

**The Merlin Magic Wand Children's Charity**

**Trustee's Report and Charity  
Accounts**

Financial Year ended  
**31 December 2020**

Registered Charity Number: 1124081

## Contents

Trustee's report	1
Independent auditor's report to the Trustee of The Merlin Magic Wand Children's Charity	10
Statement of financial activities	13
Balance sheet	14
Statement of cash flows	15
Notes	16

## Trustee's Report

### Report of the Trustee for the year ended 31 December 2020

The Trustee is pleased to present the annual report together with the financial statements of The Merlin's Magic Wand Children's Charity for the financial year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### Objectives and activities for the public benefit

Merlin's Magic Wand supports children facing challenges of serious illness, disability or adversity. The Charity believes that every child deserves to laugh, enjoy and cherish memorable experiences and its mission is to enable them to access the magic of Merlin Entertainments. The Charity makes this fun accessible to children with three magic spells:

- Spell 1: Magical Days Out
  - Through our Magical Days Out programme, families have a chance to create long lasting memories and take valuable time out from their stressful daily routine. The Charity provides tickets and funds travel grants, to allow families to enjoy their day at a Merlin Entertainments attraction.
  - Success is measured by the number of tickets distributed.
- Spell 2: Merlin's Magic on Tour
  - Working with our local communities at hospitals, schools and hospices, Merlin's Magic on Tour enables the attraction teams to bring some of the Merlin magic to children wherever they are.
  - Success is measured by the number of visits made and the number of children reached through these activities.
- Spell 3: Merlin's Magic Spaces
  - By designing and creating amazing projects in hospitals, orphanages, learning centres and more, Merlin's Magic Spaces ensure that local children who are prevented from visiting the attractions due to severe illness, physical disability or other exceptional circumstances still have the opportunity to experience the unique magic of Merlin.
  - Success is measured by the number of projects successfully installed.

The Trustee confirms that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities and setting the grant making policy for the year.

### Achievements and Performance

#### Magical Days Out

The letters of thanks we receive serve only to remind us of the impact a Magical Day Out can have:

*"Thanks to the kind support of Alton Towers Resort and their dedicated children's charity, Merlin's Magic Wand, we were able to offer a number of families complimentary tickets to their Staffordshire amusement park. Members of the Benevolent Fund whose families have experienced personal loss, illness or emotional challenges were given the chance to visit the resort and create lasting memories."*

**Trustee's Report (continued)**

*"I just want to say a HUGE thank you for your help with our patient Izzy and her families' trip to the Aquarium and Wildlife on Saturday. I've heard nothing but great feedback. Our Child Life Therapist Kylie caught up with the family this morning and she wanted me to pass on this message:*

*Could you please pass on thanks to Mel for making Saturday happen for the family? They had nothing but wonderful things to say when I saw them this morning - they appreciated everything and commented on how natural and child friendly she was, even getting down on the floor with Izzy to watch the sharks! They said everything was so seamless and stress-free and they loved having that time together.*

*Izzy had a toy shark from the aquarium with her today, and told me that she got it from "the best best best best place that had turtles, a baby penguin with a fuzzy butt, koalas, and a dugong that ate lettuce!!!" ....I think that sums up how much she enjoyed the day :)*

*Thank you so much for your support of our patients, providing days like this means the world and helps them to create such beautiful memories during the most difficult of times!"*

The effects of the coronavirus pandemic in 2020 meant that many Merlin attractions were closed for much of the year, and the charity team spent several months utilising the UK governments furlough scheme. Therefore, ticket distribution was significantly reduced compared to previous years. Nevertheless, tickets for Magical Days Out were still offered to 17,181 children, their families, and carers during the year.

The tickets for these days out continue to be provided by Merlin Entertainments Limited and Merlin's Magic Wand offers all applicants optional financial support towards their travel costs. Grants totalling £3,475 were awarded this year as well as £268 worth of enhancement initiatives - mainly in the form of digital photo vouchers - for those families where the child or parent has a life-limiting condition, to make their day out more special and memorable.

**Merlin's Magic Spaces**

Several of the scheduled Merlin's Magic Spaces projects were paused due to the restrictions put in place in response to the coronavirus pandemic. Many of the Merlin and charity team employees who would usually project manage the Spaces were on furlough for much of the year or unavailable to support, however we reassured all charity partners that we would commence with the projects when all parties were ready, with the aim remaining to minimise disruption and complete areas at the most suitable time for them.

Before the main impacts of the pandemic reached the UK, we completed and launched the 2019 Magic Space in Staffordshire in partnership with Alton Towers Resort and Merlin Magic Making Studios North. The other 3 2019 Magic Spaces that were due for completion were largely paused and remain outstanding at the year end due to limited progress in the face of the pandemic, though some design work was able to continue for the Melbourne and Istanbul projects. The charity plans to complete these projects in 2021.

Staffordshire, UK	University Hospital of North Midlands	Entrance area
Melbourne, Australia	City Mission	Play rooms
Scarborough, UK	Bradley Lowry Foundation	Play rooms
Istanbul, Turkey	Tohum Turkey Autism Early Diagnosis and Educational Foundation	Play room

4 Magic Spaces were originally budgeted for 2020, though none moved past the application stages during the year due to the restrictions put in place in response to the coronavirus pandemic and the majority of the Merlin and charity teams being on furlough for much of the year. Progress is anticipated in 2021:

**Trustee's Report** *(continued)*

London, UK	Partner to be determined	TBC
Gunzburg, Germany	Frauenhaus Women's Refuge	TBC
Beijing, China	Beijing Dongcheng Women's Federation	Play rooms
Munich, Germany	Partner to be determined	TBC

The impact of our Magic Spaces projects continues to be significant for the families that use the spaces within our charity partner facilities. A senior matron at the UHNM said of the entrance area installation:

*"You will be surprised how much the log flume is used. I had cause to sit in the entrance last week. Most children jump in as they are passing through. A Mum and young boy on Friday took a selfie in the log flume and sent it to Dad saying – we decided to go to "The Towers" for the day instead of the hospital for surgery!"*

We are grateful for the continued enthusiasm and commitment shown by Merlin Entertainments Limited and our suppliers in providing goods and services either free of charge or at a reduced cost to allow us to maximise the impact our investment in these projects has.

