

LEGOLAND Park Design Limited

Registered No. 2949553

DIRECTORS

C M Nielsen (Chairman)
J Bøndergaard
S A Madsen
K Kalcher

SECRETARY

P H Nielsen

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

SOLICITORS

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

REGISTERED OFFICE

200 Aldersgate Street
London EC1A 4JJ



LEGOLAND Park Design Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1997.

RESULTS AND DIVIDENDS

The profit for the year amounted to £57,670 (1996 - £85,003). The directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The activity of the company is split into two parts. The first is to co-ordinate the conceptual design activities for LEGO parks. The second, using the registered trade name of LEGO Licensing International, is to co-ordinate the licensing activities of the group and to initiate licensing contracts.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 7.

DIRECTORS AND THEIR INTERESTS

The directors during the year are those listed on page 1.

No director held any disclosable interest in the shares of the company or any other group undertaking.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

SMALL COMPANY EXEMPTIONS

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

Secretary

18 May 1998

LEGOLAND Park Design Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of LEGOLAND Park Design Limited

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

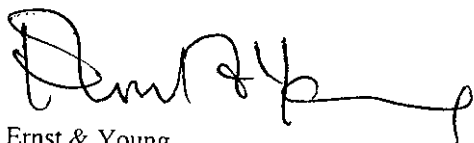
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Ernst & Young
Chartered Accountants
Registered Auditor
London

18 May 1998

LEGOLAND Park Design Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1997

	Notes	1997 £	1996 £
Continuing Operations:			
TURNOVER			
Administrative expenses	2	1,708,438 1,656,491	1,231,440 1,158,709
OPERATING PROFIT			
Interest receivable	3	51,947 5,723	72,731 12,272
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		57,670	85,003
Tax on profit on ordinary activities	6	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		57,670	85,003

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no gains or losses other than those recognised in the profit and loss account.

LEGOLAND Park Design Limited

BALANCE SHEET at 31 December 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	7	149,199	134,277
CURRENT ASSETS			
Debtors	8	400,106	116,364
Cash		92,092	130,022
CREDITORS: amounts falling due within one year	9	492,198 367,607	246,386 164,543
NET CURRENT ASSETS		124,591	81,843
TOTAL ASSETS LESS CURRENT LIABILITIES		273,790	216,120
CAPITAL AND RESERVES			
Equity share capital	10	100,000	100,000
Profit and loss account	11	173,790	116,120
		273,790	216,120

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Director

John Bandyar

Ch. Apple

Verdoble

18 May 1998

LEGOLAND Park Design Limited

NOTES TO THE ACCOUNTS

at 31 December 1997

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Statement of cash flows

The company, being a subsidiary undertaking of an EC parent undertaking is taking advantage of the exemption in Financial Reporting Standard No. 1 not to present a statement of cash flows.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Plant and machinery - 5 - 10 years

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Related Parties

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the LEGO A/S group.

2. TURNOVER

Turnover represents fees invoiced (excluding VAT) for the co-ordination of design and licensing activities for LEGO parks worldwide. The geographical breakdown of turnover was as follows:

	1997 £	1996 £
Europe		
United Kingdom	1,236,537	311,000
United States	44,989	79,000
Other	406,676	773,440
	20,236	68,000
	<u>1,708,438</u>	<u>1,231,440</u>

LEGOLAND Park Design Limited

NOTES TO THE ACCOUNTS at 31 December 1997

3. OPERATING PROFIT

This is stated after charging:

	1997 £	1996 £
Auditors' remuneration - audit		
Depreciation of owned assets	3,750	2,500
Operating lease rentals - land and buildings	27,126	20,556
	57,853	13,275

4. DIRECTORS' EMOLUMENTS

Only one of the directors received emoluments during the year.

These emoluments were as follows:

	1997 £	1996 £
Emoluments	123,685	116,998
Company contributions to money purchase pension scheme	11,220	10,670

5. STAFF COSTS

	1997 £	1996 £
Wages and salaries	395,516	390,692
Social security costs	32,384	25,664
Other pension costs	21,123	16,245
	449,023	432,601

The average weekly number of employees during the year was 11 (1996 - 9).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
UK corporation tax at 31.5% (1996 - 33%)	-	-

The corporation tax liability will be covered by the surrender of group relief by another group company, for which no payment will be made.

LEGOLAND Park Design Limited

NOTES TO THE ACCOUNTS at 31 December 1997

7. TANGIBLE FIXED ASSETS

	<i>Plant and machinery £</i>
Cost:	
At 1 January 1997	
Additions	159,348
Disposals	58,714
	(26,143)
At 31 December 1997	191,919
Depreciation:	
At 1 January 1997	
Provided during the year	25,071
Disposals	27,126
	(9,477)
At 31 December 1997	42,720
Net book value:	
At 31 December 1997	149,199
At 1 January 1997	134,277

8. DEBTORS

	<i>1997 £</i>	<i>1996 £</i>
Trade debtors		
Other debtors and prepayments	162,670	32,834
Amounts owed by parent undertaking	40,027	20,431
Amounts owed by fellow subsidiary undertakings	159,654	-
	37,755	63,099
	400,106	116,364

9. CREDITORS: amounts falling due within one year

	<i>1997 £</i>	<i>1996 £</i>
Amounts owed to fellow subsidiary undertaking		
Trade creditors	7,709	68,566
Other creditors	269,483	64,973
Other taxation and social security	13,407	8,545
Corporation tax	19,552	22,459
Amount owed to connected company	-	-
	57,456	
	367,607	164,543

LEGOLAND Park Design Limited

NOTES TO THE ACCOUNTS at 31 December 1997

10. SHARE CAPITAL

		<i>Authorised</i>	<i>Allotted, called up and fully paid</i>
	<i>1997</i>	<i>1996</i>	<i>1997</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	500,000	500,000	100,000
			100,000

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 1996	100,000	31,117	131,117
Profit for the year		85,003	85,003
At 31 December 1996	100,000	116,120	216,120
Profit for the year		57,670	57,670
At 31 December 1997	100,000	173,790	273,790

12. PENSION CONTRIBUTIONS

The company contributes to a money purchase scheme for one of its directors.

13. OPERATING LEASE COMMITMENTS

The company has annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>	
	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
Operating leases which expire:		
In over five years	59,000	59,000

14. ULTIMATE PARENT UNDERTAKING

The company is a subsidiary undertaking of LEGO Park Holding UK Limited, a company registered in England and Wales, into which company's accounts those of LEGOLAND Park Design Limited have been consolidated. The ultimate parent undertaking of the largest group into which the company's accounts are consolidated is LEGO A/S, a company incorporated in Denmark. Copies of the accounts of LEGO A/S are available from Erhvervs og Selskabsstyrelsen, Kampmannsgade 1, DK-1780 Copenhagen V, Denmark.

15. RELATED PARTY TRANSACTIONS

During the year the company entered into a royalty contract with Kirkbi A/S, a company connected with the LEGO group of companies. No amounts were paid to Kirkbi during the year and there is a year end creditor of £57,456 relating to Kirkbi's royalty share.