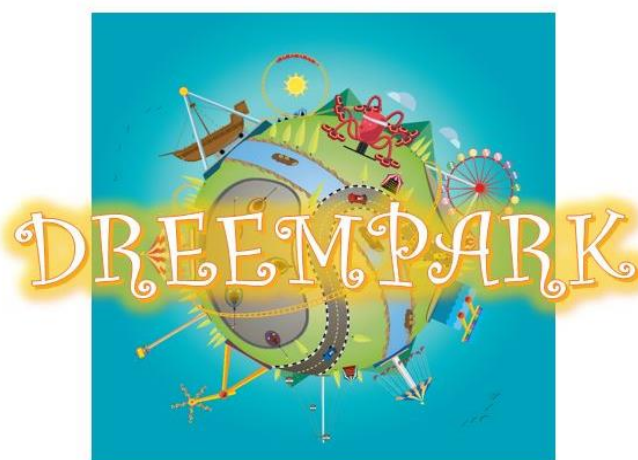


Chartered Institute of  
Management Accountants

**CIMA**

## May 2016 Strategic case study examination

### Pre-seen materials



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### **Dreempark**

You are a senior financial manager for Dreempark. You supervise the management accounting work within the Finance Department. You report to and carry out assignments for the Finance Director as and when required.

## **Company Background**

Dreempark is a quoted company that operates a number of major theme park complexes around the world.

The company was founded in 1962 by Burl Stanton when he purchased a large area of land in a rural area of the UK. Land was cheap in that area because the location was relatively isolated and there were no major towns within ten miles. The land was unsuitable for intensive agriculture or industrial development.

Burl's vision was to create a theme park complex that would attract tourists to this remote area, with local amenities such as hotels, railway links and so on developing as the park's success grew.

The first theme park complex was opened at a time when interest in leisure was growing in the UK. The original intention was to attract visitors who would spend a day at the theme park. The catchment area for visitors has expanded since then, with a large proportion of them staying overnight in the vicinity so that their day at the theme park complex is not cut short by travelling. Some arrange short breaks, with the intention of visiting the complex on two or three consecutive days.

Burl Stanton's focus was on the theme park complex itself. He left the construction and operation of hotels and other infrastructure to third parties. This approach has underpinned the company's growth ever since. Burl once boasted that if Dreempark opened a theme park complex in the middle of the Sahara Desert there would be four new hotels built within three miles of the front gate before the theme park complex's first visitor had a chance to book a ticket.

Dreempark has always prided itself on offering family entertainment. The company's theme park complexes have never sold alcohol or tobacco. They are designed to offer all visitors a full day's entertainment, with a range of activities on offer to appeal to visitors of all ages.

Dreempark's Head Office is in a purpose-designed corporate headquarters located beside the original theme park complex.

## **Dreempark**

### **Extracts from integrated report for the year ended 31 December 2015**

#### **About our report**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Dreempark's Board is committed to strong corporate governance and leadership as well as transparency in its disclosures. Over the coming years, Dreempark will continue to review its reporting approach and routines to ensure it meets best practice reporting standards, the expectations of its stakeholders and maintains the visibility of how the Group creates sustainable value for the communities it serves.

## Welcome to our World!

Dreempark operates in the leisure industry. Dreempark operates five major theme park complexes, one in the UK, three others elsewhere in Europe and one in the Middle East.

Each Dreempark complex is divided into three separate parks, branded as follows:

### Dreem Forest



Dreem Forest is home to Jolly Bear and his friends. They are waiting to welcome the young and the young at heart to a magical place full of games and activities that are guaranteed to bring a smile to everyone's face.

Dreem Forest parks are themed to appeal to a wide range of visitors, from families with young children through to senior citizens. There are rides and amusements, but most of these are designed to be amusing rather than thrilling so that they can be enjoyed by all visitors.

There are theatres and performance areas throughout each park. These offer frequent short musical acts performed throughout the day.

### Dreem Blast



Dreem Blast is intended for thrill seekers. It is famous for its range of rides, many of which are major attractions in their own right. Most of the rides in a Dreem Blast park are accessible to teenage children, although some of the more spectacular rides are restricted to those aged 18 and over.

The visitors to a Dreem Blast park tend to be families with older children, adult couples and groups of teenagers and young adults.

## Dreem Depth



Dreem Depth has a marine theme, even though the parks are not necessarily situated by the sea.

Dreem Depth parks combine entertainment with education. Each has a large aquarium that offers visitors an opportunity to study many species of fish and other marine life. There are also rides and other play activities, which are on a smaller scale than those at Dreem Forest or Dreem Blast parks, but nevertheless cater for all ages.

The highlight of a visit to Dreem Depths is the twice-daily show in the Aquadrome Pavilion. A cast of trained dolphins perform live acts, interacting with human trainers.

Dreempark is proud to claim to have pioneered the theme park concept. Our founder, Burl Stanton, devoted much of his life to the creation of a business that is devoted to making people happy. We are constantly investing in new ideas and innovations to keep the vision alive and to make Dreempark as relevant today as it was when the first theme park complex was opened in 1962.