**Merlin's Magic on Tour**

The aim of this programme is not only to give children the opportunity to experience some 'Merlin Magic' but also to give Merlin employees the opportunity to experience first-hand the difficulties that some children are facing and the difference these visits can make to their lives.

These visits remain popular and, although we were unable to deliver any in-person activities during the year of the pandemic, several Merlin teams got creative and managed to 'deliver the magic' virtually to 5,303 children in 2020, surpassing our 2019 figure of 3,329. Funds are made available to support Merlin's Magic on Tour visits and £1,026 of support grants were made during the period. Our thanks go to many of the attractions who support this programme without requesting support grants, providing their time and equipment as a donated service.

*"We had a zoom call with Captain Starlight and showed the kids around Kangaroo Walkabout (virtually) at Wild Life Sydney Zoo. The keepers showed them kangaroos, koalas, snakes, emus and more! This was broadcast on all the kid's TV's in the hospital."*

The key performance indicators are summarised below:

		<b>Outcome</b>	<b>Target</b>	<b>Outcome</b>	<b>Target</b>
		<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>Magical Days Out</b>	<b>Tickets</b>	<b>17,181</b>	<b>82,000</b>	<b>80,324</b>	<b>77,500</b>
<b>Merlin's Magic Spaces</b>	<b>Projects</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>5</b>
<b>Merlin's Magic on Tour</b>	<b>Visits</b>	<b>17</b>	<b>50</b>	<b>39</b>	<b>50</b>
	<b>Children</b>	<b>5,303</b>	<b>5,000</b>	<b>3,329</b>	<b>2,500</b>

We are proud to confirm that, since the Charity's conception up until the end of 2020, the Charity has reached over 200,000 children through Merlin's Magic Spaces, over 717,000 children and families through Magical Days Out and over 28,000 children through Magic on Tour, resulting in an overall reach of over 945,000 children and families globally in the 12 year period since the Charity launched in 2008.

## Trustee's Report (continued)

### Financial Review

Total income for the period was £681,768 (2019: £1,698,193) a decrease of £1,016,425 (60%) compared to last year. This fall can be mainly attributed to the effect the coronavirus on our ability to award free Magical Days out tickets as attractions were closed for large parts of the year. Merlin Attractions continued to support the Charity fundraising throughout this time but due to the restrictions, donations fell from £404,825 in 2019 to £214,203.

Total income from donated goods and services was £400,745 (2019: £1,284,263). We are grateful to Merlin Entertainments Limited for its continuing support of our activities. Over 99% (2019: 99%) of the donated goods and services in the period, totalling £400,185 (2019: £1,279,483), were from Merlin Entertainments Limited and its subsidiaries. As well as the support for Magical Days Out, Merlin's Magic Spaces and Merlin's Magic on Tour, the fundraising events are delivered at a discounted rate, a proportion of the salaries of the Charity's employees are covered by Merlin and office space for the Charity's employees is provided at no cost.

76%, £214,203 (2019: 46%, £383,674) of income that is not in the form of donated goods and services was received through the fundraising activities of Merlin Attractions acting on behalf of the Charity and is raised through a wide variety of platforms. These include collection tins at attractions and activities and events for both attraction guests and staff.

The Charity follows sector best practice and guidelines, as set out in the Code of Fundraising Practice, and requests that those fundraising on its behalf do so as well. Merlin Attractions report to the Charity regularly to allow monitoring of fundraising activities and behaviour. The Charity does not use professional fundraisers or commercial participators. No complaints have been received by the Charity regarding its fundraising activity. The Charity does not, nor do those acting on its behalf, undertake fundraising activities that puts vulnerable people and others at risk of unreasonable intrusion on a person's privacy, unreasonable persistent approaches or undue pressure to give.

Total expenditure on charitable activities dropped by 71% to £446,453 (2019: £1,538,759). The % of total expenditure on charitable activities fell from 92% to 85%. Expenditure on Magical Days out this year remained relatively stable at 88% of total charitable expenditure (2019: 86%). Merlin's Magic Spaces expenditure % decreased to 9% (2019: 13%). Merlin's Magic on Tour accounted for the remaining 1% (2019: 2%) of expenditure.

The net income over expenditure in the year was £162,644 (2019: £25,934). Closing reserves remain above the policy level, however it is recognised that ongoing expenditure needs to be carefully budgeted and monitored to ensure the reserves policy continues to be met.

### Risk Management

The Charity recognises that risk management is an essential part of good business practice and has developed a robust Risk Register which provides a comprehensive overview of the identified risks in all aspects of its work, outlines the actions required to mitigate those risks and states the timescales in which the actions are expected to be implemented. Processes for strategic and operational planning, performance management, decision making and project management are being developed as part of the action planning. Risk management is the responsibility of the Trustee supported by the directors and officers of the Trustee Company.

The Charity benefits from the broad-ranging professional skills of the directors and officers of the Trustee Company, the members of the Management Committee and, as required, draws on the skills of other Merlin employees and advisors, who have considerable experience in business and risk management and who apply these skills to ensure that risk exposure to the Charity is both minimised and, where retained, is managed effectively.

## Trustee's Report (continued)

The process to identify and document the major risks to which the Charity is exposed was ongoing during the year. Regular review and assessment of these risks will take place ensuring systems are established to mitigate the identified risks.

### COVID-19 Pandemic Impact

The world continues to be heavily impacted by the COVID-19 pandemic. This has adversely impacted our ability to deliver our magical programmes. Due to attraction closures, shielding restrictions for Merlin's Magic Wand beneficiaries and measures taken by organisations that we work with much of our activity has been reduced or paused. Our income has also been impacted with events postponed and fundraising across all income streams reduced.

The health, safety and wellbeing of our team, beneficiaries and supporters has been and remains our number one priority. As activity has been reduced we have made appropriate use of government support through this difficult time and, whilst we have seen a drop in growth through 2020, we are confident that our proactive actions will ensure that we are well placed as activity returns to more normal levels post the pandemic.

### Reserves Policy

The Charity has established a healthy reserve and it is the Trustee's intention and responsibility to ensure that it continues to work within its means. However the Trustee is also confident in committing to the planned strategy and programme of activities because of the current level of reserves. At the end of 2020 free reserves total £350,316 (2019: £241,448). All these reserves are held in unrestricted funds.

