assets in development in the period, see note 8.

IFRIC 14 "IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", which clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of the minimum funding requirements on such assets. There has been no effect on the consolidated financial statements from the adoption of this standard.

IAS 1 (Revised) "Presentation of financial statements"; As a result, the primary statements have been renamed in accordance with the standard, and the Group has elected to present a separate income statement, in addition to the statement of comprehensive income.

IFRS 7 (Amendment) "Improving disclosures on financial instruments"; The effect of adopting the revision to IFRS 7 is to provide additional disclosures around the fair value hierachy of financial instruments.

IFRS 8 "Operating Segments"; The Group has presented information on its operating segments in accordance with the requirements of this standard and IFRS 8 (Amendment) "Operating Segments – Disclosure of information about segment assets". The Group had previously chosen not to apply IAS 14 'Segmental Reporting'.

IFRS and interpretations with effective dates after 31 December 2009 relevant to the Group will be implemented in the financial year where the standards become effective. The Group has not early adopted the following pronouncements that are not yet effective:

The revised IFRS 3 "Business Combinations" (effective for annual reporting periods beginning on or after 1 July 2009), which contains new requirements for how business combinations are recorded in the financial statements.

Notes *(continued)*

52 weeks ended 26 December 2009

1 Accounting policies *(continued)*

New standards and interpretations *(continued)*

The impact of this new standard on the consolidated financial statements is currently being assessed. Under the transitional provisions of this standard the Group has retained transaction costs relating to acquisitions which will be accounted for under IFRS 3 (Revised) within other receivables in the statement of financial position. These will be expensed in the following year.

The IASB has issued the following standards, amendments to standards and interpretations that will be effective for the Group as from 1 January 2010 or after. The Group does not expect any significant impact of these amendments on its consolidated financial statements.

- IFRS 2 (Amendment) "Share-based Payment – Scope of IFRS 2 and revised IFRS 3 Business Combinations";
- IFRS 5 (Amendment) "Non-current Assets Held for Sale and Discontinued Operations – Disclosures of non-current assets (or disposal groups) classified as held",
- IAS 1 (Amendment) "Presentation of financial statements – Current / non-current classification of convertible instruments";
- IAS 7 (Amendment) "Statement of Cash flows – Classification of expenditures on unrecognised assets";
- IAS 17 (Amendment) "Leases – Classification of leases of land and buildings".
- IAS 18 (Amendment) "Revenue – Determining whether an entity is acting as a principal or as an agent";
- IAS 36 (Amendment) " Impairments of Assets – Unit of accounting for goodwill impairment test";
- IAS 38 (Amendment) " Intangible Assets – Additional consequential amendments arising from revised IFRS 3" and "Measuring the fair value of an intangible asset acquired in a business combination";
- IAS 39 "Financial Instruments: Recognition and Measurement – Treating loan prepayment penalties as closely related embedded derivatives", "Scope exemption for business combination contracts" and "Cash flow hedge accounting";
- IFRIC 9, "Reassessment of Embedded Derivatives – Scope of IFRIC 9 and revised IFRS 3";
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation – Amendment to the restriction on the entity that can hold hedging instruments";

2 Operating segments

The Group delivers two different types of visitor experiences, through its portfolio of Midway sites and Theme Parks. The Group's Theme Parks portfolio consists of "Resort Theme Parks" which are national or regional theme parks and generally aimed at families with older children as well as at young adults and "LEGOLAND Parks" which are aimed at families with young children and which have the LEGO product as their central theme. Midway sites are predominantly indoor attractions providing visits of a shorter duration than the outdoor theme parks. The management of the Group's business is aligned directly to these three attraction types and organised into three Operating Groups, which form the operating segments on which the information shown below is prepared.

Information regarding the results of each operating segment is included below. Performance is measured based on segment EBITDA, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer.

	Resort Theme Parks		LEGOLAND Parks		Midway Attractions		Total	
	2009 £m	**2008 £m**	**2009 £m**	**2008 £m**	**2009 £m**	**2008 £m**	**2009 £m**	**2008 £m**
Segment revenues	312.0	283.2	203.1	168.5	246.9	203.6	762.0	655.3
Central and other revenues							7.0	7.0
External revenues							769.0	662.3

Notes *(continued)*

52 weeks ended 26 December 2009

2 Operating segments *(continued)*

	Resort Theme Parks		LEGOLAND Parks		Midway Attractions		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Segment profit, being segment EBITDA	88.9	82.0	67.6	56.4	103.1	89.1	259.6	227.5
Central costs							(23.9)	(24.9)
EBITDA before non-trading items							235.7	202.6
Non-trading items within EBITDA								
Aborted acquisition costs							-	(1.9)
Total EBITDA							235.7	200.7
Depreciation, amortisation and impairment							(59.0)	(80.3)
Net finance costs							(190.4)	(194.9)
Consolidated loss before income tax							(13.7)	(74.5)

Geographical areas

In presenting information on geographical areas, revenue and assets are based on the geographical location of the visitor attractions concerned. Each Operating Group is managed on a worldwide basis.

Geographical information

	Revenues 2009 £m	Non-current assets 2009 £m	Revenues 2008 £m	Non-current assets 2008 £m
United Kingdom	355.5	732.3	320.6	715.9
Continental Europe	294.5	917.2	260.2	968.8
North America	107.8	201.0	74.4	198.2
Far East	11.2	8.3	7.1	9.8
	769.0	1,858.8	662.3	1,892.7
Deferred tax assets		31.9		41.0
Investments		0.7		0.7
		1,891.4		1,934.4

The Company does not generate revenues in Luxembourg, which is its country of domicile.

Notes *(continued)*

52 weeks ended 26 December 2009

3 Exceptional and non-trading items

The following items are exceptional or non-trading and have been separated on the face of the consolidated income statement:

	2009 £m	2008 £m
Within other operating expenses:		
Aborted acquisition costs	-	1.9
	-	1.9
Within depreciation, amortisation and impairment:		
Impairment of property, plant and equipment (note 10)	-	11.0
Reduction of goodwill (note 11)	-	10.8
Amortisation of brands [(1)]	-	6.2
	-	28.0
Within finance income and costs:		
Unrealised gain on re-measurement of financial derivatives at fair value [(2)]	(3.4)	-
Unrealised loss on re-measurement of financial derivatives at fair value [(2)]	11.9	57.5
Gain on re-measurement of financial liabilities measured at amortised cost [(3)]	(7.2)	(28.3)
Loss on re-measurement of financial liabilities measured at amortised cost [(3)]	10.8	7.9
	12.1	37.1
Exceptional and non-trading items before income tax	12.1	67.0
Exceptional and non-trading income tax credit	(5.0)	(9.8)
Exceptional and non-trading items for the year	7.1	57.2

[(1)] Amortisation of brands has been separated out as non-recurring because amortisation ceased in 2009 (see note 11).

[(2)] The Group has separately presented unrealised gains and losses on mark-to-market derivative financial instruments, where the items are not hedge accounted for, in order to better present the underlying finance cost for the Group (see note 8).

[(3)] Gains and losses on re-measurement of financial liabilities at amortised cost have been separately presented as these items represent one-off adjustments to the amortisation period of loan issuance costs and therefore are not part of the group's underlying finance cost (see note 8).

4 Acquisition and disposal of subsidiaries

2009

The Group made no acquisitions during 2009.

The accounting for the acquisitions made in 2008 was finalised during 2009 and no adjustments were made to the values of the assets and liabilities acquired. The purchase consideration was subject to trading performance in 2009 and as such an additional consideration of £0.4m has become payable, together with £0.3m of legal fees, which has resulted in an increase in goodwill of £0.7m in 2009 (see note 11).

2008

Sea Life Centre Blackpool

On 19 May 2008, the Group acquired the previous joint venture partner's 50% interest in Sea Life Centre (Blackpool) Limited.

Notes *(continued)*

52 weeks ended 26 December 2009

4 Acquisition and disposal of subsidiaries *(continued)*

2008 *(continued)*

London Aquarium

On 22 May 2008, the Group acquired the business and assets of the London Aquarium from County Hall Aquarium.

Underwater Adventures Aquarium

On 12 December 2008, the Group acquired the business and assets of the Underwater Adventures Aquarium in Minnesota, USA, from The Minnesota Aquarium LLC.

The consideration paid for the three acquisitions amounted to £19.9 million.

In the period to 27 December 2008 these acquisitions contributed £1.6 million to the consolidated operating profit of the Group.

The acquisitions made during 2008 had the following effect on the Group's assets and liabilities:

	Acquiree's book values £m	Fair value adjustments £m	Acquisition amounts £m
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	5.7	-	5.7
Brands	-	1.7	1.7
Other intangible assets	-	0.6	0.6
Trade and other receivables	0.1	-	0.1
Cash and cash equivalents	0.5	-	0.5
Finance lease commitments	(2.0)	-	(2.0)
Trade and other payables	(0.9)	-	(0.9)
Current tax liabilities	(0.1)	-	(0.1)
Deferred tax liabilities	-	(0.5)	(0.5)
Adjustment for joint venture net assets acquired	(0.2)	-	(0.2)
Net identifiable assets and liabilities	3.1	1.8	4.9
Goodwill			15.4
Consideration			20.3
Analysis of consideration:			
Cash			19.9
Professional fees and other associated costs			0.4
			20.3
Analysis of net cash outflow:			
Cash acquired			(0.5)
Cash paid at acquisition			19.9
Professional fees and other associated costs			0.4
Net cash outflow			19.8

Goodwill has arisen on the above acquisitions as they provide opportunities to further deliver the Group's strategy of growth, including the roll-out of chainable brands and the ability to generate improved marketing leverage through geographical clustering. Had these acquisitions occurred on 30 December 2007, the estimated Group revenue in 2008 would have been £668.6 million and the estimated operating profit would have been £121.5 million.

Notes *(continued)*

52 weeks ended 26 December 2009

5 Revenue

Revenue is comprised entirely of revenues receivable from the operation of visitor attractions and theme park resorts. Service contract revenue in the year is not material.