Dreempark employs leading experts in engineering, design, animation and other fields to develop new attractions. Each theme park complex is in a constant process of evolution, with new concepts being tested and implemented.

We strive to offer a consistent product across all of our locations. Our expansion into Continental Europe and then the Middle East was prompted by our own analysis of theme park visitors at our original site in the UK. Tourists were travelling from other countries just to take a vacation close to Dreempark and many visitors to the UK were making a visit to Dreempark as part of their vacation. Our goal in opening new theme park complexes is to enable visitors to enjoy the same experience close to home as if they had travelled to our original Dreempark in the UK.

We are in the process of building a new theme park complex in the Far East, with the intention of attracting visitors from this region.

Our business model is relatively simple. A Dreempark complex is large and we aim to buy a suitable plot of land in an area where prices are realistic. Ideally, it would be a greenfield site in an area where there is unlikely to be significant urban or industrial development so that visitors can enjoy a clean and pleasant environment.

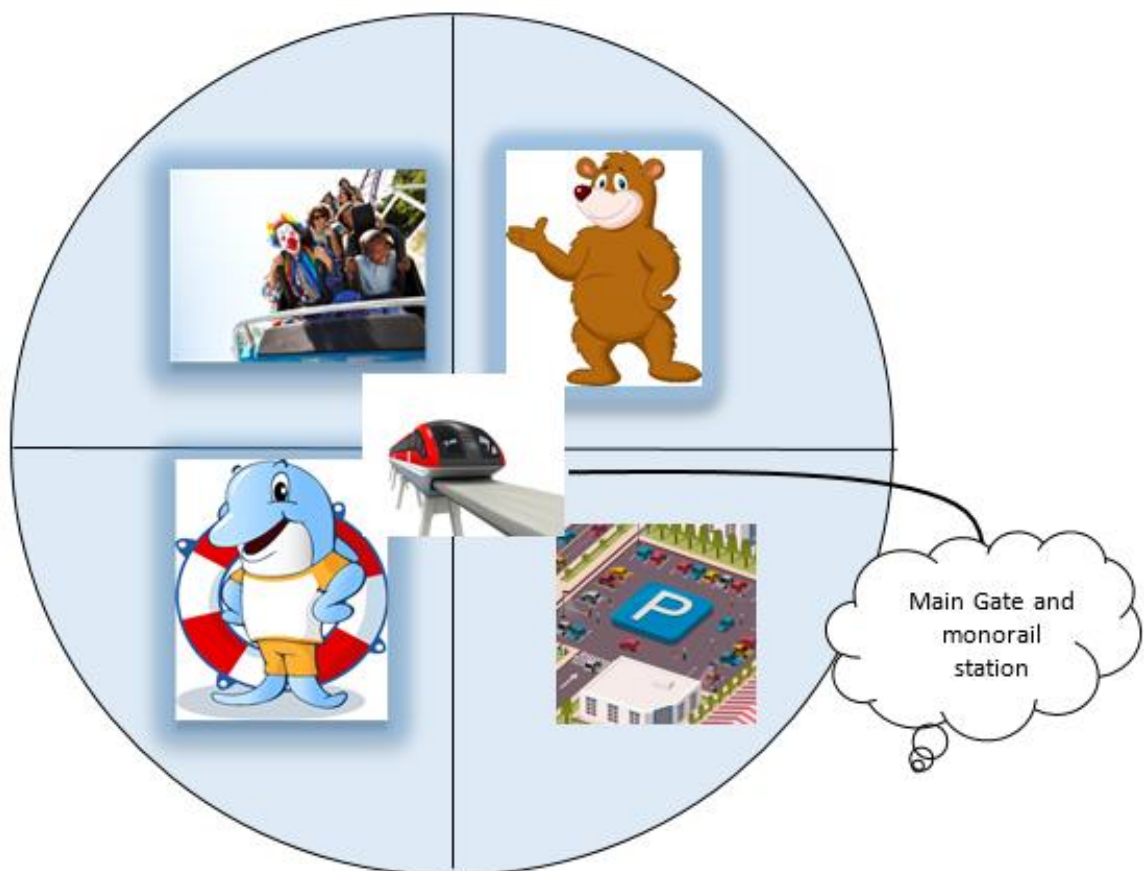
Each theme park complex has three separate parks, each offering a different mix of activities and entertainment. Each park is slightly too large for a typical visitor to complete every activity in the course of a day. This means that visitors who have spent only a single day at Dreempark will be encouraged to return to complete the activities and those who plan to spend a few days with us should not become bored.

Each park offers a safe and secure environment. Uniformed staff patrol the grounds and are linked by radio to a security station that has extensive closed circuit television coverage of the park. Unruly visitors are asked to leave. We do not permit the consumption of alcohol

anywhere in any of our parks and smoking is permitted only in one designated area that is screened from view.

One reason for co-locating three parks at each complex is that family groups can enjoy different activities. For example, Mum and Dad might take their younger children to Dreem Forest while older children spend a day at Dreem Blast in a safe and well-managed environment.