During 2019, the Trustee reviewed and updated the Charity's reserves policy; the Trustee now targets having sufficient free reserves to meet all budgeted expenditure for the following 3 to 6 months. The level of free reserves is reviewed on a monthly basis in light of planned expenditure over the upcoming 3 months. The Charity has had no issues in meeting its reserves policy during the year or at the year end.

If reserves were to fall below £100,000 then the Trustee will consider other sources of fundraising to maintain this level and the Trustee has been given an undertaking by Merlin Entertainments Limited of their continuing support of the Charity which it sees as a key part of its community activities. Reserves above this target level will be considered for investment in line with the investment policy.

### Investment Policy

At the present time there are no investments and all funds are held in a current cash account. The Trustee will be looking to establish suitable financial facilities so that an appropriate return is made on any funds not required for short-term operational and grant provision requirements.

### Plans for Future Periods

It is Merlin's Magic Wand's continuing desire to have a positive impact on the lives of children facing challenges of serious illness, disability or adversity in the locality of every single Merlin attraction and its strategic direction remains ensuring the maximum number of children have access to the fun that the Charity can offer through its three magic spells.

The reduction in activity due to the impact of COVID-19 will impact the growth in 2020. However, this unprecedented time has afforded the charity the opportunity to review processes and efficiencies as well as explore new ways of reaching and supporting our beneficiaries.

Three key focus areas are:

- Working to streamline the Magical Days Out ticketing and travel grant process to improve beneficiary experience
- Exploring how we can evolve Magic On Tour for children and families stuck at home

## Trustee's Report (continued)

- Diversifying income streams with online fundraising opportunities.

We will continue to evolve and adapt to ensure that in a post-COVID world we are ready to bring the magic back to children and families in a more efficient way than before.

### Reference and administrative details

Charity Name	The Merlin Magic Wand Children's Charity Also known as Merlin's Magic Wand
Charity Number	1124081
Principal office	Link House, 25 West Street, Poole, Dorset, BH15 1LD
Auditor	Mazars LLP Floor 5, Merck House, Seldown Lane, Poole, Dorset, BH15 1TW
Banker	HSBC Bank plc Corporate Banking Centre, 60 Queen Victoria St, London, EC4N 4TZ

### The Board of Trustees

The Trustee serving during the year and since the year end was Merlin's Magic Wand Trustees Limited, a company incorporated in England with company number 6511344 and having its registered address at Link House, 25 West Street, Poole, Dorset BH15 1LD.

The directors and officers of the Trustee Company during this period and as at the date of this report were as follows:

<b>Directors</b>	Matthew Jowett Stephanie Brooksbank (appointed 29 <sup>th</sup> July 2020) Justin Platt (appointed 29 <sup>th</sup> July 2020) Anne-Francoise Nesmes (resigned 30 <sup>th</sup> June 2020)
------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>Secretary</b>	Fiona Rose
------------------	------------

The Trustee delegates day to day management of the Charity to the Charity Manager. At the date of this report the Charity Manager was Erin Woods, reporting into Sandra Hazel.

### Structure, Governance and Management

The Merlin Magic Wand Children's Charity is a registered Charity (registered number 1124081). The Charity was established under a Trust Deed dated 25 February 2008. The governing document is the Trust Deed. The Trustee was appointed pursuant to the Trust Deed with effect from 25 February 2008.

### Trustee induction and training

The Trustee and the directors and officers of the Trustee Company are aware of their legal obligations under charity law, the content of the Charity's governing document, the Charity Governance Code, the committee and decision making processes, the Charity's plan and recent financial performance of the Charity. They are all encouraged to keep fully up to date with the latest Charity Commission directives.

### Organisation

The Trustee is responsible for ensuring the Charity is managed in accordance with the Trust Deed and charitable purposes. The Trustee directors meet at least twice per year to take a report from the Charity Manager in order to review the progress and performance of the Charity. This review covers all aspects of



**Trustee's Report (continued)**

the Charity, including numbers of applications for support, numbers of children assisted, fundraising and financial performance.

The Trustee is supported by a Management Committee who oversees the day to day management of the Charity and the implementation of the Charity Business Plan. The Management Committee members during this period and as at the date of this report were:

**Chairman:**

Sir John Sunderland	Independent Member
---------------------	--------------------

**Members:**

Fru Hazlitt	Independent Member
Matthew Jowett	Director, Merlin's Magic Wand Trustees Ltd
Anne-Francoise Nesmes	Director, Merlin's Magic Wand Trustees Ltd (resigned 30 <sup>th</sup> June 2020)
Justin Platt	Director, Merlin's Magic Wand Trustees Ltd (appointed 29 <sup>th</sup> July 2020)
Stephanie Brooksbank	Director, Merlin's Magic Wand Trustees Ltd (appointed 29 <sup>th</sup> July 2020)
Natalie Bickford	Director, Merlin Entertainments Limited (resigned 31 <sup>st</sup> July 2020)
Emma Pankhurst	Director, Merlin Entertainments Limited (appointed 29 <sup>th</sup> July 2020)
Sandra Hazel	Head of Being a Force for Good
Erin Woods	Charity Manager, Merlin's Magic Wand
Christine Blake	Head of Charity Finance Operations, Merlin's Magic Wand

In November 2017 a Memorandum of Understanding was signed with Merlin's Magic Wand Foundation a 501(c)(3) registered California Public Benefit Corporation agreeing that collaborative working is potentially in the best interest of each party and to facilitate this a joint Management Committee would be established. The Chairman and members of this joint committee are the Chairman and members of Merlin's Magic Wand Management Committee plus a representative from Merlin's Magic Wand Foundation. The representative for Merlin's Magic Wand Foundation from the start of the year until his resignation on 10<sup>th</sup> July 2020 Adrian Jones. At the date of this report the representative for Merlin's Magic Wand Foundation is Scott Maupin, Board member of Merlin's Magic Wand Foundation.

The Charity Manager is responsible for day to day operations and decision making.

The Trustee considers the members of the Management Committee as comprising the key management personnel of the charity. Only the Charity Manager, the Head of Being a Force for Good and the Head of Charity Finance Operations receive any remuneration from the Charity; the other members of the Management Committee give of their time freely. The remuneration is reviewed annually in line with Merlin Entertainments Group remuneration procedures and is usually increased in line with the cost of living. It is also benchmarked against industry standards to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles.