6 Cost of sales

	2009 £m	2008 £m
Change in inventories	0.8	(3.5)
Goods for resale purchased	103.6	91.4
	104.4	87.9

7 Staff numbers and costs

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

	2009	2008
Visitor attractions and theme park resorts	8,963	8,366
Management and administration	1,329	1,412
	10,292	9,778

The aggregate payroll costs of these persons were as follows:

	2009 £m	2008 £m
Wages and salaries	163.8	140.9
Share based payments	1.4	0.6
Social security costs	21.4	18.5
Other pension costs	4.6	4.5
	191.2	164.5

Notes *(continued)*

52 weeks ended 26 December 2009

8 Finance income and costs

	2009 £m	2008 £m
Finance income:		
Interest income	0.7	16.3
Net foreign exchange gain	-	1.3
Unrealised gain on re-measurement of financial derivatives at fair value	3.4	-
Gain on re-measurement of financial liabilities measured at amortised cost (note 32)	7.2	28.3
	11.3	45.9
Finance cost:		
Interest expense on financial liabilities measured at amortised cost	120.8	135.1
Interest expense on shareholder loans	48.5	39.5
Net foreign exchange loss	1.1	-
Unrealised loss on re-measurement of financial derivatives at fair value	11.9	57.5
Loss on re-measurement of financial liabilities measured at amortised cost (note 32)	10.8	7.9
Other interest expense	8.6	0.8
	201.7	240.8
The above financial income and expenses include the following in respect of assets/(liabilities) not at fair value through profit or loss:		
Total interest income on financial assets	7.9	44.6
Total interest expense on financial liabilities	188.7	183.3
Recognised in consolidated statement of other comprehensive income:		
Foreign currency translation differences for foreign operations [1]	(19.2)	76.3

[1] Foreign currency translation differences for foreign operations are stated before a credit of £1.3 million *(2008: charge of £2.7 million)* of attributable income tax (see note 9).

As a result of the change in accounting policy with respect to the treatment of borrowing costs (see note 1), capitalised borrowing costs amounted to £0.5 million at 26 December 2009.

Notes *(continued)*

52 weeks ended 26 December 2009

9 Taxation

Recognised in the income statement

	2009 £m	2008 £m
Current tax expense		
Current year	17.7	16.7
Adjustment for prior periods	(10.0)	(6.8)
Total current income tax	7.7	9.9
Deferred tax expense		
Origination and reversal of temporary differences	7.4	1.2
Change in tax rate	0.1	(0.4)
Adjustment for prior periods	1.9	(5.3)
Total deferred tax	9.4	(4.5)
Total tax expense in income statement	17.1	5.4

Reconciliation of effective tax rate

	2009 %	2009 £m	2008 %	2008 £m
Loss before tax		(13.7)		(74.5)
Income tax using the domestic corporation tax rate	(29.6%)	(4.1)	(29.6%)	(22.1)
Non-deductible expenses	119.0%	16.3	14.0%	10.5
Effect of tax rates in foreign jurisdictions	8.0%	1.1	(2.6%)	(1.9)
Effect of changes in tax rate	0.7%	0.1	(0.5%)	(0.4)
Unrecognised temporary differences	86.1%	11.8	42.1%	31.4
Adjustments from prior years	(59.1%)	(8.1)	(16.2%)	(12.1)
Total tax shown in income statement	125.1%	17.1	7.2%	5.4

Income tax recognised directly in consolidated statement of other comprehensive income

	2009 £m	2008 £m
Actuarial gains and losses	(0.3)	(0.4)
Foreign exchange translation differences relating to the net investment in foreign operations	(1.3)	2.7
Total tax (income)/expense in consolidated statement of other comprehensive income	(1.6)	2.3

Notes *(continued)*

52 weeks ended 26 December 2009

10 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Under construction £m	Total £m
Cost				
Balance at 30 December 2007	436.2	314.2	26.6	777.0
Acquisitions through business combinations	1.9	3.8	-	5.7
Additions	13.6	30.0	49.3	92.9
Movements in asset retirement provisions	7.8	0.3	-	8.1
Disposals	(0.4)	(0.8)	-	(1.2)
Transfers	27.1	25.5	(52.6)	-
Effect of movements in foreign exchange	113.9	48.7	7.6	170.2
Balance at 27 December 2008	600.1	421.7	30.9	1,052.7
Additions	7.5	25.9	66.8	100.2
Movements in asset retirement provisions	(0.2)	(3.5)	-	(3.7)
Disposals	(0.1)	(11.6)	-	(11.7)
Transfers	19.5	35.3	(54.8)	-
Effects of movements in foreign exchange	(31.8)	(13.4)	(2.4)	(47.6)
Balance at 26 December 2009	595.0	454.4	40.5	1,089.9
Depreciation				
Balance at 30 December 2007	19.3	38.9	-	58.2
Depreciation for the year - owned assets	15.7	30.3	-	46.0
Depreciation for the year - leased assets	2.7	2.6	-	5.3
Impairment	4.1	6.9	-	11.0
Disposals	(0.3)	(0.8)	-	(1.1)
Transfers	5.7	(5.7)	-	-
Effect of movements in foreign exchange	10.8	13.0	-	23.8
Balance at 27 December 2008	58.0	85.2	-	143.2
Depreciation for the year - owned assets	17.4	35.9	-	53.3
Depreciation for the year - leased assets	1.8	2.7	-	4.5
Disposals	(0.1)	(11.1)	-	(11.2)
Effects of movements in foreign exchange	(4.3)	(4.6)	-	(8.9)
Balance at 26 December 2009	72.8	108.1	-	180.9
Carrying amounts				
At 27 December 2008	542.1	336.5	30.9	909.5
At 28 December 2008	**542.1**	**336.5**	**30.9**	**909.5**
At 26 December 2009	**522.2**	**346.3**	**40.5**	**909.0**

Property, plant and equipment were tested for impairment in accordance with the Group's accounting policy. As a result, land and buildings totalling £nil *(2008: £4.1 million)* and plant and equipment totalling £nil *(2008: £6.9 million)* have been written down in the year. The impairments in 2008 were in respect of a small number of the Group's attractions, arising from a review of the market conditions unique to each specific location.

Notes *(continued)*

52 weeks ended 26 December 2009

10 Property, plant and equipment *(continued)*

The Group leases buildings under a number of finance lease agreements, some of which arose as a result of the sale and leaseback transaction referred to in note 19. The leased buildings secure lease obligations. At 26 December 2009 the net carrying amount of leased buildings was £48.6 million *(2008: £51.3 million).*

The Group leases plant and equipment under a number of finance lease agreements, some of which arose as a result of the sale and leaseback transaction referred to in note 19. The leased equipment secures lease obligations. At 26 December 2009 the net carrying amount of leased plant and machinery was £50.2 million *(2008: £52.8 million).*

Bank loans and overdrafts are secured by a fixed and floating charge over all the assets held by the Group. These loans are repayable over varying periods as detailed in note 18.

11 Intangible assets

	Goodwill	Brands	Other intangible assets	Total
	£m	£m	£m	£m
Cost				
Balance at 30 December 2007	794.0	176.0	14.0	984.0
Acquisitions through business combinations	15.4	1.7	0.6	17.7
Acquisition of minority interest	0.2	-	-	0.2
Effect of movements in foreign exchange	102.5	23.0	3.5	129.0
Balance at 27 December 2008	912.1	200.7	18.1	1,130.9
Acquisitions through business combinations	0.7	-	-	0.7
Additions	-	-	0.3	0.3
Effects of movements in foreign exchange	(26.9)	(5.9)	(1.0)	(33.8)
Balance at 26 December 2009	885.9	194.8	17.4	1,098.1
Amortisation and impairment				
Balance at 30 December 2007	122.3	5.5	3.8	131.6
Amortisation for the year	-	6.2	1.0	7.2
Reduction of goodwill (1)	10.8	-	-	10.8
Effect of movements in foreign exchange	0.7	1.6	0.5	2.8
Balance at 27 December 2008	133.8	13.3	5.3	152.4
Amortisation for the year	-	-	1.2	1.2
Effects of movements in foreign exchange	(0.5)	(0.5)	(0.2)	(1.2)
Balance at 26 December 2009	133.3	12.8	6.3	152.4
Carrying amounts				
At 27 December 2008	778.3	187.4	12.8	978.5
At 28 December 2008	**778.3**	**187.4**	**12.8**	**978.5**
At 26 December 2009	**752.6**	**182.0**	**11.1**	**945.7**

Other intangible assets comprise software licences, sponsorship rights and other contract based intangible assets.

Notes *(continued)*

52 weeks ended 26 December 2009

11 Intangible assets *(continued)*

(1) As a result of previous acquisitions during 2007, certain deferred tax assets were not recognised as it was considered unlikely that they would be utilised in future periods. The performance of certain of the acquired businesses was better than anticipated and these deferred tax assets were recognised in 2008 and included within taxation in the consolidated income statement. £10.8 million was recognised as an adjustment to goodwill and included within depreciation and amortisation in the consolidated income statement.

Impairment reviews

Intangible assets were tested for impairment in accordance with the Group's accounting policy. As a result, no goodwill has been written off in the year *(2008: £nil).*

Goodwill

For the purpose of impairment testing, goodwill is allocated to the Operating Groups which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. As outlined in note 2, the Group has three such Operating Groups, which it considers as separate cash-generating units ("CGUs"), being Resort Theme Parks, LEGOLAND Parks and Midway Attractions.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2009 £m	2008 £m
Resort Theme Parks	257.5	272.3
LEGOLAND Parks	40.1	42.0
Midway Attractions	455.0	464.0
	752.6	778.3

Brands

During the year, the useful lives of certain brands were reassessed as indefinite. This is based upon the strong historical performance of the brands over a number of economic cycles, the demonstrable "chaining" of brands, and the managers' intentions regarding the future use of brands. The managers feel this is a suitable policy for a "brands business" which invests in and maintains the brands, and foresee no technological developments or competitor actions which would put a definite life on the brands. For more information on this policy, see note 1 – Accounting Policies.

The effect of this change has been accounted for prospectively, effective 28 December 2008. The effect on the current year result is to increase operating profit by £6.6 million. As the brands were previously being amortised on a straight line basis, the effect will largely be the same in future accounting periods until the previously assessed end of the asset lives between 2034 and 2037.

Notes *(continued)*

52 weeks ended 26 December 2009

11 Intangible assets *(continued)*

Impairment reviews *(continued)*

The Group has identified the following significant brands:

	2009 £m	2008 £m
Resort Theme Parks		
Gardaland Resort	52.0	55.1
Alton Towers Resort	32.1	32.1
Thorpe Park	14.8	14.8
Heide Park	12.4	13.2
Other	12.3	12.3
	123.6	127.5
Midway Attractions		
Madame Tussauds	26.3	27.1
SEA LIFE	14.0	14.5
London Eye	9.7	9.7
Other	8.4	8.6
	58.4	59.9
	182.0	187.4

The Gardaland Resort, Alton Towers Resort, Thorpe Park, Heide Park and London Eye brands all arise from those specific visitor attractions. The Madame Tussauds brand value is predominantly related to the London attraction but includes further brand value identified with the Group's other Madame Tussauds attractions. The SEA LIFE brand arises from the Group's portfolio of SEA LIFE attractions across the UK and Continental Europe.

Impairment assumptions

The recoverable amounts used in the impairment tests are based on value in use calculations. These calculations use cash flow projections based on the 5 year business plan. Cash flows beyond the 5 year business plan are extrapolated using a 2.5% growth rate. The growth rate is consistent with historic experience and future expected trends in respect of both market development and market share growth. Common assumptions have been adopted for the purpose of testing goodwill across each CGU and for testing brand values as their risk profiles are similar.