Each complex has a single “main gate” area that has sufficient capacity to process arrivals and departures quickly and efficiently. There are extensive car parks at each complex and there is also a large bus station. Two of the European complexes have a railway station. All complexes have a monorail system that links the car parks, bus and railway stations to the main gate, so that visitors are not faced with a daunting walk at the start of their visit. Tickets are sold both online and at the main gate. The aim is for visitors to be inside the park of their choice within 20 minutes of arriving by car, bus or train.



### **A typical Dreempark complex**

Dreempark's main sources of revenue are entry tickets, merchandise from the many retail outlets in the parks and food from the many catering outlets. All rides and attractions are covered by the cost of the entry ticket. All merchandise is both branded and themed to reflect Dreempark. For example, there are toys and models that are based on characters such as Jolly Bear.

We aim to be good neighbours. Each Dreempark complex is a major employer in its own right. We provide significant revenue generating opportunities for local businesses. For example, there are ten separate bus companies providing links between Dreempark's UK complex and its surrounding towns. Visitors often stay in local hotels, thus creating jobs in the hospitality industry. Dreempark's complexes even attract other leisure companies, which benefit from those Dreempark visitors taking short vacation breaks and visiting other nearby attractions while they are in the area. We are frequently invited to visit towns and cities in various other countries in order to evaluate them as potential sites for Dreempark complexes.



## **Chairman's statement**

It has been another successful year for Dreempark. 2015 has seen a growth in profits, earnings per share and the number of customers visiting each of our parks.

No new theme park complexes were opened during the year, but work is well under way on the construction of our new Far East location. Early indications are that this complex is attracting considerable interest. The website receives thousands of hits every day even though tickets are not yet on sale.

### ***Dividend***

This year's dividend matches that paid for 2014. The Board of Directors does not wish to increase the dividend for the time being in order to retain a reasonable level of profit in the company to fund growth.

### ***Governance and the Board***

There were no new appointments to the Board during 2015. Those who joined the company in 2014, myself included, have now fully settled in.

The Nomination Committee continues to meet in order to review the Board structure and conduct succession planning against the possible resignation or retirement of a Board member.

### ***Health, safety and security***

Our Board of Directors has worked extremely hard to promote a healthy and happy culture for our complexes to ensure the public's dreams are met in a safe environment. The directors have more than fulfilled their roles and it is their commitment that has brought us success.

Our health and safety record for customers and employees is superb and we will continue to monitor this carefully in the future. Our commitment to risk management is second to none and the Risk Committee does an excellent job in ensuring the risk register is kept up to date and that risk mitigation is in place to keep all our risks under control.

### ***Corporate social responsibility***

We are committed to strong corporate social responsibility and donate substantial sums to deserving children's charities and other good causes. We keep our carbon emissions under review and try to reduce them every year as well as offset them as much as possible by planting trees.

## **Chief Executive's report**

We are proud to present the 2015 results. Revenues and profits have increased, as have visitor numbers. Our theme park complexes are increasingly positioned to take advantage of all states of the economy. Tourists travel to visit our complexes during periods of growth and prosperity. When times are more difficult, we attract more local visitors who wish to economise by taking vacations closer to home, but who are prepared to include a visit to Dreempark in their plans as the highlight of their holiday.

We see our future as secure and prosperous as long as people wish to relax and enjoy themselves.

### ***Theme park complex development***

Our existing complexes all did well in terms of revenues and visitor numbers. Good weather across Europe helped to maintain visitor numbers.

We also made major investments in terms of rides. We opened the Ocean Drop ride in the Dreem Depth park in the Middle East. Construction work is under way at the last of our existing parks that has yet to receive Ocean Drop and this ride will be fully operational at our Far East park in time for its opening. We have also opened Story Castle rides at all Dreem Forest parks during 2015. Visitor feedback indicates that these new rides have been appreciated by customers and we expect to see numbers grow in response to the publicity generated by the opening of the new rides.

Work on the Far East theme park complex continues on schedule and we anticipate that it will open on schedule early in 2017.

### ***Strategic directions***

We have taken care to expand capacity at a measured pace. We could build new theme park complexes at a faster rate, but are keen to avoid saturating the market. Customers are prepared to travel considerable distances and the opportunity to visit Dreempark complexes is a part of the overall attraction of our product.

We take care to monitor the popularity of our rides, shows and other attractions. We do this through the observation of capacity utilisation and observation of waiting lines, and from customer feedback. We will upgrade, redesign or replace any attraction that is no longer valued by our customers. We do this consistently across all theme park complexes so that we can continue to claim that each Dreemland complex offers the same experience regardless of its location.

We work closely with other stakeholders to ensure that we maximise the catchment areas for each of our complexes. For example, two of our complexes are served by railway links. We have successfully negotiated changes to railway timetables so that express trains from several major cities stop at the Dreempark railway stations. This arrangement led to a 6% increase in visitor numbers at one of the complexes and 8% at the other. Previously, visitors arriving by rail had to take the train to the nearest large city and transfer to local services.

### ***Dreempark's people***

Our people are at the heart of our organisation. We believe our people make our complexes the success that they are.

### ***Employee Satisfaction***

We take employee satisfaction very seriously and in our last employee survey we scored 4.8 out of 5 for overall employee satisfaction. We are proud of this, but hope to achieve an even higher score in the future.