**Related parties**

The directors and officers of the Trustee Company, the members of the Management Committee and the Charity staff are all employees or directors of companies within the Merlin Entertainments Group, apart from Sir John Sunderland and Fru Hazlitt, but at all times act only in the interests of the Charity. In line with the Trust Deed, any potential conflict of interest in relation to any matters for discussion or decisions of the Trustee must be declared and if required, the person with the conflict takes no part in the discussion of the matter in question and may not vote on that matter. All trustees and members have signed a declaration of interest document.

## Trustee's Report (continued)

### Going concern

In determining whether the Charity's financial statements can be prepared on a going concern basis, the Trustee and the members of the Management Committee considered the Charity's planned charitable

activities, together with the factors likely to affect its future development, performance and position; these are set out in the 'Plans for Future Periods' section above.

The Charity's current forecasts and projections, taking account of reasonably possible changes in operating performance and the potential impact of the COVID-19 coronavirus, show that the Charity should be able to continue within the level of its current cash resources.

As at the date of this report, the Trustee has a reasonable expectation that the Charity has adequate resources to continue operating for the foreseeable future. Thus, the Charity continues to adopt the going concern basis of accounting in preparing the annual financial statements.

### Post balance sheet events

There are no new post balance sheet events.

### Disclosure of information to auditor

The Trustee Directors who held office at the date of approval of this Trustee's report confirms that, so far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware; and the Trustee Directors have taken all the steps that they ought to have taken as a Trustee Director to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

On behalf of Merlin's Magic Wand Trustees Limited

S.J. Brooksbank

S.J. Brooksbank (Jul 30, 2021 14:35 GMT+1)

**Stephanie Brooksbank**

*Director*

Link House  
25 West Street  
Poole

## **Statement of Trustees' Responsibilities**

The Charities Act 2011 requires Trustees to prepare their Report and financial statements in accordance with UK Accounting Standards (United Kingdom Generally Accepted Accounting Practices). Trustees must not approve the financial statements unless they are satisfied these give a true and fair view of the Charity's affairs, incoming resources and the application of those resources. In preparing these financial statements, Trustees have complied with these requirements.

Trustees are also responsible for keeping adequate accounting records, which are sufficient to show and explain the Charity's transactions; disclose with reasonable accuracy at any time the Charity's financial position, and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations and the provisions of the Trust Deed.

They are also responsible for safeguarding the Charity's assets, and hence for taking reasonable steps to prevent or detect fraud and other irregularities. Trustees have complied with these provisions. The Charity received an unqualified audit in 2020.

## **Independent auditor's report to the Trustee of The Merlin Magic Wand Children's Charity**

### **Opinion**

We have audited the financial statements of The Merlin Magic Wand Children's Charity (the 'charity') for the year ended 31 December 2020 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The trustee is responsible for the other information. The other information comprises the information included in the Trustee's report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee Report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee's Report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the trustee's responsibilities statement set out on page 8, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the group and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, the Charities Statement of Recommended Practice, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated the trustee's and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias

through judgements and assumptions in significant accounting estimates, in particular in relation the recognition significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustee and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustee and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit report

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity trustee as a body for our audit work, for this report, or for the opinions we have formed.

Signed:   
Stephen Mills (Aug 2, 2021 23:17 GMT+1)

Stephen Mills Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

Merck House

Seldown Lane

Poole

BH15 1TW

Date: Aug 2, 2021

**Statement of financial activities***Year ended 31 December 2020*

		Unrestricted Funds	Restricted Funds	Total Funds	<i>Restated</i> Unrestricted Funds	<i>Restated</i> Restricted Funds	<i>Restated</i> Total Funds
	Notes:	2020	2020	2020	2019	2019	2019
		£	£	£	£	£	£
<b>Income and endowments from:</b>							
Donations	2	283,677	331,219	614,896	503,662	1,171,008	1,674,670
Other trading activities	2	12,622	54,250	66,872	9,036	14,487	23,523
<b>Total income</b>		<b>296,299</b>	<b>385,469</b>	<b>681,768</b>	<b>512,698</b>	<b>1,185,495</b>	<b>1,698,193</b>
<b>Expenditure on:</b>							
<b>Raising Funds</b>							
	3						
Donations		55,162	0	55,162	86,546	0	86,546
Other trading activities		21,033	200	21,233	32,596	14,487	47,083
		<b>76,195</b>	<b>200</b>	<b>76,395</b>	<b>119,142</b>	<b>14,487</b>	<b>133,629</b>
<b>Charitable activities</b>							
	3						
Magical Days Out		63,423	328,690	392,113	146,556	1,169,219	1,315,775
Merlin's Magic Spaces		37,659	2,381	40,040	125,153	1,720	126,873
Merlin's Magic on Tour		13,879	421	14,300	27,458	421	27,879
		<b>114,961</b>	<b>331,492</b>	<b>446,453</b>	<b>299,167</b>	<b>1,171,360</b>	<b>1,470,527</b>
<b>Total expenditure</b>		<b>191,156</b>	<b>331,692</b>	<b>522,848</b>	<b>418,309</b>	<b>1,185,847</b>	<b>1,604,156</b>
<b>Net income/(expenditure)</b>		<b>105,143</b>	<b>53,777</b>	<b>158,920</b>	<b>94,389</b>	<b>(352)</b>	<b>94,037</b>
<b>Transfers between funds</b>							
<b>Other recognised losses:</b>							
Other losses:		3,724	0	3,724	129	0	129
<b>Net Movement in Funds</b>		<b>108,867</b>	<b>53,777</b>	<b>162,644</b>	<b>94,518</b>	<b>(352)</b>	<b>94,166</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		308,934	3,642	312,576	214,416	3,994	218,410
<b>Total funds carried forward</b>		<b>417,801</b>	<b>57,419</b>	<b>475,220</b>	<b>308,934</b>	<b>3,642</b>	<b>312,576</b>

The statement of financial activities includes all gains and losses recognised in the period.

Income and resulting net movement in funds each period arise from continuing operations.