The calculation of value in use is most sensitive to the following key assumptions:

Visitor numbers and revenue

Projections are based on market analysis, including total available market, historic trends, competition and site development activity, both in terms of capital expenditure on rides and attractions as well as marketing activity.

Operating costs

Projections are based on historical data, adjusted for variations in visitor numbers and planned expansion of site activities as well as general market conditions.

Capital expenditure

Projections are based on the sites' long-term development plans, taking into account the capital investment necessary to maintain and sustain the performance of the assets of the attractions and parks as outlined above.

Notes *(continued)*

52 weeks ended 26 December 2009

11 Intangible assets *(continued)*

Impairment reviews *(continued)*

Discount rate

The impairment model is also sensitive to the discount rate - a pre tax discount rate of 11% *(2008: 11%)* has been used in discounting the projected flows. A common discount rate has been used across the three CGUs because the managers consider that, given the Group operates mainly in western economies, the risks and 'market participant' assumptions are comparable.

In addition, the managers consider that no reasonably foreseeable change in any of the above key assumptions would significantly alter the outcome of the calculations.

12 Investment in joint ventures

	2009 £m	2008 £m
At beginning of year	0.7	1.1
Reclassification as a subsidiary (see note 4)	-	(0.2)
Dividends	-	(0.2)
Repayment of loan	-	(0.2)
Effects of movement in foreign exchange	-	0.2
At end of year	0.7	0.7

Summary financial information on joint ventures is as follows, based on 100% of their results:

	2009 £m	2008 £m
Non-current assets	1.7	1.8
Current assets	0.3	0.3
Total assets	2.0	2.1
Non-current liabilities	0.6	0.7
Current liabilities	0.6	0.7
Total liabilities	1.2	1.4
Revenue	2.5	2.4
Expenses	2.5	2.3
Profit for the year	-	0.1

On 19 May 2008 the Group acquired the remaining 50% of the share capital in Sea Life Centre (Blackpool) Limited (see note 4).

Notes *(continued)*

52 weeks ended 26 December 2009

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 £m	**2008 £m**	**2009 £m**	**2008 £m**	**2009 £m**	**2008 £m**
Property, plant and equipment	-	3.3	(57.2)	(64.4)	(57.2)	(61.1)
Other short term temporary differences	21.5	20.6	(8.3)	(3.2)	13.2	17.4
Intangible assets	-	-	(53.5)	(55.6)	(53.5)	(55.6)
Tax value of loss carry-forwards	10.4	17.1	-	-	10.4	17.1
Net tax assets/(liabilities)	31.9	41.0	(119.0)	(123.2)	(87.1)	(82.2)

Other short term temporary differences primarily relate to impairment and unrealised losses on the re-measurement of financial derivatives at fair value.

Unrecognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2009 £m	**2008 £m**	**2009 £m**	**2008 £m**	**2009 £m**	**2008 £m**
Property, plant and equipment	29.3	29.6	-	-	29.3	29.6
Other short term temporary differences	47.1	34.7	-	(0.4)	47.1	34.3
Intangible assets	0.3	0.5	-	-	0.3	0.5
Tax value of loss carry-forwards	59.1	67.9	-	-	59.1	67.9
Net tax assets/(liabilities)	135.8	132.7	-	(0.4)	135.8	132.3

The tax losses unrecognised include £1.4 million which expire by within 5 years and £0.8 million which expire within 10 years. The remaining losses and other timing differences do not expire under current tax legislation.

Movement in deferred tax during the previous year

	30 December 2007 £m	**Acquisitions through business combinations £m**	**Recognised in income £m**	**Recognised in other comprehen-sive income £m**	**Effects of movement in foreign exchange £m**	**27 December 2008 £m**
Property, plant and equipment	(45.6)	-	(1.2)	-	(14.3)	(61.1)
Other short term temporary differences	4.0	-	10.8	(0.8)	3.4	17.4
Intangible assets	(51.0)	(0.5)	3.0	-	(7.1)	(55.6)
Tax value of loss carry-forwards	24.5	-	(8.1)	-	0.7	17.1
Net tax assets/(liabilities)	(68.1)	(0.5)	4.5	(0.8)	(17.3)	(82.2)

Notes *(continued)*

52 weeks ended 26 December 2009

13 Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the current year

	28 December 2008 £m	Acquisitions through business combinations £m	Recognised in income £m	Recognised in other comprehen-sive income £m	Effects of movement in foreign exchange £m	26 December 2009 £m
Property, plant and equipment	(61.1)	-	1.9	-	2.0	(57.2)
Other short term temporary differences	17.4	-	(5.2)	0.6	0.4	13.2
Intangible assets	(55.6)	-	0.3	-	1.8	(53.5)
Tax value of loss carry-forwards	17.1	-	(6.4)	-	(0.3)	10.4
Net tax assets/(liabilities)	(82.2)	-	(9.4)	0.6	3.9	(87.1)

14 Inventories

	2009 £m	2008 £m
Maintenance stock	2.9	2.6
Goods for resale	8.7	9.8
	11.6	12.4

In 2009 changes in inventories recognised as a charge to cost of sales amounted to £0.8 million *(2008: credit of £3.5 million)*. In 2009 the write-down of inventories to net realisable value amounted to £0.5 million *(2008: £0.7 million)*. The reversal of write-downs amounted to £0.2 million *(2008: £0.4 million)*. The write-down and reversal are included in cost of sales.

15 Trade and other receivables

Non-current assets

	2009 £m	2008 £m
Prepayments and accrued income	4.1	4.7

Current assets

	2009 £m	2008 £m
Trade receivables	7.6	12.1
Amounts owed by joint ventures	0.1	-
Other receivables	13.2	5.6
Prepayments and accrued income	19.6	23.4
	40.5	41.1

Notes *(continued)*

52 weeks ended 26 December 2009

15 Trade and other receivables *(continued)*

Impairment of trade receivables

	2009 £m	2008 £m
Trade receivables	8.2	13.3
Provision for impairment of trade receivables	(0.6)	(1.2)
	7.6	12.1

Included in the provision for impairment of trade receivables are specific trade receivables where recovery of the balance due is considered by the managers to be less than certain.

The ageing analysis of trade receivables at the year end is as follows:

	2009 £m	2008 £m
Neither past due nor impaired	5.0	6.0
Overdue 1-30 days	1.4	1.9
Overdue 30 days	0.9	1.3
Overdue 60 days	0.2	2.5
Overdue greater than 90 days	0.1	0.4
	7.6	12.1

The managers do not consider that the risk attached to late trade receivables is material, as the operation of visitor attractions and theme parks is essentially cash based in nature.

16 Other financial assets

	2009 £m	2008 £m
Available-for-sale financial assets	-	23.8

In 2008 available-for-sale financial assets represented short term, immediately available funds held in a Money Market fund investing entirely in US Treasury Bills and Notes. The fund is rated Aaa by Moody's and AAAm by Standard & Poor's.

The Group's exposure to interest rate, liquidity, foreign currency and credit risks is disclosed in note 25.

17 Cash and cash equivalents / bank overdrafts

	2009 £m	2008 £m
Cash and cash equivalents	87.0	114.9
Bank overdrafts used for cash management purposes	(0.4)	-
Cash and cash equivalents per cash flow statement	86.6	114.9

Included in the above amounts are restricted funds of £5.2 million at 26 December 2009 *(2008: £5.2 million).*

Notes *(continued)*

52 weeks ended 26 December 2009

18 Financial liabilities

Current interest-bearing loans and borrowings

	2009 £m	2008 £m
Secured bank loans	7.0	83.0
Italian shareholder debt	16.4	16.8
Interest payable	4.2	2.3
	27.6	102.1

Current finance leases

	2009 £m	2008 £m
Finance leases	2.1	2.4

Other financial liabilities

	2009 £m	2008 £m
Derivative financial instruments - interest rate swaps	83.0	76.4
Derivative financial instruments - forward contracts	0.3	0.9
	83.3	77.3

Non-current interest-bearing loans and borrowings (excluding shareholder loans)

	2009 £m	2008 £m
Secured bank loans	1,081.1	1,108.6

Non-current finance leases

	2009 £m	2008 £m
Finance leases	89.3	92.9

Non-current shareholder loans

	2009 £m	2008 £m
Shareholder loans	595.9	580.7

Notes *(continued)*

52 weeks ended 26 December 2009

18 Financial liabilities *(continued)*

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	2009 Face value £m	2009 Carrying amount £m	2008 Face value £m	2008 Carrying amount £m
Secured bank loan	GBP	4.67%	2012	473.7	468.4	537.6	504.1
Secured bank loan	EUR	4.69%	2012	478.4	478.9	526.3	531.9
Secured bank loan	USD	4.39%	2012	134.0	133.8	145.1	146.9
Secured bank loan	RMB	5.76%	2010	7.0	7.0	8.7	8.7
Finance lease liabilities	GBP	5.62%	2042	54.4	54.4	54.7	54.7
Finance lease liabilities	EUR	3.01%	2012	6.5	6.5	-	-
Finance lease liabilities	EUR	9.11%	2042	30.5	30.5	40.6	40.6
				1,184.5	1,179.5	1,313.0	1,286.9
A PECs	EUR	9.00%	2035	170.3	248.0	180.5	241.2
B PECs	EUR	7.65%	2035	27.0	37.3	28.7	36.7
C PECs	EUR	9.00%	2036-37	198.2	255.3	210.1	248.3
D PECs	EUR	7.65%	2036-37	44.4	55.3	47.1	54.5
Italian shareholder debt	EUR	3.71%	2010	13.5	16.4	14.3	16.8
				453.4	612.3	480.7	597.5
				1,637.9	1,791.8	1,793.7	1,884.4

The nominal interest rate for secured bank loans represents the weighted average interest rate which prevailed on the debt at the reporting date. The nominal interest rate for finance leases is calculated as the weighted average effective interest rate. A weighted average interest rate is used because the table above aggregates secured bank loans and finance leases with the same maturity date and currency. This is because separate presentation of each bank loan and finance lease would result in disclosure of excessive length.

The nominal interest rates for the Preferred Equity Certificates ("PECs") are the fixed contractual rates and the rate for the Italian shareholder debt is the rate prevailing at the reporting date.

Accounting policies and significant estimates and judgements regarding the carrying amount of secured bank loans can be found in notes 1 and 32 respectively.

Bank loans and overdrafts are secured by a fixed and floating charge over all the assets held by the Group. These loans are repayable in May 2012.

The PECs were all issued in multiples of €1 and carry annual compound interest at the following rates:

	Date of issue	Interest rate
A PECs	24 August 2005	9.00%
B PECs	24 August 2005	7.65%
C PECs	9 November 2006	9.00%
C1 PECs	21 May 2007	9.00%
D PECs	9 November 2006	7.65%
D1 PECs	21 May 2007	7.65%

Interest is payable only on redemption and is included within the PECs balance until such time. The PECs are to be redeemed 30 years after the date of issue and may be redeemed by the Company at any time upon giving 30 days notice. The PECs are all unsecured.