### ***Employee training***

Our employee training programmes are second to none. By keeping employees well trained we increase our customer satisfaction. All our employees attend training on health and safety and on customer service every year; this is what will help us to have the best theme parks in the World.

### ***Employee Strategy***

Our aim is to recruit a diverse workforce. We encourage applications from people of all ethnic origins, all backgrounds and all ages.

Our diversity balance is excellent.

We have 45% women employees at all levels within the company. Several women are highly regarded members of our Board of Directors and we are confident we will reach a 50% gender balance at Board level by 2018.

### ***Lightblub moment!***

We encourage our employees to send suggestions to senior management for improvements and new attractions. If these are adopted the employee gets a cash bonus and a “star employee” award. To date over 2,000 employee suggestions have been adopted.

### ***Health and Safety***

Health and safety is a major priority, with regard to both our customers and to our staff. We have an excellent health and safety record at each of our Dreempark complexes.

We have never had a fatal accident at any of our parks and there have only been four serious accidents, defined as requiring admission to hospital for more than 24 hours, in the past 5 years.

We have a dedicated health and safety department that is responsible for carrying out safety audits in all areas.

All rides are engineered to be safe provided they are operated responsibly.

All theme park complexes are designed so that goods are transported to catering and retail outlets using underground tunnels. This improves park aesthetics and avoids the need to have delivery vehicles operating in areas accessed by visitors.

Each complex has a dedicated medical centre that is staffed by fully-qualified paramedics who treat minor injuries incurred by visitors and staff. All security staff are trained first aiders and all other employees are paid an annual bonus if they take an approved first aid course and annual refresher training.

Our theme park complexes comply with all applicable safety requirements. We are subject to regular inspections and take pride in complying with all recommendations made, both at the local level and globally. For example, inspectors at one of our European park complexes recommended additional safety railings that were mandatory in that country only. Dreempark's management fitted the same railings as standard at all park complexes in order to ensure that the same high level of safety was offered at all parks.

## Corporate Social Responsibility

### ***Overall strategy and management***

Dreempark accepts responsibility for its utilisation of resources. The Chief Executive is directly responsible for the overall sustainability and environmental responsibility of Dreempark's operations. The Chief Executive is assisted by the rest of the Board members and by management teams at all levels within the organisation.

### ***Emissions and energy management***

Dreempark has specific budgets for the reduction in the carbon footprint of all aspects of the operation. For example, we introduced new traffic management measures in all of our car parks so that visitors travelling by car could arrive and depart more quickly. The result was that emission levels caused by idling car engines was significantly reduced.

We have a number of initiatives in place to ensure that waste water is filtered and reused where possible.

Energy efficiency is practiced throughout the organisation. Renewable sources are used wherever possible. For example, solar power is used to heat water at our Middle East complex and we are evaluating its potential for other locations.

### ***Animal welfare***

We are custodians of a diverse range of animals. Our Dreem Depth parks have marine mammals, including bottlenose dolphins and sea lions which are popular visitor attractions.

These mammals are cared for by dedicated teams of trained professionals at each of our parks. We recognise the responsibility that arises from the custody and care of these sentient creatures. We train these creatures to perform in our popular daily shows, but we take care to design the shows to demonstrate skills that the animals would use in the wild as part of their normal behaviour. We never force creatures to perform against their will.

Dreem Depth parks also have extensive aquaria populated by a wide variety of sea creatures. The wellbeing of sea creatures, other than sea mammals, is considered to be easier to manage. We ensure that we provide a suitable environment in terms of habitat and water temperature for each of our tanks. For example, each park has a coral reef aquarium that offers a safe home for hundreds of species of reef-dwelling creatures.

These attractions offer visitors the opportunity to learn about the importance of responsible management of fish stocks in the World's oceans. They also have a valuable conservation role in breeding rare species that are suitable for subsequent release into the wild.

It is a similar story in our Dreem Forest parks. Each park has a petting zoo, which offers young visitors the opportunity to interact with animals in a safe and supervised environment. The animals in each petting zoo are monitored on a constant basis by a qualified team of animal keepers. There is a veterinary professional in residence at each park.

Visitors are not permitted to mistreat or stress the animals in any way. Young children are not permitted into the petting zoo unless they are supervised by an adult.

Visitors are not permitted to feed the animals.

Some species are only suited to the petting zoo whilst they are young. When these creatures outgrow the petting zoo they are rehomed in a safe and considerate way. For example, all zoos have a number of lambs at any given time. Most are sent on to live on organic farms when they have grown into young sheep.

### ***Risks and uncertainties***

The nature of our business means that we must take risk management very seriously.

#### ***Fluctuating demand***

Dreempark's principal activities rely on demand for the types of entertainment that we offer.

Our customers expect us to provide new thrilling experiences. We must seek out new rides which capture the public imagination. New rides are expensive but we have a reputation for developing novel attractions that usually generate significant media interest and that can also form the basis of effective advertising campaigns.

We must cater for a variety of age groups and ensure there is something new for everyone.

#### ***Weather***

The weather can affect attendance at our parks. We are conscious that in bad weather attendance is much lower. We are continuing to explore possibilities for covering our parks so they are not affected by the weather.