**Balance sheet***As at 31 December 2020*

		2020	2019 (Restated)
		£	£
<i>Notes:</i>			
<b>Fixed Assets</b>			
Tangible assets	10	884	1,866
<b>Current assets</b>			
Debtors	11	415,230	172,878
Cash at bank and in hand		400,989	227,617
<b>Total current assets</b>		<b>816,219</b>	<b>400,495</b>
<b>Liabilities</b>			
Creditors falling due within one year	12	(341,883)	(89,786)
<b>Net current assets</b>		<b>474,336</b>	<b>310,709</b>
<b>Total net assets</b>		<b>475,220</b>	<b>312,575</b>
<b>The funds of the charity</b>	13		
Restricted income funds		56,672	2,895
Unrestricted funds		418,548	309,680
<b>Total charity funds</b>		<b>475,220</b>	<b>312,575</b>

Apart from £2,406 in relation to outstanding restricted Magical on Tour and £54,197 for a postponed fundraising event, all other balance sheet items and reserves for 2019 form part of unrestricted funds.

Notes on pages 16 to 28 form part of the financial statements.

These accounts were approved by the Trustee on Jul 30, 2021 and are signed on its behalf by:

S.J. Brooksbank  
S.J. Brooksbank (Jul 30, 2021 14:35 GMT+1)

**Stephanie Brooksbank**  
Director



**Statement of cash flows***Year ended 31 December 2020*

		<b>Total Funds</b> <b>2020</b> £	<b>Total Funds</b> <b>2019</b> £
	<i>Notes:</i>		
<b>Cash flows from operating activities</b>			
<b><i>Net cash generated (used) from operating activities</i></b>	<b>14</b>	<b><u>173,372</u></b>	<b><u>(112,112)</u></b>
<b>Cash flows provided by investing activities</b>			
Purchase of property, plant and equipment		<u>0</u>	<u>0</u>
<b><i>Net cash provided by investing activities</i></b>		<b><u>0</u></b>	<b><u>0</u></b>
<b><i>Change in cash and cash equivalents in the year</i></b>		<b><u>173,372</u></b>	<b><u>(112,112)</u></b>
Cash and cash equivalents at the beginning of the year		227,617	339,729
<b>Cash and cash equivalents at the end of the year</b>		<b><u>400,989</u></b>	<b><u>227,617</u></b>

**Notes***(Forming part of the accounts)***1 Accounting policies****(a) Basis of preparation of accounts**

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom, Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The trust constitutes a public benefit entity as defined by FRS 102.

The Trustee considers there are no material uncertainties about the Charity's ability to continue as a going concern, this includes an assessment of the impact of COVID-19. Merlin Entertainments Limited have agreed that they should continue to provide such financial and other support to the Charity as is necessary to enable it to continue as a going concern for a period of at least 12 months from the date of signing the Charity's financial statements.

**(b) Income recognition**

<b>Recognition of income</b>	Income is included in the Statement of Financial Activities (SoFA) when: <ul style="list-style-type: none"> <li>the Charity becomes entitled to the income</li> <li>it is probable that the charity will receive the income; and</li> <li>the amount of income receivable can be measured reliably</li> </ul>
<b>Income with related expenditure</b>	Where income has related expenditure (as with fundraising or contract income) the income and related expenditure are reported gross in the SoFA.
<b>Grants and donations</b>	Grants and donations are only included in the SoFA when the Charity has unconditional entitlement to the resources.
<b>Tax reclaims on donations and gifts</b>	Income from tax reclaims are included in the SoFA at the same time as the gift to which they relate.
<b>Contractual income and performance related grants</b>	This is only included in the SoFA once the related goods or services have been delivered.
<b>Gifts in kind</b>	Gifts in kind are accounted for at a reasonable estimate of their value to the Charity or the amount actually realised. Gifts in kind for use by the Charity are included in the SoFA as incoming resources when receivable.
<b>Donated services and facilities</b>	These are only included in income (with an equivalent amount in expenditure) where the benefit to the charity is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated value to the Charity of the service or facility received.

**Notes (continued)****1 Accounting policies (continued)****(c) Expenditure and liabilities**

<b>Liability recognition</b>	Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Tickets and grants for travel costs are recognised once the Charity has approved the application and requested the tickets from the attraction.
<b>Expenditure recognition</b>	All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. More information on this is given in note (e) below.
<b>Grants with performance conditions</b>	Where the Charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specified service or output.
<b>Grants payable without performance conditions</b>	These are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the Charity.
<b>Financial Instruments</b>	The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially measured at transaction value and subsequently measured at their settlement value.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand. Where the cash balances are in a currency other than the presentation currency they are translated at the exchange rate at the end of the reporting period.

**(e) Foreign currency transactions**

Foreign currency transactions are recorded in the accounts using the exchange rate applicable at the date of initial recognition. At the end of the reporting period:

- monetary items are translated using the closing rate
- non-monetary items measured in terms of historical costs are translated using the exchange rate at the date of the transaction
- non-monetary items that are measured at fair value are translated at the date when the fair value was determined

Exchange differences arising from translating items at a different rate to that at initial recognition are recognised in the period they arise

**(f) Allocation of support and governance costs**

Support costs have been allocated between governance costs and other support costs.

## Notes (continued)

### Accounting policies (continued)

Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on the staff time taken on carrying out these activities. The allocation of support and governance costs is analysed in note 4.

### (g) Assets and depreciation

<b>Tangible fixed assets for use by Charity</b>	These are capitalised if they can be used for more than one year, and cost at least £500. They are valued at cost or a reasonable value on receipt. IT equipment is depreciated over 3 years.
-------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### (h) Debtors

Debtors are measured at their recoverable amounts. Where debts are in a currency other than the presentation currency they are translated at the exchange rate at the end of the reporting period.

### (i) Fund accounting

Unrestricted funds comprise those funds which the trustee is free to use for any purpose in furtherance of the charitable objectives. Unrestricted funds include designated funds where the trustee, at their discretion, has created a fund for a specific purpose. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed. Restricted funds are separately identified in the Statement of Financial Activities.

The Gift in Kind of both donated tickets and goods and services relating to outreach projects and fundraising events are treated as restricted funds as they are given for specific projects rather than for the Charity's aims as a whole.