Notes *(continued)*

52 weeks ended 26 December 2009

18 Financial liabilities *(continued)*

Terms and debt repayment schedule (continued)

The Italian shareholder debt is subject to an agreement whereby the debt holder has an option for a six month period, commencing three years after the date of issue in November 2006, to demand settlement of the debt at nominal value plus accrued interest. Equally, the Group has the option to settle under the same terms in the subsequent six month period, being May to November 2010 (see note 32). This debt was settled subsequent to the year end (see note 29).

The Group's exposure to interest rate, liquidity, foreign currency and credit risks is disclosed in note 25.

19 Obligations under leases

The Group has entered into a number of sale and leaseback agreements for the operational property, plant and equipment at a number of individual visitor attractions. Each of these lease agreements run for a period of 35 years from inception and allow for annual rent increases based on the inflationary index in the United Kingdom and fixed increases in Continental Europe. The Group has the option, but is not contractually required, to extend each of the lease agreements individually for 2 further terms of 35 years, subject to an adjustment to market rates at that time. As outlined in note 32, the classification of the leases as either operating or finance in nature was considered on an asset by asset basis.

In addition, the Group also enters into operating leases for a number of its operating premises. These leases are typically of a duration of between 10 and 60 years, with rent increases generally determined based on local market practice. As noted in the accounting policies in note 1, the key contractual terms in relation to each lease are considered when calculating the rental charge over the lease term. During 2009 £52.3 million *(2008: £47.3 million)* was recognised as an expense in the income statement in respect of operating leases.

The tables below set out the total lease obligations for the Group:

Operating leases

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

	2009 £m	**2008 £m**
Less than one year	44.6	40.0
Between one and five years	190.6	167.0
More than five years	1,214.6	1,174.8
	1,449.8	1,381.8

Finance leases

Future minimum lease payments as lessee under finance leases are as follows:

	Future minimum lease payments 2009 £m	**Interest 2009 £m**	**Present value of minimum lease payments 2009 £m**	**Future minimum lease payments 2008 £m**	**Interest 2008 £m**	**Present value of minimum lease payments 2008 £m**
Less than one year	7.4	5.3	2.1	7.6	5.2	2.4
Between one and five years	26.5	21.6	4.9	28.1	24.9	3.2
More than five years	273.8	189.4	84.4	253.9	164.2	89.7
	307.7	216.3	91.4	289.6	194.3	95.3

Notes *(continued)*

52 weeks ended 26 December 2009

20 Trade and other payables

Current liabilities

	2009 £m	2008 £m
Trade payables	23.5	27.0
Accruals and deferred income	71.3	69.4
Dividend payable to minority interest	0.1	0.2
Other taxation and social security	2.7	1.6
Other payables	4.8	5.5
	102.4	103.7

Non-current liabilities

	2009 £m	2008 £m
Deferred income	2.0	2.3
Other payables	13.1	5.1
	15.1	7.4

21 Provisions

	Asset retirement provisions £m	Onerous contracts £m	Other £m	Total £m
Balance at 28 December 2008	17.7	4.6	5.3	27.6
Provisions made during the year	0.9	-	3.8	4.7
Utilised during the year	-	(4.0)	(1.2)	(5.2)
Unused amounts reversed	(4.7)	-	(0.3)	(5.0)
Unwinding of discount	0.7	-	-	0.7
Effects of movements in foreign exchange	(0.5)	(0.4)	(0.1)	(1.0)
Balance at 26 December 2009	14.1	0.2	7.5	21.8
Non-current	14.1	0.2	0.5	14.8
Current	-	-	7.0	7.0
	14.1	0.2	7.5	21.8
Non-current	17.7	0.1	4.2	22.0
Current	-	4.5	1.1	5.6
	17.7	4.6	5.3	27.6

Notes *(continued)*

52 weeks ended 26 December 2009

21 Provisions (*continued*)

Asset retirement provisions

Certain attractions have entered into leases on their sites and these provisions relate to the anticipated costs of removing assets from and restoring the sites concerned at the end of the lease term.

Onerous contracts

The onerous contracts provision largely related to an onerous construction contract, which completed in 2009.

Other

Other provisions largely relate to the estimated total cost arising from open insurance claims as well as provisions for legal fees arising from taxation, insurance and other legal issues.

22 Employee benefits

The Group operates two defined benefit plans: a closed scheme for certain former employees of The Tussauds Group and a closed scheme for certain employees of Gardaland. The Tussauds Group plan entitles retired employees to receive an annual payment equal to either 1/60 or 1/80 of final salary for each year of service that the employee provided. The entitlement of the retired employees under the Gardaland scheme is dependant on the state laws in place at the date employment commenced and is subject to a certain minimum period of service. The pension plans have not directly invested in any of the Group's own financial instruments or in properties or other assets used by the Group.

The assets and liabilities of the plans are:

2009	Tussauds Group £m	Gardaland £m	Total £m
Scheme assets at fair value			
Equities	5.9	-	5.9
Corporate bonds and cash	3.5	-	3.5
Property	1.3	-	1.3
Fair value of scheme assets	10.7	-	10.7
Present value of defined benefit obligations	(13.6)	(2.0)	(15.6)
Net pension liability	(2.9)	(2.0)	(4.9)
2008			
Scheme assets at fair value			
Equities	5.6	-	5.6
Corporate bonds and cash	2.1	-	2.1
Property	1.3	-	1.3
Fair value of scheme assets	9.0	-	9.0
Present value of defined benefit obligations	(11.2)	(2.2)	(13.4)
Net pension liability	(2.2)	(2.2)	(4.4)

Notes *(continued)*

52 weeks ended 26 December 2009

22 Employee benefits (*continued*)

Movement in the present value of the defined benefit obligations

	Tussauds Group £m	Gardaland £m	Total £m
At 30 December 2007	(11.9)	(1.8)	(13.7)
Current service cost	(0.1)	0.2	0.1
Interest cost	(0.7)	(0.1)	(0.8)
Benefits paid	0.2	-	0.2
Contributions by plan participants	(0.2)	-	(0.2)
Actuarial gains	1.5	-	1.5
Exchange adjustments	-	(0.5)	(0.5)
At 27 December 2008	(11.2)	(2.2)	(13.4)
Current service cost	(0.2)	0.1	(0.1)
Interest cost	(0.5)	(0.1)	(0.6)
Benefits paid	0.3	-	0.3
Contributions by plan participants	(0.2)	-	(0.2)
Actuarial losses	(1.8)	0.1	(1.7)
Exchange adjustments	-	0.1	0.1
At 26 December 2009	(13.6)	(2.0)	(15.6)

Movement in the present value of plan assets

	Tussauds Group £m	Gardaland £m	Total £m
At 30 December 2007	10.7	-	10.7
Expected return on plan assets	0.7	-	0.7
Contributions by employer	0.5	-	0.5
Contributions by plan participants	0.2	-	0.2
Benefits paid	(0.2)	-	(0.2)
Actuarial losses	(2.9)	-	(2.9)
At 27 December 2008	9.0	-	9.0
Expected return on plan assets	0.5	-	0.5
Contributions by employer	0.5	-	0.5
Contributions by plan participants	0.2	-	0.2
Benefits paid	(0.3)	-	(0.3)
Actuarial gains	0.8	-	0.8
At 26 December 2009	10.7	-	10.7

The actual return on scheme assets for the Tussauds Group Pension Plan was a profit of £1.3 million *(2008: loss of £2.1 million).*

Notes *(continued)*

52 weeks ended 26 December 2009

22 Employee benefits *(continued)*

Analysis of amounts charged against profits

2009	**Tussauds Group £m**	**Gardaland £m**	**Total £m**
Operating cost			
Current service cost	0.2	(0.1)	0.1
Finance cost			
Interest on defined benefit pension plan obligation	0.5	0.1	0.6
Expected return on defined benefit pension plan assets	(0.5)	-	(0.5)
	-	0.1	0.1
Total	0.2	-	0.2
2008			
Operating cost			
Current service cost	0.1	(0.2)	(0.1)
Finance cost			
Interest on defined benefit pension plan obligation	0.7	0.1	0.8
Expected return on defined benefit pension plan assets	(0.7)	-	(0.7)
	-	0.1	0.1
Total	0.1	(0.1)	-

Actuarial gains and losses recognised directly in other comprehensive income

	Tussauds Group £m	**Gardaland £m**	**Total £m**
Cumulative amount at 30 December 2007	0.2	-	0.2
Net actuarial losses recognised in the year	(1.4)	-	(1.4)
Cumulative amount at 27 December 2008	(1.2)	-	(1.2)
Net actuarial losses recognised in the year	(1.0)	0.1	(0.9)
Cumulative amount at 26 December 2009	(2.2)	0.1	(2.1)

Actuarial assumptions

Principal actuarial assumptions (expressed as weighted averages) at the year end were:

	Tussauds Group 2009	**Tussauds Group 2008**	**Gardaland 2009**	**Gardaland 2008**
Discount rate	5.60%	6.30%	4.91%	4.13%
Expected rate of return on plan assets	5.90%	5.90%	-	-
Future salary increases	3.70%	3.00%	-	-
Rate of price inflation	3.40%	2.70%	2.00%	2.00%

Notes *(continued)*

52 weeks ended 26 December 2009

22 Employee benefits *(continued)*

Actuarial assumptions (continued)

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.9% assumption.

Assumptions regarding future mortality are based on published statistics and mortality tables. For the Tussauds Group scheme the actuarial table used is PA 92. The mortality assumption adopted predicts that a current 65 year old male would have a life expectancy to age 87 and a female would have a life expectancy to age 88.

The assumption considered to be the most significant for the Tussauds Group scheme is the discount rate adopted. If the discount rate were to change by 0.1% then it is predicted that the deficit in the scheme would change by £0.3 million *(2008: £0.3 million)*.

There has been no effect from adopting IFRIC 14.

History of actuarial gains and losses

	2009 **£m**	**2008** **£m**	**2007** **£m**	**2006** **£m**
Present value of the defined benefit obligation	(15.6)	(13.4)	(13.7)	(2.0)
Fair value of plan assets	10.7	9.0	10.7	-
Deficit in the plans	(4.9)	(4.4)	(3.0)	(2.0)
Actuarial adjustments arising on plan liabilities	(1.7)	1.5	0.7	-
Actuarial adjustments arising on plan assets	0.8	(2.9)	(0.5)	-

Statement of financial position reconciliation

	2009 **£m**	**2008** **£m**
Liability at beginning of year	(4.4)	(3.0)
Pension expense recognised in profit and loss in the financial year	(0.2)	-
Amounts recognised in other comprehensive income in the financial year	(0.9)	(1.4)
Employer contributions made in the financial year	0.5	0.5
Exchange movements	0.1	(0.5)
Liability at end of year	(4.9)	(4.4)

The Group expects £0.5 million in contributions to be paid to its defined benefit plans in 2010.