#### ***Exchange rate fluctuations***

The company is exposed to foreign exchange risks. We spend a great deal on new rides every year and many are imported from other countries.

Dreempark is able to utilise financial instruments to hedge against adverse currency movements, but there is no guarantee that it will be possible to hedge against a particular change at an acceptable price, or that every attempt to hedge will be successful.

#### ***Customer safety***

Our customers' safety is paramount. Our rides are thrilling which is why people come to our theme parks, however, they must also be safe. Our rides are constantly checked to ensure all safety harnesses are working correctly and the rides themselves are checked weekly by our engineers. However, there is always the risk that accidents can occur which could be serious. We are fully insured for accidents.

#### ***Labour relations***

Our workers are represented by trade unions. There is an annual negotiation cycle for determining pay and working conditions. The involvement of the union tends to ensure that all companies in the industry pay broadly similar rates.

We have high employee satisfaction rates and will continue to work to improve these.

## Board of Directors



***Ken Hinkel***

### **Chief Executive Officer (CEO)**

Ken has had a long and successful career in the entertainment industry. He started in the industry 25 years ago and worked in a cinema chain for ten years in the USA. He then moved to France and was a Director of Operations of a major theme park there until he moved to Dreempark 6 years ago.

He joined the Board as Director of Operations for Europe in 2009 and became CEO in 2013, after Burl Stanton, the founder, retired.



***Cynthia Goldstein***

### **Finance Director**

Cynthia is a professionally qualified accountant. She holds an MBA from a leading American university.

She joined Dreempark's Board in 2010 after working in a number of senior roles in the entertainment industry in Europe.






***Jean Marc Batard***

### **Marketing Director**

Jean Marc has a PhD in Marketing and has been involved in marketing campaigns for several prestigious cruise ship lines.

He joined the company as Marketing Director in 2014.

 <p><b>Marina Lu</b></p>	<p><b>Human Resources Director</b></p> <p>Marina holds a Masters degree in Human Resource Management. She has had a variety of positions in Hong Kong and Europe and has worked at Dreempark for 15 years. She has served in a variety of different entities. She joined the Dreempark Board in 2013.</p>
 <p><b>Abdullah al Jinz</b></p>	<p><b>Director of Operations, Middle East</b></p> <p>Abdullah has worked in theme parks all around the world. He has had extensive experience of customer relations and is a qualified engineer. He has been a member of the Board for 5 years.</p>
 <p><b>Marie Simpson</b></p>	<p><b>Director of Operations, Europe</b></p> <p>Marie was an HR Director for a large European theme park for 8 years before joining us. She is a qualified HR professional and is very interested in customer relations. She joined Dreempark 12 years ago and has been a member of the Board since 2013.</p>





***Leilei Chang***

**Director of Operations, Rest of the World**

Leilei has a degree in Computer Science and Mathematics from a leading university in China. He has been a valuable member of the Board since 2010.

**Peter Anderson, Non-executive Chairman**

Peter has a degree in Hospitality and he is a Master of Business Administration.

He was a senior manager in a theme park in Florida and became a director of it in 2010. Peter retired in 2014 and Dreempark's Board was delighted to welcome such a talented person to serve as non-executive Chairman.

**Jo Ritchie, Non-executive Director**

Jo has been a non-executive director on Dreempark's Board since 2012. He worked in the theme park industry in Florida for 15 years before joining Dreempark. He worked in the entertainment industry most of this time.

Jo sits on the Health and Safety, Audit and Remuneration committees.

**Angus Tang, Non-executive Director**

Angus was appointed a non-executive director in 2013. He also has experience in the theme park business. He worked in one of China's largest parks as an entertainment manager. He is a member of the Health and Safety and the Nomination committees.

**Brigitte Bruder, Non-executive Director**

Brigitte has been a non-executive member of Dreempark's Board since 2012. She is also a non-executive director of a major Far Eastern theme park. She has had a long and distinguished association with that company. Brigitte sits on both the Nomination and Remuneration committees.

**Ellen Morrison, Non-executive Director**

Ellen has a degree in Logistics and worked for a major carrier for over 10 years as a senior manager.

Ellen sits on the Audit and Remuneration committees.

**Alan Patterson, Non-executive Director**

Alan worked as a senior engineer in the Oil and Gas industry for 25 years and joined Dreempark in 1995 as a health and safety engineer. He joined the Board two years ago.

He sits on the Risk and Health and Safety committees.



**Delongo Chime, Non-executive Director**

Delongo has a business degree and an MBA from a leading university. He joined the Board 6 years ago. He is on the Audit Committee and chairs the Risk Committee.