### (j) Key judgements and estimates

In the preparation of the 2020 financial statements, it is the responsibility of both the Trustee and officers to make informed judgements and estimates in the provision of liabilities and expenses.

The Merlin Magic Wand Children's Charity acknowledges the requirements of this disclosure. As such the members and officers can clarify the key assumptions concerning the future, and other sources of estimation of uncertainty at the reporting date of 31 December 2020:

#### Gift in kind valuation

Details of the gift in kind valuation method is shown within note 2 of the financial statements

### (k) Prior year restatement

Adjustments relating to the recognition of accrued project costs through the statement of financial activities are accounted as prior year adjustments. Comparative figures have been restated to reflect these adjustments.

The change was made to accurately reflect the costs in the year the project costs are incurred. The effect of this adjustment on funds and surplus is shown in note 15.

**Notes (continued)****2 Analysis of income**

	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	2020	2020	2020	2019	2019	2019
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
<b>Donations</b>						
Donations	214,203	148	214,351	404,825	69	404,894
Donated Goods and Services	69,474	331,071	400,545	98,836	1,170,939	1,269,775
	<u>283,677</u>	<u>331,219</u>	<u>614,896</u>	<u>503,662</u>	<u>1,171,008</u>	<u>1,674,670</u>
<b>Other Trading Activities</b>						
Fundraising Events	12,422	54,250	66,672	9,036	0	9,036
Donated Goods and Services	200	0	200	0	14,487	14,487
	<u>12,622</u>	<u>54,250</u>	<u>66,872</u>	<u>9,036</u>	<u>14,487</u>	<u>23,523</u>
<b>Total Income</b>	<u>296,300</u>	<u>385,469</u>	<u>681,768</u>	<u>512,697</u>	<u>1,185,495</u>	<u>1,698,193</u>

Merlin Entertainments Limited and its subsidiaries support the Charity in a variety of ways, gift in kind and donated services donations totalling £400,185 (2019: £1,279,483) were made in 2020. No cash donation was made to the Charity (2019: £nil)

Tickets granted to successful applicants, approximately 17,200 (2019: 80,300), from all the Merlin Attractions that hosted Magical Days Out for the Charity are recognised as a gift in kind donation and corresponding grant. This donation is estimated to be worth £328,534 (2019: £1,169,219) based on the average admission revenue per guest at each attraction. Additionally, at Merlin Attractions where car parking passes are provided to applicants to support their day out, the value of these passes is also recognised as a gift in kind donation and corresponding grant £156 (2019: £11,936)

The Charity works hard to maximise the value of their Merlin's Magic Spaces projects, with suppliers and Merlin Attractions contributing goods and services for these projects either free of charge, at cost or at a discounted rate. A gift in kind and corresponding grant has been recognised for these donations which is estimated to be £2,381 (2019: £1,720) of which £2,381 was from Merlin Attractions and £0 from external suppliers.

The planned biennial gala for 2020 was cancelled due to the coronavirus pandemic. However, those organisations that had made bookings for the gala allowed us to keep their fees as a restricted donation. These totalled £54,250 for the year.

Gift in kind and donated services from Merlin Entertainments Limited have also been recognised as a result of their support of some of the salary costs £54,000 (2019: £56,400) as well as office costs of £15,114 (2019: £26,407), estimated as Merlin office costs per employee multiplied by the number of Merlin's Magic Wand employees working from Merlin offices. Merlin also provides various other services such as IT support, postage and stationery. As it is difficult to reliably quantify these costs and the value is considered immaterial they are not included in these accounts.

**Notes (continued)****3 Analysis of expenditure on activities undertaken directly**

	Activities Undertaken Directly	Support and Governance Costs	Total Expenditure on Charitable Activities 2020	Activities Undertaken Directly	Support and Governance Costs	Total Expenditure on Charitable Activities 2019
	£	£	£	£	£	£
Raising Funds	7,796	47,365	55,161	45,495	41,051	86,546
Fundraising Events	8,546	12,687	21,233	31,158	15,925	47,083
	<b>16,342</b>	<b>60,052</b>	<b>76,394</b>	<b>76,653</b>	<b>56,976</b>	<b>133,629</b>
Magical Days Out	352,022	40,091	392,113	1,263,206	52,569	1,315,775
Merlin's Magic Spaces	8,323	31,718	40,041	90,103	36,770	126,873
Merlin's Magic on Tour	4,150	10,150	14,300	10,716	17,163	27,879
	<b>364,495</b>	<b>81,959</b>	<b>446,454</b>	<b>1,364,025</b>	<b>106,502</b>	<b>1,470,527</b>
<b>Total</b>	<b>380,837</b>	<b>142,011</b>	<b>522,848</b>	<b>1,440,678</b>	<b>163,478</b>	<b>1,604,156</b>

37%, £191,956 (2019 29% £486,541) of expenditure on activities undertaken directly was from unrestricted funds and 63%, £331,692 (2019: 71%, £1,171,360) from restricted funds.

**4 Allocation of governance and support costs**

Governance and support costs are allocated to the Charity's activities as follows:

	Raising Funds	Other Trading Activities	Magical Days Out	Merlin's Magic Spaces	Merlin's Magic on Tour	Total
	2020	2020	2020	2020	2020	2020
	£	£	£	£	£	£
Salaries and other wages	35,812	9,593	30,312	23,981	7,674	107,372
Other Staff Costs	1,173	315	993	786	251	3,518
Office Costs	5,868	1,572	4,967	3,930	1,257	17,594
Operational Costs	710	190	602	476	152	2,130
Legal Costs	0	0	0	0	0	0
Audit Fees	3,802	1,018	3,218	2,545	815	11,398
<b>Total</b>	<b>47,365</b>	<b>12,688</b>	<b>40,092</b>	<b>31,718</b>	<b>10,149</b>	<b>142,012</b>

**Notes** *(continued)*

	Raising Funds	Other Trading Activities	Magical Days Out	Merlin's Magic Spaces	Merlin's Magic on Tour	Total
	2019	2019	2019	2019	2019	2019
	£	£	£	£	£	£
Salaries and other wages	27,540	9,968	32,524	25,794	12,588	108,414
Other Staff Costs	2,872	1,267	4,261	2,333	972	11,705
Office Costs	6,927	3,054	10,277	5,628	2,346	28,232
Operational Costs	833	367	1,237	678	282	3,397
Legal Costs	74	32	109	60	25	300
Audit Fees	2,805	1,237	4,161	2,277	950	11,430
<b>Total</b>	<b>41,051</b>	<b>15,925</b>	<b>52,569</b>	<b>36,770</b>	<b>17,163</b>	<b>163,478</b>

Governance and support cost are allocated based on an analysis of the amount of time staff spent on these activities. The Trustee has decided to meet all governance costs from unrestricted funds.