Defined contribution plans

The Group operates a number of defined contribution pension plans.

Obligations for contributions to defined contribution pension plans are recognised as an operating expense in the income statement as incurred. The total expense relating to those plans in the current year was £4.5 million (*2008: £4.6 million)*.

Notes *(continued)*

52 weeks ended 26 December 2009

23 Share-based payments

During 2008 the Group established a share option scheme under which the Board of Managers may offer options to purchase 'B' ordinary shares in the Company to key management personnel and senior employees. The fair value of options granted is determined on the date of the award. The share options vest upon listing or sale of the Company and there are no performance related vesting conditions. The scheme is equity settled.

The number and weighted average exercise prices (WAEP) of share options are as follows:

	Number 2009	WAEP (£) 2009	Number 2008	WAEP (£) 2008
Outstanding at beginning of year	86,795	0.37	-	-
Granted during the year	7,605	0.37	90,430	0.37
Forfeited during the year	(3,890)	0.37	(3,635)	0.37
Outstanding at end of year	90,510	0.37	86,795	0.37

The options outstanding at 26 December 2009 have an exercise price of €0.50 *(2008: €0.50)*, equating to £0.37 *(2008: £0.37)* at the date of grant, and a weighted average remaining contractual life of less than one year *(2008: 2 years)*.

No shares were exercised in the year *(2008: nil)*.

The weighted average fair value of options granted during the year was £26.25 *(2008: £26.25)*.

Share option valuation assumptions

The fair value of options granted was measured using the Black-Scholes method. The weighted average assumptions used in determining the fair value of options granted were as follows:

	2009	2008
Share price	£26.58	£26.58
Exercise price	£0.37	£0.37
Expected volatility (weighted average volatility based on statistical estimates)	30%	30%
Option life (expected weighted average life)	2 years	3 years
Expected dividends	-	-
Risk-free interest rate (based on Government Bonds)	4%	4%

Compensation expense

	2009 £m	2008 £m
Share options granted in 2008	1.3	0.6
Share options granted in 2009	0.1	-
Total expense recognised as employee costs	1.4	0.6

The carrying amount of the liability relating to cash settled options at 26 December 2009 is £nil *(2008: £nil)*.

Notes *(continued)*

52 weeks ended 26 December 2009

24 Capital and reserves

Share capital

	Ordinary shares	
	2009	**2008**
On issue at beginning of year - fully paid	1,802,310	1,802,310
Issued in the year	93,000	-
On issue at end of year - fully paid	1,895,310	1,802,310

	2009 £m	2008 £m
Authorised		
'A' ordinary shares of €0.50 each	0.5	0.5
'B' ordinary shares of €0.50 each	0.1	0.1
	0.6	0.6
Allotted, called up and fully paid		
'A' ordinary shares of €0.50 each	0.5	0.5
'B' ordinary shares of €0.50 each	0.1	0.1
	0.6	0.6

Issue of new shares

On 27 May 2009 93,000 'B' ordinary shares were issued at par, in order to settle existing share options, held by a number of management personnel, which are likely to vest in the future (see note 27). All issued shares are fully paid.

Ordinary shares

Each of the classes of shares is to be treated as normal ordinary shares and have the same voting rights and rights to dividends save as set out below.

Each share is entitled to one vote at ordinary and extraordinary general meetings.

Shares are transferable among shareholders, subject to certain limitations, including a right of first offer in relation to transfers which are not expressly permitted. They may only be transferred to new shareholders subject to the approval of other shareholders given in general meeting, at a majority of three quarters of share capital, subject to that in the event of the death of a shareholder, such approval is not required to transfer his or her shares to either parents, descendants, or the surviving spouse of the shareholder. The shareholders have agreed that they will each grant their consent to transfers to certain classes of person (including affiliates and related parties). Transfers of shares by employees do not require the approval of shareholders in general meeting but do require the prior written consent of Blackstone Capital Partners.

In the event that an employee ceases to be an employee or director of the Group, the Board of Managers shall be entitled to serve notice on the departing employee and any family members or trusts that he/she has transferred shares to, requiring them to transfer shares they hold to such persons as specified by the Board. These transfers shall be at market value, except in respect of 'B' ordinary shares. In the case of 'B' ordinary shares, the transfer will be at a value calculated in accordance with the articles, which depending on the circumstances of the cessation of employment, will range from the lower of cost or market value (if below cost), to market value. Shareholders are also subject to certain compulsory transfer obligations in certain circumstances such as a sale of a majority shareholding in the company.

Shares participate equally in dividends. In the event of a liquidation, majority sale or listing, a number of 'A' or 'B' ordinary shares determined in accordance with variable parameters and conditions specified in the articles will be repurchased by the company at nominal value, based on the performance of the company since 13 July 2005.

Notes *(continued)*

52 weeks ended 26 December 2009

24 Capital and reserves *(continued)*

Employee Share Ownership Trust

By way of control of Merlin Entertainments Employee Benefit Trust, the Group owns 98,035 'B' class *(2008: 90,430 'B' class)* Treasury shares held on trust for the beneficiaries of the share based payment plan discussed in note 23. These shares are carried at par value, being £44,176 (*2008: £43,206)* and are shown as a reduction to equity. These shares are legally owned by De Facto 1271 Limited, a company controlled by key management.

Capital management

The capital structure of the Group consists of debt which includes borrowings, as disclosed in note 18, cash and cash equivalents, available-for-sale financial assets and equity attributable to equity holders of the parent company, as disclosed above. The Group's objective when managing capital is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business, to provide returns for shareholders and to optimise the capital structure to reduce the cost of capital. The managers monitor the return on capital, which the Group defines as interest on shareholder loans and the level of dividends to ordinary shareholders as a percentage of total shareholders' equity.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

25 Financial instruments

Interest rate risk

The Group has drawn senior debt in Sterling, Euros and US Dollars. The Group is required under the terms of its credit facilities to hedge these floating rate borrowings with floating to fixed rate interest rate swaps. At year end exchange rates, 96% *(2008: 96%)* of the senior debt is hedged by interest rate swaps. All the interest rate swaps mature in 2012 in line with the end date of the credit facilities. The Group does not apply hedge accounting to its existing interest rate swaps.

The Group has Sterling, Euros and US Dollar loans drawn under its capex facility. There is no requirement under the credit facilities to hedge these drawdowns and there are no hedges in place to that effect.

At year end exchange rates, 92% *(2008: 86%)* of the Group's loans drawn under its senior debt, capex and revolving credit facilities are hedged by interest rate swaps.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2009	**2008**
	£m	**£m**
Fixed rate instruments		
Financial liabilities	(770.6)	(753.3)
Variable rate instruments		
Financial assets	87.0	138.7
Financial liabilities	(1,104.9)	(1,208.4)
	(1,017.9)	(1,069.7)

Fair value sensitivity analysis for fixed rate instruments

The Group's sensitivity to interest rates on fixed rate instruments, predominantly interest rate swaps, is calculated by measuring the change in the present value of derivatives, assuming the discount yield curve is shifted by 50 basis points *(2008: 50 basis points).*

At the end of the reporting period, if interest rates had been 50 basis points ("bp") lower/higher and all other variables were held constant, the Group's equity would decrease/increase respectively by £13.1 million *(2008: £18.1 million).*

Notes *(continued)*

52 weeks ended 26 December 2009

25 Financial instruments *(continued)*

***Interest risk** (continued)*

Cash flow sensitivity analysis for variable rate instruments

The Group's sensitivity to interest rates on variable rate instruments is calculated by comparing the annual interest charge/income which would apply to balances held at the year end using year end interest rates to the annual charge which would apply using year end interest rates plus a reasonably possible parallel shift of +50bp/-50bp.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The sensitivity is attributable to the Group's exposures to interest rates on its unhedged variable rate borrowings.

Interest rate swaps have a fixed leg and a floating leg; they have been classified as fixed rate financial liabilities in the table above as the cash flows to which the Group is currently sensitive to are outflows on the fixed leg. The cash flow sensitivity analysis below reflects the cash flow sensitivity of the instrument as a whole, and demonstrates the economic hedging the Group has against the variable rate financial liabilities.

	Profit or (loss)	
	2009	**2008**
	£m	**£m**
Variable rate liabilities	(5.5)	(6.1)
Fixed rate liabilities	5.0	5.2
Variable rate assets	0.4	0.7
Cash flow sensitivity (net)	(0.1)	(0.2)

A decrease of 50bp *(2008: 50 bp)* would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

There would be no impact on components of equity other than retained earnings *(2008: £nil).*

Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet its obligations as they fall due. The Group's Treasury Department produces weekly short-term cash forecasts and monthly long-term cash forecasts to identify liquidity requirements and headroom over the coming 12 months, which are reviewed by the Group's Chief Financial Officer. Cash is actively managed to ensure deficits are funded; this includes the use of cash pooling arrangements to make best use of available cash. The Group has access to revolving credit and capex facilities in addition to its existing borrowings to meet any shortfalls.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements and shareholder PECs:

2009	**Carrying amount**	**Contractual cash flows**	**0 to <1 years**	**1 to <2 years**	**2 to <5 years**	**5 years and over**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Non derivative financial liabilities						
Secured bank loans	1,088.1	(1,214.0)	(52.2)	(53.7)	(1,108.1)	-
Finance lease liabilities	91.4	(226.2)	(7.4)	(7.7)	(18.8)	(192.3)
Italian shareholder debt (see note 18)	16.4	(16.4)	(16.4)	-	-	-
Bank overdrafts	0.4	(0.4)	(0.4)	-	-	-
Trade payables	23.5	(23.5)	(23.5)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	83.0	(117.8)	(45.5)	(45.5)	(26.8)	-
Forward contracts used for hedging	0.3	(0.3)	(0.3)	-	-	-
	1,303.1	(1,598.6)	(145.7)	(106.9)	(1,153.7)	(192.3)

Notes *(continued)*

52 weeks ended 26 December 2009

25 Financial instruments *(continued)*

***Liquidity risk** (continued)*

2008	**Carrying amount**	**Contractual cash flows**	**0 to <1 years**	**1 to <2 years**	**2 to <5 years**	**5 years and over**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Non derivative financial liabilities						
Secured bank loans	1,191.6	(1,468.0)	(162.0)	(74.5)	(1,231.5)	-
Finance lease liabilities	95.3	(290.0)	(7.7)	(7.7)	(20.7)	(253.9)
Italian shareholder debt (see note 18)	16.8	(18.4)	(18.4)	-	-	-
Trade payables	27.0	(27.0)	(27.0)	-	-	-
Derivative financial liabilities						
Interest rate swaps used for hedging	76.4	(68.6)	(19.1)	(19.1)	(30.4)	-
Forward contracts used for hedging	0.9	(0.9)	(0.9)	-	-	-
	1,408.0	(1,872.9)	(235.1)	(101.3)	(1,282.6)	(253.9)

In addition to the Italian shareholder debt detailed above, the Group has additional shareholder loans in the form of Preferred Equity Certificates of £595.9 million *(2008: £580.7 million)* with final contractual maturity dates between 2035 and 2037 (see note 18). Annual interest rolls up into the principal each year and will be paid on settlement of the debt. This debt will be repaid in the event of a flotation or sale, currently assumed to be in 2010.