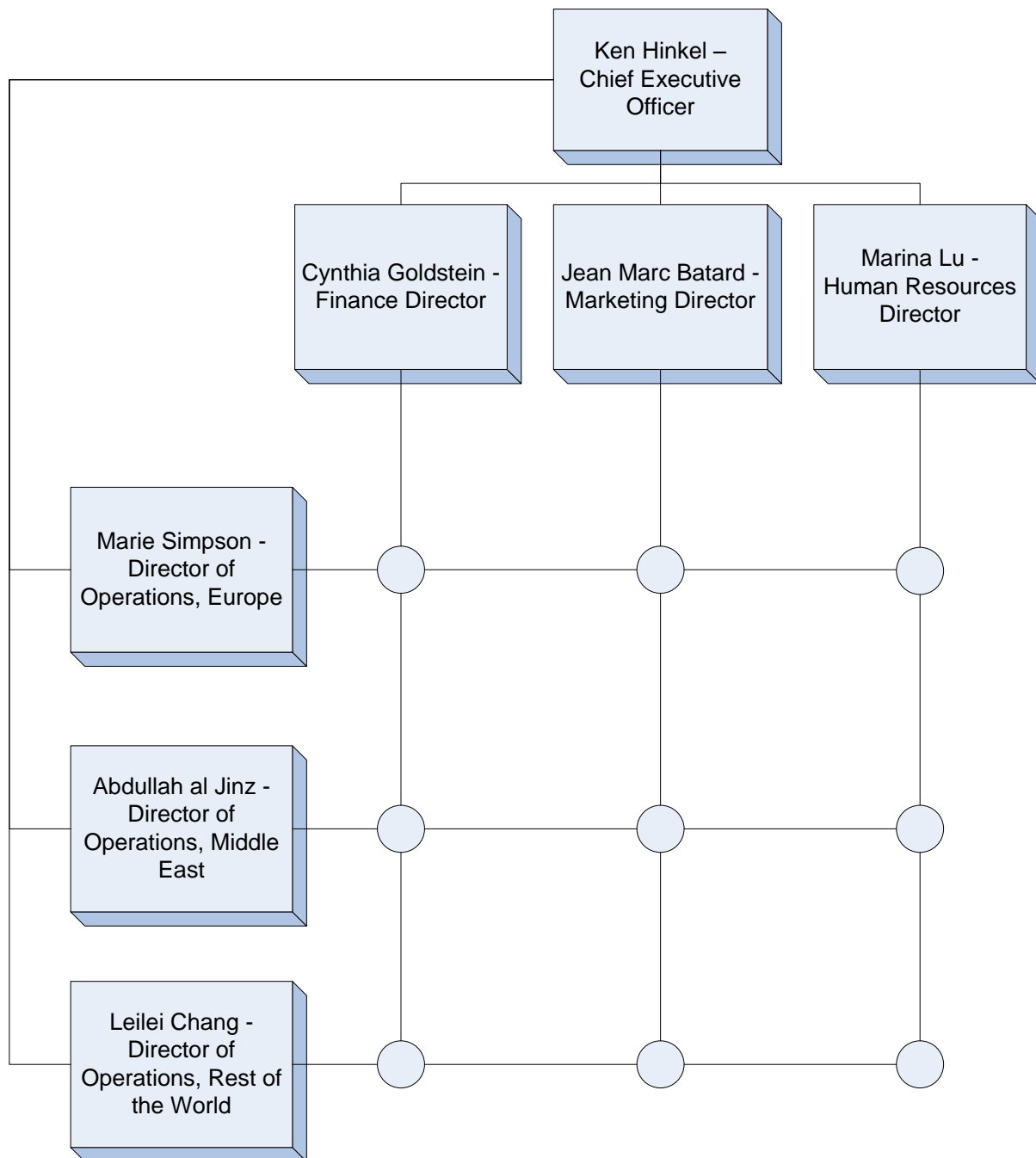
**Atos McIntyre, Non- executive Director**

Atos has a degree in Accountancy from a UK university.

He had worked as an auditor for 15 years before joining Dreempark 5 years ago. Atos joined the Board last year.

He is on the Audit and Remuneration committees.

**Dreempark's Board is organised in a matrix structure:**



## **Directors' remuneration**

Dreempark aims to attract, motivate and retain the very best directors. The Remuneration Committee studies the reward packages offered by comparable companies with a view to setting remuneration levels that are attractive while remaining in line with industry norms.

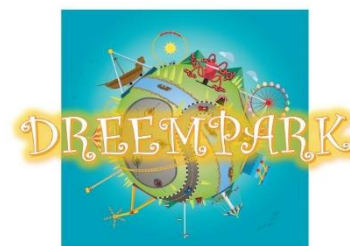
Payment is linked to corporate results and individual directors' performance, closely aligned to Dreempark's long-term success.

Dreempark's executive directors receive a basic salary that is set in the first instance by the Remuneration Committee, in conjunction with the Nomination Committee at the time of the director's initial appointment. Thereafter, annual salaries tend to increase in line with inflation and long-term trends in the company's performance. An increase of 3% in directors' salaries for 2016 has been authorised by the Remuneration Committee.

Directors also receive executive share options in order to encourage them to focus on the long term. The Remuneration Committee sets the basic terms for each year's awards. The options are always "out of the money" when they are granted. Each director is granted a number of these options, with the number being determined on a case by case basis by the Remuneration Committee, taking account of each director's performance. The options vest after three years and must be exercised on the vesting date, otherwise they expire.

Newly appointed directors may receive a "golden hello" package at the date of appointment. This is generally to enable us to compensate for option and other benefits granted by the directors' previous employers that will lapse when the director resigns before they have vested. These packages are generally paid in cash, with larger payments being split into two instalments, the first paid on joining Dreempark and the second on the completion of twelve months' service.