The breakdown of support costs and how these were allocated between governance and other support costs is as follows:

	Governance Related	Other Support Costs	Total Allocated	Governance Related	Other Support Costs	Total Allocated
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Salaries and other wages	40,049	67,323	107,372	67,759	40,655	108,414
Other Staff Costs	1,312	2,206	3,518	3,067	8,638	11,705
Office Costs	925	1,555	2,480	7,399	20,833	28,232
Operational Costs	5,001	8,407	13,409	890	2,506	3,397
Legal Costs	0	0	0	79	221	300
Audit Fees	45	75	120	2,995	8,435	11,430
<b>Total</b>	<b>47,332</b>	<b>79,566</b>	<b>126,899</b>	<b>82,189</b>	<b>81,289</b>	<b>163,478</b>

**Notes (continued)****5 Analysis of staff costs and key management personnel remuneration**

Merlin Entertainments Limited employs 8 people (2019: 9 people) who worked for the Charity during the period. A proportion of these costs are then invoiced to the Charity. These people work on a mixture of a full time (6 people (2019: 6 people)) and part time basis (2 people 0.7 FTE (2019: 3 people 0.49 FTE)). The average full time equivalent (FTE) per month across the year is 6.2 (2019: 5.58).

During the year, the Charity took advantage of the furlough scheme put in place by the Government. The costs invoiced to the Charity by Merlin Entertainments Limited are net of any furlough income received.

One member of staff manages the delivery of the Merlin's Magic Spaces projects (full time) and one member of staff manages the Magical Days Out applications process (full time), their costs are allocated directly to those activities.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<i>Staff Costs</i>		
Wages and Salaries	<b>73,787</b>	<b>200,843</b>
Social Security Costs	<b>8,110</b>	<b>17,555</b>
Pension Costs	<b>4,483</b>	<b>7,296</b>
Other Benefits	<b>-</b>	<b>2,283</b>
<b>Total</b>	<b>86,380</b>	<b>227,978</b>

The staff members responsible for managing Magical Days Out applications, and the delivery of Magic Spaces projects, do so for both the Charity and the Merlin's Magic Wand Foundation a 501(c)(3) registered California Public Benefit Corporation. The staff costs are allocated to each Charity based on the number of applications received each year. The finance staff also support both the Charity and the Merlin's Magic Wand Foundation and their staff costs are allocated to each Charity based on the amount of time spent working on each Charity. This ensures that the financial statements reflect accurately the expenditure on charitable activities and support.

Staff costs include a VAT charge of £23,285 (2019: £27,141) resulting from the invoicing process between Merlin Entertainments Limited and the Charity.

The Trustee considers the members of the Management Committee as comprising the key management personnel of the Charity. Only the Charity Manager and the Head of Charity Finance Operations receive any remuneration from the Charity, the other members of the Management Committee give their time freely. The total employment benefits of the key management personnel were £55,820 (2019: £77,237), these include a VAT charge, resulting from the invoicing process between Merlin Entertainments Limited and the Charity of £9,303 (2019: £7,735)

No employees had employee benefits in excess of £60,000 (2019: none).

£54,000 (2019: £56,400) staff costs were funded by Merlin Entertainments Limited as a donated service.



## Notes (continued)

### 6 Trustee remuneration

The Trustee did not receive any remuneration or reimbursement of expenses in the period (2019: £nil).

### 7 Transactions with related parties

The Charity was set up by Merlin Entertainments Limited (formerly 'plc') and the directors and officers of the Trustee Company, the Management Committee and the Charity staff are all directors or employees of Merlin Entertainments plc or its subsidiaries, excluding Sir John Sunderland and Fru Hazlitt, who are now independent members of the Management Committee.

Merlin Entertainments Limited did not make a cash donation to the Charity in 2020 (2019: £nil) but gift in kind and donated services totalling £400,185 (2019: £1,279,483) were made by the company and its subsidiaries.

At the reporting date the outstanding amount owed by related parties is £149,831 (2019: £171,964). £14,274 was owed by the Merlin's Magic Wand Foundation a 501(c) (3) registered California Public Benefit Corporation (2019: £nil for activities paid for by the Charity on their behalf), £98,149 (2019: £171,964) accrued income representing the donations pledged by Merlin Entertainments Limited subsidiaries not received at year end, £36,808 owed by the Sea Life Trust (2019: £0) and £600 (2019: £0) in relation to amounts invoiced to Merlin Entertainments Limited subsidiaries not yet paid.

At the reporting date the amount owed by the Charity to related parties is £170,548 (2019: £142,702). £101,596 (2019: £40,123) due to Merlin Entertainments Limited for the reimbursement of salary and other operational costs paid for on behalf of the Charity. £68,232 is owed to separate subsidiaries of Merlin Entertainments Limited (2019: £100,190) in respect of the costs they have incurred on Merlin's Magic Spaces projects. A further £720 (2019: £2,389) is owed to various subsidiaries of Merlin Entertainments Limited in respect of Merlin's Magic Wand's operational costs.

### 8 Auditor's remuneration

The audit fee for the period was £11,628 (including VAT) (2019: £11,400). No other fees were payable to the auditor.

### 9 Taxation

The Merlin Magic Wand Children's Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes.