The risk implied from the values shown in the table above, reflects the one-sided scenario of cash outflows only. At 26 December 2009, the Group had cash and cash equivalents of £86.6 million and access to revolving credit and capex facilities, which are considered sufficient to meet the contractual cash flows of £145.7 million due in less than one year.

The view of liquidity and financial indebtedness used for internal management purposes as well as communication with shareholders and lending institutions is stated in the calculation of the net liquidity amount. This is the total amount of cash and cash equivalents and available-for-sale financial assets, less the amount of current interest-bearing loans and borrowings and non-current interest-bearing loans and borrowings (excluding shareholder loans).

	2009	**2008**
	£m	**£m**
Cash and cash equivalents (net of overdrafts)	86.6	114.9
Available-for-sale financial assets	-	23.8
Total liquidity	86.6	138.7
Current interest bearing loans and borrowings	11.2	85.3
Current finance leases	2.1	2.4
Non-current interest bearing loans and borrowings	1,081.1	1,108.6
Non-current finance leases	89.3	92.9
Total debt	1,183.7	1,289.2
Net liquidity (Total liquidity less Total debt)	(1,097.1)	(1,150.5)

Foreign currency risk

The Group has assets denominated in Sterling, Euros, US Dollars, Chinese Renminbi, Danish Kroner and Hong Kong Dollars. It has bank debt in Sterling, Euros, US Dollars and Chinese Renminbi in a ratio intended to match the funds requirements and cash generation capabilities of the Group's operations in each of these currencies.

The Group's revenues and costs are primarily in the functional currencies of the reporting entities. There are some cross border transactions that give rise to foreign exchange exposures though there is significant natural hedging within the Group. The Group uses a small portfolio of forward foreign exchange trades to manage the Group's net foreign exchange exposure.

Notes *(continued)*

52 weeks ended 26 December 2009

25 Financial instruments *(continued)*

***Foreign currency risk** (continued)*

The Group's exposure to foreign currency risk was as follows:

	2009				2008			
	Sterling £m	Euro £m	US Dollar £m	Other £m	Sterling £m	Euro £m	US Dollar £m	Other £m
Cash and cash equivalents	54.1	15.2	15.1	2.2	51.8	35.4	20.1	7.6
Available-for-sale financial assets	-	-	-	-	-	-	23.8	-
Trade receivables	4.2	1.3	0.9	1.2	7.4	1.6	1.6	1.5
Secured bank loans	(468.4)	(478.9)	(133.8)	(7.0)	(504.1)	(531.9)	(146.9)	(8.7)
Shareholder loans	-	(612.3)	-	-	-	(597.5)	-	-
Finance lease liabilities	(54.4)	(37.0)	-	-	(54.7)	(40.6)	-	-
Derivatives	(33.5)	(37.5)	(12.3)	-	(30.8)	(29.0)	(17.5)	-
Trade payables	(7.4)	(12.9)	(2.1)	(1.1)	(10.6)	(11.6)	(2.4)	(2.4)
Net exposure	(505.4)	(1,162.1)	(132.2)	(4.7)	(541.0)	(1,173.6)	(121.3)	(2.0)

The Group treats certain loans as net investment hedging instruments. At 26 December 2009 the Group had £464.2 million *(2008: £492.2 million)* in Euro denominated loans and £57.6 million *(2008: £57.6 million)* in Sterling denominated loans.

Foreign currency sensitivity analysis

The table below demonstrates sensitivity to a 10 percent strengthening/weakening of Sterling against all foreign currencies at the reporting date.

The Group's sensitivity to foreign exchange rates is calculated by retranslating monetary assets and liabilities which are held in currencies other than the functional currencies of the reporting entities using exchange rates which have been flexed by +/- 10 percent from the Sterling exchange rates existing at the end of the reporting period. In addition, the sensitivity analysis for forward foreign exchange contracts has applied a 10% strengthening/weakening of Sterling against Euros, US Dollars and Hong Kong Dollars to a discounted cash flow technique. The impact of these retranslations on the profit/loss for the reporting entities across the Group has been aggregated and is disclosed below. The analysis assumes that all other variables, in particular interest rates, remain constant.

The sensitivity at the reporting date, split by category of financial instrument, was as follows:

10% strengthening of Sterling

	Profit or (loss) impact					
	Cash £m	Available-for-sale financial assets £m	Trade receivables £m	Secured bank loans £m	Derivatives £m	Total £m
2009						
Euro	(0.6)	-	-	0.9	(0.2)	0.1
US Dollar	(0.1)	-	-	1.4	1.5	2.8
Danish Kroner	-	-	-	(1.5)	-	(1.5)
Hong Kong Dollar	-	-	-	-	(0.3)	(0.3)
	(0.7)	-	-	0.8	1.0	1.1

Notes *(continued)*

52 weeks ended 26 December 2009

25 Financial instruments *(continued)*

Foreign currency risk *(continued)*

10% strengthening of Sterling

	Profit or (loss) impact					
	Cash £m	Available-for-sale financial assets £m	Trade receiv-ables £m	Secured bank loans £m	Deriva-tives £m	Total £m
2008						
Euro	(0.1)	-	-	1.0	0.6	1.5
US Dollar	(0.6)	(2.4)	(0.1)	1.5	2.6	1.0
Danish Kroner	-	-	-	(1.5)	-	(1.5)
Hong Kong Dollar	-	-	-	-	-	-
	(0.7)	(2.4)	(0.1)	1.0	3.2	1.0

10% weakening of Sterling

	Profit or (loss) impact					
	Cash £m	Available-for-sale financial assets £m	Trade receiv-ables £m	Secured bank loans £m	Deriva-tives £m	Total £m
2009						
Euro	0.6	-	-	(0.9)	0.3	-
US Dollar	0.1	-	-	(1.4)	(1.5)	(2.8)
Danish Kroner	-	-	-	1.2	-	1.2
Hong Kong Dollar	-	-	-	-	0.4	0.4
	0.7	-	-	(1.1)	(0.8)	(1.2)
2008						
Euro	0.1	-	-	(1.0)	(0.8)	(1.7)
US Dollar	0.6	2.4	0.1	(1.6)	(3.2)	(1.7)
Danish Kroner	-	-	-	1.2	-	1.2
Hong Kong Dollar	-	-	-	-	-	-
	0.7	2.4	0.1	(1.4)	(4.0)	(2.2)

There would be no impact on components of equity other than retained earnings *(2008: £nil).*

Notes *(continued)*

52 weeks ended 26 December 2009

25 Financial instruments *(continued)*

Credit risk

The Group has credit policies in place with regard to its trade receivables. Credit evaluations are performed on customers requiring credit over a certain amount.

The Group manages credit exposures in connection with financing and treasury activities including the exposure arising from bank deposits, cash held at bank and derivative transactions, by appraisal of, formal approval and ongoing monitoring of the credit position of counterparties. Counterparty exposures are measured against a formal transaction limit appropriate to that counterparty's credit position. At the reporting date credit exposures were within set limits.

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2009		2008	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Trade and other receivables	20.8	20.8	17.7	17.7
Cash and cash equivalents	87.0	87.0	114.9	114.9
Available-for-sale financial assets	-	-	23.8	23.8
Interest rate swaps used for hedging	(83.0)	(83.0)	(76.4)	(76.4)
Forward contracts used for hedging	(0.3)	(0.3)	(0.9)	(0.9)
Secured bank loans	(1,088.1)	(1,087.0)	(1,191.6)	(1,148.5)
Shareholder loans	(612.3)	(612.2)	(597.5)	(590.8)
Finance lease liabilities	(91.4)	(91.4)	(95.3)	(95.3)
Trade and other payables	(23.5)	(23.5)	(27.0)	(27.0)
Bank overdraft	(0.4)	(0.4)	-	-
	(1,791.2)	(1,790.0)	(1,832.3)	(1,782.5)

Discount rates used for determining fair value

	2009	2008
Secured bank loans	6.1%	7.8%
Shareholder loans	8.8%	8.4%

Notes *(continued)*

52 weeks ended 26 December 2009

25 Financial instruments *(continued)*

***Fair values** (continued)*

Basis for determining fair values

Derivatives

Interest rate swaps are valued by reference to the mid point of the yield curve prevailing from the reporting date to the contracted expiry date. The valuation is the net present value of the difference between the projected cash flows at the contracted rate and floating rate cash flows at the forward rate, with adjustments for bid/ask and credit spreads. Forward foreign exchange contract valuations are based on the net present value of the difference between contract rates and the prevailing forward foreign exchange rates.

Non-derivative financial liabilities

The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
26 December 2009				
Derivative financial liabilities	-	(83.3)	-	(83.3)
	-	(83.3)	-	(83.3)

There have been no transfers between levels in 2009. No other financial instruments are held at fair value.

26 Capital commitments

At the year end the Group has a number of outstanding capital commitments amounting to £23.5 million *(2008: £30.9 million)*, for which no provision has been made. These commitments are expected to be settled in the following two financial years.

27 Related parties

Identity of related parties

The Group has related party relationships with its subsidiaries (see note 33), shareholders, key management personnel and joint ventures.

Notes *(continued)*

52 weeks ended 26 December 2009

27 Related parties *(continued)*

Transactions with shareholders

During the year the Group entered into transactions with Blackstone Capital Partners, its ultimate controlling party, KIRKBI A/S and Dubai International Capital ("DIC"), both of which are shareholders, LEGO, a related party of KIRKBI A/S, and Tatweer, a related party of DIC. Transactions entered into, and trading balances outstanding at 26 December 2009, are as follows:

	Sales	Amounts owed by related party	Fees	Amounts owed to related party	Goods	Amounts owed to related party
	£m	£m	£m	£m	£m	£m
2009						
Blackstone Capital Partners	-	-	1.9	0.3	-	-
KIRKBI A/S	-	-	4.3	-	-	0.1
DIC	-	-	0.6	0.1	-	-
LEGO	-	-	-	-	16.3	1.0
Tatweer	0.5	-	-	-	-	-
	0.5	-	6.8	0.4	16.3	1.1
2008						
Blackstone Capital Partners	-	-	1.3	0.1	-	-
KIRKBI A/S	-	-	3.6	-	-	-
DIC	-	-	0.5	0.9	-	-
LEGO	-	-	-	-	13.2	0.8
Tatweer	0.9	0.7	-	-	-	-
	0.9	0.7	5.4	1.0	13.2	0.8

Details of shareholder loans are included in note 18.