In line with many quoted companies, we also give all directors a "golden parachute" payment that is payable on termination of employment for any reason other than serious misconduct. In the event of such termination, a payment equivalent to three times the director's annual salary plus the agreed value of any executive share options that are due to vest within 18 months will be made. This payment can be increased at the discretion of the remuneration committee in exceptional circumstances.



## Extracts from Financial Statements

### Dreempark Group

#### Consolidated statement of profit or loss for the year ended 31 December

	2015 GBP m	2014 GBP m
Revenue	1,998	1,838
Cost of sales	(1,125)	(1,063)
Gross profit	873	775
Marketing costs	(64)	(59)
Administrative expenses	(28)	(23)
Operating profit	781	693
Finance costs	(71)	(74)
Profit before tax	710	619
Tax expense	(102)	(93)
Profit for the year	608	526

### Dreempark Group

#### Consolidated statement of comprehensive income for the year ended 31 December

	2015 GBP m	2014 GBP m
Profit for the year	608	526
Exchange differences on the retranslation of net assets of foreign operations	(32)	(13)
Exchange differences relating to the net investment in foreign operations	11	(3)
Total comprehensive income for the year	587	510

**Dreempark Group**

**Consolidated statement of changes in equity  
for the year ended 31 December 2015**

	Share capital and share premium GBP m	Translation reserve GBP m	Retained earnings GBP m	Total equity GBP m
At 31 December 2014	400	(49)	865	1,216
Profit for the year			608	608
Other comprehensive income for the year		(21)		(21)
Dividend			(245)	(245)
At 31 December 2015	400	(70)	1,228	1,558

**Dreempark Group**  
**Consolidated statement of financial position**  
**as at 31 December**

	2015 GBP m	2014 GBP m
<b>Non-current assets</b>		
Property, plant and equipment	2,135	1,762
Goodwill and intangible assets	1,121	1,094
	<u>3,256</u>	<u>2,856</u>
<b>Current assets</b>		
Inventories	34	29
Trade receivables	92	89
Cash and cash equivalents	325	311
	<u>451</u>	<u>429</u>
<b>Total assets</b>	<u><u>3,707</u></u>	<u><u>3,285</u></u>
<b>Equity</b>		
Share capital and share premium	400	400
Translation reserve	(70)	(49)
Retained earnings	1,228	865
	<u>1,558</u>	<u>1,216</u>
<b>Non-current liabilities</b>		
Loans	1,797	1,752
Deferred tax	168	142
	<u>1,965</u>	<u>1,894</u>
<b>Current liabilities</b>		
Trade payables	90	88
Tax payable	94	87
	<u>184</u>	<u>175</u>
<b>Total equity and liabilities</b>	<u><u>3,707</u></u>	<u><u>3,285</u></u>

## Segmental report

	Revenues	Operating profits
	GBP m	GBP m
Dreem Depths	1,039	367
Dreem Blast	559	258
Dreem Forest	400	156
Total	1,998	781

## Geographical areas

	Revenues	Operating profits	Non-current assets
	GBP m	GBP m	GBP m
UK	360	248	726
Continental Europe	1,139	580	683
Middle East	499	(34)	512
Rest of the World		(13)	214
	1,998	781	2,135



## **Happyworld**

Happyworld is Dreempark's closest competitor. Happyworld has six theme park complexes, two in the UK and four in Europe.

Happyworld is a quoted company.

Happyworld's Board is made up as follows:

### **Gordon James, Chief Executive Officer (CEO)**

Gordon has a strong marketing background. He has held senior roles in manufacturing and financial services companies.

He joined Happyworld's Board as CEO in 2009.

### **Martyn Lawrence, Finance Director**

Martyn is a qualified accountant.

He trained in the banking industry, before joining Happyworld as Corporate Treasurer in 2006.

Martyn was promoted to the Board as Finance Director in 2012.

### **Juliane Lafferty, Sales Director**

Juliane has worked in the leisure and entertainment industry all her life. She has a BA in Hospitality Management. She has held several senior positions in the travel business.

Juliane joined Happyworld as Sales Director in 2014.

### **August Bandele, Human Resources Director**

August is professionally qualified in human resources. He has a Master of Business Administration degree.

August was Director of Human Resources at a large hotel chain when he was recruited onto Happyworld's Board in 2008.

### **Samuel Lim, Director of Park Operations**

Samuel is responsible for all operational aspects of maintaining and operating Happyworld's many rides and attractions.

He has Master of Science Degree in Management Science. He has been heavily involved in cutting running costs through efficiency improvements since he joined Happyworld's Board in 2012.



**Francois Mettell, Non-executive Chairman**

Francois has held many prominent positions in a variety of major French and German companies. He was appointed as Happyworld's Chairman in 2015.

**Kurt Hein, Non-executive Director**

Kurt had a successful career in banking. He retired in 2014, when he joined Happyworld's Board as a non-executive director.

**Michelle Taggart, Non-executive Director**

Michelle is a Chartered Engineer and a visiting professor of engineering. She rose to the Board level in the course of a career in manufacturing. She retired in 2013 and joined Happyworld's Board.