**Notes (continued)****10 Tangible Fixed Assets**

	<b>Fixtures, Fittings &amp; Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 January 2020	9,791	9,791
Additions	-	-
Disposals	-	-
At 31 December 2020	<b>9,791</b>	<b>9,791</b>
<b>Depreciation</b>		
At 1 January 2020	7,925	7,925
Charge for the year	982	982
On disposals	-	-
At 31 December 2020	<b>8,907</b>	<b>8,907</b>
<b>Net Book Value</b>		
At 1 January 2020	1,866	1,866
At 31 December 2020	<b>884</b>	<b>884</b>

**11 Analysis of debtors**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Accrued Income	<b>359,688</b>	<b>171,964</b>
Sundry Debtors	<b>45,445</b>	<b>457</b>
Prepayments	<b>10,097</b>	<b>457</b>
	<b>415,230</b>	<b>172,878</b>

£30,041 (2019: £171,964) of accrued income at 31 December 2020 represents donations pledged by subsidiaries of Merlin Entertainments Limited and third parties, not received at year end.

£207,539 (2019: £0) of accrued income represent Magical Days Out tickets received from Merlin Entertainments Ltd that were not used in 2020 as a result of the pandemic (2019: £0)

Sundry debtors at 31 December 2020 includes £14,264 (2019: £0) owed by the Merlin Magic Wand Foundation, a 501(c)(3) registered California Public Benefit Corporation in compensation for activities paid for by the Charity on their behalf.

**Notes** *(continued)*

All 2020 year-end debtors are unrestricted in nature apart from £69 within accrued income which is owed from SEA LIFE Scarborough attraction.

**12 Analysis of creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade Creditors	95,001	1,284
Other Creditors	0	510
Accruals	246,882	87,992
	<b>341,883</b>	<b>89,786</b>

Trade creditor amounts include £720 owed to a subsidiary of Merlin Entertainments Limited (2019: £0) and £92,312 owed to Merlin Entertainments Ltd (2019: £0).

Accruals includes £nil (2019: £31,958) owed to subsidiaries of Merlin Entertainments Limited for costs they have incurred on Merlin's Magic Spaces projects but not yet invoiced, £9,284 (2019: £40,123) is due to Merlin Entertainments Limited for the reimbursement of salary and other operational costs paid for on behalf of the Charity and £1,080 (2019: £2,389) is owed to various subsidiaries of Merlin Entertainments plc in respect of Merlin's Magic Wand's operational costs.

Accruals also includes £207,539 (2019: £0) of accruals representing Magical Days Out tickets received from Merlin Entertainments Ltd that were not used in 2020 as a result of the pandemic (2019: £0)

All 2020 year-end creditors are unrestricted in nature.

**Notes** *(continued)***13 Summary of Fund Movements**

	Fund Balances Brought Forward	Income	Expenditure	Transfers	Gains and Losses	Fund Balances Carried Forward
	2020					2020
	£	£	£	£	£	£
<b>Restricted Funds</b>						
Fundraising Events	0	54,397	(200)	(54,197)	0	0
Magical Days Out	0	328,690	(328,690)	0	0	0
Merlin's Magic Spaces	68	2,381	(2,381)	54,197	0	54,265
Merlin's Magic on Tour	2,827	-	(421)	0	0	2,406
	<u>2,895</u>	<u>385,468</u>	<u>(331,692)</u>	<u>0</u>	<u>0</u>	<u>56,671</u>
<b>Unrestricted Funds</b>						
Designated	100,000		0		0	100,000
General	209,680	296,300	(191,156)		3,724	318,548
	<u>309,680</u>	<u>296,300</u>	<u>(191,156)</u>	<u>0</u>	<u>3,724</u>	<u>418,548</u>
<b>Total Funds</b>	<u>312,575</u>	<u>681,768</u>	<u>(522,848)</u>	<u>0</u>	<u>3,724</u>	<u>475,219</u>

Designated funds are planned for use on Merlin's Magic Spaces projects on which design has already commenced. Eight projects (£200,000) are planned for installation/completion in 2021.

For details of the restricted funds above, please see the descriptions on page one of the Trustees report for more information.

**Notes** *(continued)*

	Fund Balances Brought Forward	Income	<u>Restated</u> Expenditure	Transfers	Gains and Losses	Fund Balances Carried Forward
	2019 £	£	£	£	£	2019 £
<b>Restricted Funds</b>						
Fundraising Events	0	14,487	(14,487)	0	0	0
Magical Days Out	0	1,169,219	(1,169,219)	0	0	0
Merlin's Magic Spaces	0	1,789	(1,720)	0	0	68
Merlin's Magic on Tour	3,248	-	(421)	0	0	2,827
	<u>3,248</u>	<u>1,185,495</u>	<u>(1,185,847)</u>	<u>0</u>	<u>0</u>	<u>2,895</u>
<b>Unrestricted Funds</b>						
Designated	120,000	100,000	0	(120,000)	0	100,000
General	95,161	412,699	(418,309)	120,000	129	209,680
	<u>215,161</u>	<u>512,699</u>	<u>(418,309)</u>	<u>0</u>	<u>129</u>	<u>309,680</u>
<b>Total Funds</b>	<u>218,409</u>	<u>1,698,194</u>	<u>(1,604,156)</u>	<u>0</u>	<u>129</u>	<u>312,575</u>

**14 Reconciliation of net income to net cash flow provided by operating activities**

	2020 £	<u>Restated</u> 2019 £
<b>Net income for the reporting period</b>	<b>162,644</b>	<b>94,166</b>
<b>Adjustments for</b>		
Depreciation charges	982	1,508
Fixed asset additions	-	(2,454)
Fixed asset disposal		226
(Increase)/decrease in debtors	(242,352)	(33,102)
Increase/(decrease) in creditors	252,097	(172,456)
<b>Net cash generated/(used) in operating activities</b>	<u><b>173,372</b></u>	<u><b>(112,112)</b></u>

**Notes** *(continued)***15 Prior Period Adjustment**

The accounts have been restated for the correction in the recognition of accrued project costs. These adjustments are described in note 1(k). The impact of the prior year adjustment on the comparative figures is detailed below:

**Changes to the balance sheet**

	As previously reported £	Adjustment £	As restated at 31 Dec 2019 £
Net assets	244,343	68,232	312,575
<b>Funds</b>			
Unrestricted funds	241,448	68,232	309,680
Restricted funds	2,895	-	2,895
Total Funds	244,343	68,232	312,575

**Changes to the statement of financial activities**

	As previously reported £s	Adjustment £	As restated at 31 Dec 2019 £
<b>Year ended 31 December 2019</b>			
Charitable activities	1,538,759	(68,232)	1,470,527
Net movement in funds	25,934	68,232	94,166