Transactions with key management personnel

Key management of the Group (the executive members of the Management Committee) and their immediate relatives control 2.03% *(2008: 2.13%)* of the voting shares of the Company. They also held PECs with a nominal value of £1,330,442 *(2008: £1,410,662)*.

Other related party transactions

The compensation of the key managers is as follows:

	2009	2008
	£m	£m
Key management emoluments including social security costs	1.2	1.0
Contributions to money purchase pension schemes	0.2	0.1
Share based payments	0.1	0.1
	1.5	1.2

On 27 May 2009 93,000 'B' ordinary shares were issued at par, in order to settle existing share options, held by a number of management personnel, which are likely to vest in the future. These shares are held by De Facto 1271 Limited, a trustee company controlled by key management.

Notes *(continued)*

52 weeks ended 26 December 2009

27 Related parties *(continued)*

Transactions with joint ventures

During the year the Group entered into arms length transactions with the following joint ventures:

	Sales to related party	Purchases from related party	Amounts owed by related party (trading)	Amounts owed to related party (trading)	Amounts owed by related party (non trading)
	£m	£m	£m	£m	£m
2009					
Pirate Adventure Golf Limited	0.1	-	-	-	-
SEA LIFE Centre Helsinki Oy	0.4	-	0.1	-	0.3
	0.5	-	0.1	-	0.3
2008					
Pirate Adventure Golf Limited	0.1	-	-	-	-
SEA LIFE Centre (Blackpool) Limited	0.3	-	-	-	-
SEA LIFE Centre Helsinki Oy	0.1	0.1	-	-	0.3
	0.5	0.1	-	-	0.3

In 2008, transactions with Sea Life Centre (Blackpool) Limited related to the period from 1 January 2008 to 19 May 2008, when the Group acquired the remaining 50% of the share capital in the company.

All dealings with related parties are conducted on an arms length basis. None of the balances are secured and there are no provisions for doubtful debts related to the outstanding balances at the end of each reporting period.

28 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Blackstone Capital Partners which is the ultimate parent company incorporated in the Cayman Islands. The ultimate controlling party is Blackstone Capital Partners.

The largest Group in which the results of the Company are consolidated is that headed by Merlin Entertainments Group Luxembourg S.à r.l., incorporated in Luxembourg. No other Group financial statements include the results of the Company.

29 Subsequent events

On 7 January 2010, the Group acquired the business and assets of Cypress Gardens, a theme park in Florida for the sum of $22.7 million settled in cash. An exercise to determine the fair value of the net assets and contingent liabilities acquired is still ongoing. It is the intention of the Group to significantly redevelop the site and reopen it as the fifth LEGOLAND Park in 2011.

To assist with the acquisition and development of the Cypress Gardens theme park, the Group entered into an agreement with an existing shareholder to invest $30 million in return for the issue of shares and PECs. The investment under the agreement was completed on 5 January 2010. This resulted in the issue of 29,865 'A' ordinary shares and 11,796,190 PECs, on the same terms as the existing 'A' ordinary shares and PEC instruments.

A clause in the share subscription agreement under which these shares were issued allows for additional shares to be issued to the shareholder to protect their recent investment from movements in the valuation of the Group between the issue date and 31 August 2012 or the public or private sale of the Group. There is not expected to be a significant value to this derivative. The Group has the option to request further capital contributions from the shareholder in respect of this development in exchange for further shares and PECs, on the same terms.

On 31 March 2010 the Group settled in full the Italian shareholder debt referred to in note 18, resulting in a payment of £16.7 million.

Notes *(continued)*

52 weeks ended 26 December 2009

30 Contingent liabilities

The Group has contingent liabilities arising from local planning obligations and other obligations. The total liability under these obligations could amount up to £0.1 million *(2008: £nil).*

31 Determination of fair values

Intangible assets

Brands

Brands have been valued based on discounted future cash flows, using the relief from royalty method.

Goodwill

Goodwill has been calculated as the difference between the cost of acquisition and the fair value of the net identifiable assets acquired and contingent liabilities assumed. Note 11 contains information about the assumptions and their risk factors relating to goodwill impairment.

Acquired property, plant and equipment

In respect of property, plant and equipment acquired in business combinations, given the specialised nature of the assets, fair values are calculated on a depreciated replacement cost basis. The key estimates underpinning the calculations are:

i. Replacement cost. Industry specific indices were used to restate original historic cost.

ii. Depreciation. The key determinants are the total, and remaining, economic useful life and the residual value of each asset. The total estimated lives applied are consistent with those set out in note 1. Residual values were based on industry specific indices.

32 Judgements and estimates

Under Adopted IFRS, the managers are required to adopt accounting policies considered most appropriate to the Group's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its key judgments and estimates and, accordingly, provides an explanation of each below. These have been discussed with the Group's Audit Committee.

Impairment reviews

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, as noted below.

Adopted IFRS requires management to undertake an annual test for impairment of goodwill and indefinite life assets and, for finite life assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Notes *(continued)*

52 weeks ended 26 December 2009

32 Judgements and estimates *(continued)*

Impairment reviews *(continued)*

Assumptions

There are a number of assumptions and estimates involved in calculating the net present value of future cash flows from the Group's businesses, including management's expectations of:

- growth in EBITDA;
- timing and quantum of future capital and maintenance expenditure;
- long term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Group prepares and internally approves five year plans for its businesses and uses these as the basis for its impairment reviews.

The long term growth rate into perpetuity has been determined based on management's long term expectations, taking account of historical averages and expected future market trends.

The discount rate used is based on the estimated weighted average cost of capital of a 'market participant' and is drawn from market derived data from market data and businesses in similar sectors. It is adjusted for asset specific risks and is presented on a pre-tax basis. The key assumptions of the 'market participant' include the ratio of debt to equity financing, risk free rates and the medium term risks associated with equity investments.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and, hence, results.

Classification of assets sold under sale and leaseback agreements

During 2007 the Group undertook a sale and leaseback transaction involving the property, plant and equipment of certain acquired operating units. In order to determine the appropriate leaseback treatment, as either an operating or finance lease, each individual asset was considered on an asset by asset basis. The key elements of these calculations were the expected remaining economic life and fair value of each asset and the allocation of the lease rental charge. Fair values were calculated on a basis consistent with that set out above for property, plant and equipment. The gross lease rental charge for each operating unit has been allocated to underlying individual assets according to their relative fair values.

Provisions

The Group measures provisions at the managers' best estimates of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking account of information available and different possible outcomes. Specifically, asset retirement provisions are established in respect of assets at the Group's leasehold sites, dependent on the specific terms of each lease. These provisions are then discounted back to present value, and the discount is then unwound through the income statement as part of financing costs. Asset retirement provisions are reviewed on acquisition and then at least annually, and any changes in estimates are reflected in the same accounting period as an adjustment to property, plant and equipment and to provisions.

Financial instruments – effective interest rate calculations

The Group holds secured bank loans, the terms of which allow for repayment over the 5 year term of the agreement. To facilitate the calculation of an effective interest rate which reflects the expected cash flows, the Group estimates the period of borrowings and the date of their repayment. During the year, the Group changed its assumption to a repayment date of March 2010 *(2008: December 2010)*. This change in assumption required a re-measurement of the financial liabilities concerned that took into account the effective interest rates of the relevant instruments as calculated at the date of inception, together with the amended repayment date noted above. The effect of this change is disclosed in note 8. The calculation includes all transaction costs directly attributable to the acquisition of the financial instrument, which are amortised over the same period.

Notes *(continued)*

52 weeks ended 26 December 2009

32 Judgements and estimates *(continued)*

Hedging arrangements

The Group enters into interest rate swaps to fix a portion of its exposure to variable interest rates on its loan arrangements, but does not currently apply cash flow hedging. In order to be able to apply the hedge accounting provisions of IAS 39 'Financial Instruments', the Group would consider the effectiveness of its hedging arrangements on an instrument by instrument basis.

Valuations of derivatives – interest rate swaps

The fair value of interest rate derivatives and foreign exchange trades are determined by reference to closing market rates at the end of the accounting period. For interest rate swaps the fair value represents the net present value of the difference between the cash flows at the contracted rates and the rates of interest prevailing for the period from the reporting date to the relevant contracted expiry date using the closing mid-point of the yield curve applying.

In performing these calculations the impact of the difference between bid/offer and mid-market prices is considered, together with an estimate of credit spreads.

Italian shareholder debt

The acquisition of Gardaland in 2006 resulted in an agreement being entered into, whereby the debt holder has an option for a six month period, commencing three years after the date of issue, to demand settlement of the debt at nominal value plus accrued interest calculated thereon at a rate of Euribor plus 3%. Equally, the Group has the option to settle under the same terms in the subsequent six month period. Due to the nature of this option, the managers judge that it is virtually certain the option will be exercised, and as such have judged that this future obligation should be treated as debt. As noted in note 29, this debt was settled in full subsequent to the year end.

Useful life of brands

Brands have been valued on acquisition based on discounted future cash flows, using the relief from royalty method. This valuation includes amounts into perpetuity.

On 28 December 2008, the Group reassessed the useful life of its brands and concluded that they have an indefinite life. This is based upon the strong historical performance of the brands over a number of economic cycles, the demonstrable "chaining" of brands, and the managers' intentions regarding the future use of brands. The managers feel this is a suitable policy for a "brands business" which invests in and maintains the brands, and foresee no technological developments or competitor actions which would put a definite life on the brands.

Recognition of deferred tax assets

The Group has a number of unrecognised deferred tax assets. Recognition of these assets is contingent on the availability of future taxable profits in the jurisdiction where the asset arises. In considering recoverability, the Group considers its forecast future taxable profits.

Notes *(continued)*

52 weeks ended 26 December 2009

33 Subsidiary and joint venture undertakings

The Group has the following investments in subsidiaries and joint ventures:

Subsidiary undertaking	**Country of incorporation**	**Class of share held**	**Ownership 2009**	**Ownership 2008**
Merlin Entertainments Group Luxembourg 2 S.à r.l	Luxembourg	Ordinary	100.0%	100.0%
Merlin Entertainments Group Luxembourg 3 S.à r.l	Luxembourg	Ordinary	100.0%	100.0%
Alton Towers Limited	UK	Ordinary	100.0%	100.0%
Alton Towers Resort Operations Limited	UK	Ordinary	100.0%	100.0%
Charcoal CLG 1 Limited *(company limited by guarantee)*	UK	-	100.0%	100.0%
Charcoal CLG 2 Limited *(company limited by guarantee)*	UK	-	100.0%	100.0%
Charcoal Holdco Limited	UK	Ordinary	100.0%	100.0%
Charcoal Midco 1 Limited	UK	Ordinary	100.0%	100.0%
Charcoal Newco 1 Limited	UK	Ordinary	100.0%	100.0%
Charcoal Newco 1a Limited	UK	Ordinary	100.0%	100.0%
Chessington Hotel Limited *(formerly Tussauds Hotels South Limited)*	UK	Ordinary	100.0%	100.0%
Chessington World of Adventures Limited	UK	Ordinary	100.0%	100.0%
Chessington World of Adventures Operations Limited	UK	Ordinary	100.0%	100.0%
Chessington Zoo Limited	UK	Ordinary	100.0%	100.0%
CWA PropCo Limited	UK	Ordinary	100.0%	100.0%
DMWSL266 Limited	UK	Ordinary	100.0%	100.0%
LEGOLAND US Holdings Limited	UK	Ordinary	100.0%	100.0%
LEGOLAND Windsor Park Limited	UK	Ordinary	100.0%	100.0%
London Dungeon Limited	UK	Ordinary	100.0%	100.0%
London Aquarium (South Bank) Limited	UK	Ordinary	100.0%	100.0%
London Eye Holdings Limited	UK	Ordinary	100.0%	100.0%
Madame Tussaud's Limited	UK	Ordinary	100.0%	100.0%
Madame Tussaud's Touring Exhibition Limited	UK	Ordinary	100.0%	100.0%
M.E.G.H. Limited *(formerly Merlin Entertainments Group Holdings Limited)*	UK	Ordinary	100.0%	100.0%
Merlin Attractions Management Limited	UK	Ordinary	100.0%	100.0%
Merlin Attractions Operations Limited *(formerly Tussauds Attractions Operations Limited)*	UK	Ordinary	100.0%	100.0%
Merlin Entertainments (Blackpool) Limited *(formerly Warwick Castle Park Limited)*	UK	Ordinary	100.0%	100.0%
Merlin Entertainments (Dungeons) Limited	UK	Ordinary	100.0%	100.0%
Merlin Entertainments (SEA LIFE) Limited	UK	Ordinary	100.0%	100.0%
Merlin Entertainments Developments Limited	UK	Ordinary	100.0%	100.0%
Merlin Entertainments Finance Limited	UK	Ordinary	100.0%	100.0%
Merlin Entertainments Group Employee Benefit Trustees Limited	UK	Ordinary	100.0%	100.0%
Merlin Entertainments Group Finance Limited	UK	Ordinary	100.0%	100.0%
Merlin Entertainments Group Holdings Limited *(formerly Charcoal Newco 2 Limited)*	UK	Ordinary	100.0%	100.0%
Merlin Entertainments Group International Limited	UK	Ordinary	100.0%	100.0%
Merlin Entertainments Group Limited	UK	Ordinary	100.0%	100.0%
Merlin Entertainments Group Operations Limited	UK	Ordinary	100.0%	100.0%
Merlin US Holdings Limited	UK	Ordinary	100.0%	100.0%
Merlin's Magic Wand Trustees Limited	UK	Ordinary	100.0%	100.0%
SEA LIFE Centre (Blackpool) Limited	UK	Ordinary	100.0%	(1) 100.0%

Notes *(continued)*

52 weeks ended 26 December 2009

33 Subsidiary and joint venture undertakings *(continued)*

Subsidiary undertaking	Country of incorporation	Class of share held	Ownership 2009	Ownership 2008
SEA LIFE Centres Limited	UK	Ordinary	100.0%	100.0%
The London Eye Company Limited	UK	Ordinary	100.0%	100.0%
London Planetarium Company Limited (The)	UK	Ordinary	100.0%	100.0%
The Millennium Wheel Company Limited	UK	Ordinary	100.0%	100.0%
The Seal Sanctuary Limited	UK	Ordinary	100.0%	100.0%
The Tussauds Group Limited	UK	Ordinary	100.0%	100.0%
Thorpe Park Operations Limited	UK	Ordinary	100.0%	100.0%
Tussauds (NBD) Limited	UK	Ordinary	100.0%	100.0%
Tussauds Attractions Limited	UK	Ordinary	100.0%	100.0%
Tussauds Finance Limited	UK	Ordinary	100.0%	100.0%
Tussauds Group (UK) Pension Plan Trustee Limited	UK	Ordinary	100.0%	100.0%
Tussauds Holdings Limited	UK	Ordinary	100.0%	100.0%
Tussauds Hotels Limited	UK	Ordinary	100.0%	100.0%
Tussauds Intermediate Holdings Limited	UK	Ordinary	100.0%	100.0%
Tussauds Limited	UK	Ordinary	100.0%	100.0%
Tussauds Theme Parks Limited	UK	Ordinary	100.0%	100.0%
Warwick Castle Limited	UK	Ordinary	100.0%	100.0%
Wizard AcquisitionCo Limited	UK	Ordinary	100.0%	100.0%
Wizard BondCo Limited	UK	Ordinary	100.0%	100.0%
Wizard EquityCo Limited	UK	Ordinary	100.0%	100.0%
Wizard NewCo Limited	UK	Ordinary	100.0%	100.0%
Gardaland S.r.l.	Italy	Ordinary	97.8%	97.8%
Incoming Gardaland S.r.l.	Italy	Ordinary	97.8%	97.8%
Merlin Entertainments Group Italy S.r.l.	Italy	Ordinary	100.0%	100.0%
Merlin Entertainments Group Italy 2 S.r.l.	Italy	Ordinary	100.0%	100.0%
Merlin Water Parks S.r.l.	Italy	Ordinary	100.0%	100.0%
Merlin Attractions Italy S.r.l.	Italy	Ordinary	100.0%	100.0%
Ronchi del Garda S.p.A.	Italy	Ordinary	(2) 44.7%	44.7%
Ronchi S.p.A.	Italy	Ordinary	88.5%	88.5%
Dungeon Deutschland GmbH	Germany	Ordinary	100.0%	100.0%
Heide-Park Soltau GmbH	Germany	Ordinary	100.0%	100.0%
LEGOLAND Deutschland Freizeitpark GmbH	Germany	Ordinary	100.0%	100.0%
LEGOLAND Deutschland GmbH	Germany	Ordinary	100.0%	100.0%
LEGOLAND Discovery Centre Deutschland GmbH	Germany	Ordinary	100.0%	100.0%
LLD Grundstücks GmbH & Co. KG	Germany	Ordinary	100.0%	100.0%
LLD Grundstücksverwaltungs GmbH	Germany	Ordinary	100.0%	100.0%
LLD Share Beteiligungs GmbH	Germany	Ordinary	100.0%	100.0%
LLD Share GmbH & Co. KG	Germany	Ordinary	100.0%	100.0%
Madame Tussauds Deutschland GmbH	Germany	Ordinary	100.0%	100.0%
Merlin Entertainments Group Deutschland GmbH	Germany	Ordinary	100.0%	100.0%
SEA LIFE Deutschland GmbH	Germany	Ordinary	100.0%	100.0%
SEA LIFE Konstanz GmbH	Germany	Ordinary	100.0%	100.0%
Tussauds Deutschland GmbH	Germany	Ordinary	100.0%	100.0%
Tussauds Heide Metropole GmbH	Germany	Ordinary	100.0%	100.0%
LEGOLAND ApS	Denmark	Ordinary	100.0%	100.0%
Merlin Entertainments Group Denmark Holdings ApS	Denmark	Ordinary	100.0%	100.0%
Amsterdam Dungeon B.V.	Netherlands	Ordinary	100.0%	100.0%
Madame Tussauds Amsterdam B.V.	Netherlands	Ordinary	100.0%	100.0%

Notes *(continued)*

52 weeks ended 26 December 2009

33 Subsidiary and joint venture undertakings *(continued)*

Subsidiary undertaking	**Country of incorporation**	**Class of share held**	**Ownership 2009**	**Ownership 2008**
Merlin Entertainments Holdings Nederland B.V. *(formerly SEA LIFE Centre Nederland B.V.)*	Netherlands	Ordinary	100.0%	100.0%
SEA LIFE Centre Scheveningen B.V.	Netherlands	Ordinary	60.0%	60.0%
Dirk Frimout Centrum N.V.	Belgium	Ordinary	100.0%	(3) 100.0%
SEA LIFE Centre Belgium N.V.	Belgium	Ordinary	100.0%	100.0%
SEA LIFE France SARL	France	Ordinary	100.0%	100.0%
SLCS SEA LIFE Centre Spain S.A.	Spain	Ordinary	100.0%	100.0%
Merlin Entertainments (SEA LIFE PORTO) Unipessoal Lda *(formerly Martendencias Unipessoal)*	Portugal	Ordinary	100.0%	100.0%
SEA LIFE Centre Bray Limited	Ireland	Ordinary	100.0%	100.0%
LEGOLAND California LLC	USA	Ordinary	100.0%	100.0%
LEGOLAND Discovery Centre US Inc	USA	Ordinary	100.0%	100.0%
LEGOLAND Discovery Centre (Meadowlands) Inc	USA	Ordinary	100.0%	100.0%
LEGOLAND Discovery Centre (Dallas) Inc	USA	Ordinary	100.0%	-
Madame Tussauds Hollywood Inc	USA	Ordinary	100.0%	100.0%
Madame Tussaud Las Vegas Inc	USA	Ordinary	100.0%	100.0%
Madame Tussauds Orlando Inc	USA	Ordinary	100.0%	100.0%
Madame Tussaud's New York Inc	USA	Ordinary	100.0%	100.0%
Madame Tussauds Washington Inc	USA	Ordinary	100.0%	100.0%
Merlin Entertainments Group US Holdings Inc	USA	Ordinary	100.0%	100.0%
Merlin Entertainments Group Florida Inc	USA	Ordinary	100.0%	100.0%
Merlin Entertainments Group US Inc	USA	Ordinary	100.0%	100.0%
Merlin Entertainments Group Wheel Inc	USA	Ordinary	100.0%	100.0%
SEA LIFE Minnesota Inc	USA	Ordinary	100.0%	100.0%
SEA LIFE US Inc *(formerly SEA LIFE Orlando Inc)*	USA	Ordinary	100.0%	100.0%
The Tussauds Group LLC	USA	Ordinary	100.0%	100.0%
Tussauds Harbour Gateway Inc	USA	Ordinary	100.0%	100.0%
Madame Tussauds Exhibition (Shanghai) Company Limited	China	Ordinary	100.0%	100.0%
Merlin Entertainments Group (Malaysia) Sdn Bhd	Malaysia	Ordinary	100.0%	100.0%
Merlin Entertainments (Thailand) Limited	Thailand	Ordinary	100.0%	-
Joint Ventures				
SEA LIFE Helsinki Oy	Finland	Ordinary	50.0%	50.0%
Pirate Adventure Golf Limited	UK	Ordinary	50.0%	50.0%

(1) Increased to 100% in May 2008.

(2) Merlin Entertainments Group Luxembourg S.à r.l 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.

(3) Increased to 100% in February 2008.

Merlin Dutch Newco 1 B.V., Merlin Dutch Newco 2 B.V. and Merlin Dutch Newco 3 B.V were liquidated during the year.