**Horst Kleiner, Non-executive Director**

Horst is a lawyer and has served as a member of parliament for many years. He was appointed as a non-executive director of Happyworld when he retired from politics in 2012.



## Extracts from Happyworld's Financial Statements

### Happyworld Group

#### Consolidated statement of profit or loss for the year ended 31 December

	2015	2014
	GBP m	GBP m
Revenue	1,399	965
Cost of sales	(709)	(449)
Gross profit	690	516
Marketing costs	(56)	(50)
Administrative expenses	(24)	(23)
Operating profit	610	443
Finance costs	(79)	(68)
Profit before tax	531	375
Tax expense	(94)	(87)
Profit for the year	437	288

### Happyworld Group

#### Consolidated statement of comprehensive income for the year ended 31 December

	2015	2014
	GBP m	GBP m
Profit for the year	437	288
Exchange differences on the retranslation of net assets of foreign operations	(22)	(7)
Exchange differences relating to the net investment in foreign operations	(6)	4
Total comprehensive income for the year	409	285

**Happyworld Group**  
**Consolidated statement of changes in equity**  
**for the year ended 31 December 2015**

	Share capital and share premium GBP m	Translation reserve GBP m	Retained earnings GBP m	Total equity GBP m
At 31 December 2014	300	(62)	665	903
Profit for the year			437	437
Other comprehensive income for the year		(28)		(28)
Dividend			(100)	(100)
At 31 December 2015	300	(90)	1,002	1,212

**Happyworld Group**  
**Consolidated statement of financial position**  
**as at 31 December**

	2015 GBP m	2014 GBP m
<b>Non-current assets</b>		
Property, plant and equipment	1,964	1,639
Goodwill and intangible assets	978	1,132
	<u>2,942</u>	<u>2,771</u>
<b>Current assets</b>		
Inventories	29	27
Trade receivables	94	85
Cash and cash equivalents	298	342
	<u>421</u>	<u>454</u>
<b>Total assets</b>	<u><u>3,363</u></u>	<u><u>3,225</u></u>
<b>Equity</b>		
Share capital and share premium	300	300
Translation reserve	(90)	(62)
Retained earnings	1,002	665
	<u>1,212</u>	<u>903</u>
<b>Non-current liabilities</b>		
Loans	1,850	2,011
Deferred tax	121	128
	<u>1,971</u>	<u>2,139</u>
<b>Current liabilities</b>		
Trade payables	96	91
Tax payable	84	92
	<u>180</u>	<u>183</u>
<b>Total equity and liabilities</b>	<u><u>3,363</u></u>	<u><u>3,225</u></u>

## **Other information**

### **Manga Imagination Machine Corporation**

For many years, Dreempark has worked extensively with Manga Imagination Machine Corporation (“MIMC”), a Japanese engineering consultancy that specialises in designs for theme parks. MIMC is a market leader in this area. It is used by most major theme park operators. Dreempark is a preferred customer, meaning that MIMC will give it priority over others in scheduling work.

Over the years, Dreempark and MIMC have worked to the following standard memorandum of understanding (MOU):

### **Memorandum of understanding between Dreempark and Manga Imagination Machine Corporation**

This memorandum of understanding covers the initial planning and design of the development of a new ride [INSERT PROJECT WORKING TITLE HERE] for Dreempark by Manga Imagination Machine Corporation (hereafter “MIMC”).

The proposed ride will [INSERT BRIEF DESCRIPTION OF RIDE’S MAIN FEATURES].

This project will involve the following stages:

1. [WHERE APPROPRIATE AND AS AGREED DURING THE INITIAL NEGOTIATIONS] MIMC will conduct a feasibility study in order to ensure the technical feasibility of this ride. This will be priced at [INSERT AGREED PRICE].
2. Once the initial feasibility has been established, Dreempark will commission the final design of the ride from MIMC. The fee for this work will be based on the time spent by MIMC’s professional staff.
3. All intellectual property in MIMC’s designs will remain the property of MIMC. Dreempark will be entitled to use these for the construction and maintenance of the project.
4. MIMC will furnish a full set of documents to the contractor(s) responsible for the construction of the project. MIMC will liaise over matters of interpretation. Any redesign work requested during construction will be charged to Dreempark unless the redesign was necessitated by an error in the original design.
5. Dreempark will indemnify MIMC against any and all claims arising from accidents arising from the construction, operation and use of the ride, including, but not restricted to, death, injury, damage to property and associated losses such as loss of earnings.

## Press clippings

# Animal Knowledge

No. 520

\$8.20

## Dolphins in Captivity

Scientific research indicates that some dolphin species have similar self-awareness to humans. These sentient animals understand their circumstances and show signs of great distress during their capture, roundup and transportation to dolphinariums. Stress suffered during capture and transportation takes its toll on the dolphins and many of them die before reaching their new homes.

## Psychological suffering

Dolphins often live in close, strongly-bonded family groups. Scientific research reveals that dolphins are self-aware and cognitive beings. Bottlenose dolphins have exhibited mirror self-recognition, an ability shared only by great apes and humans.

## Capture and transport

Capturing and transporting dolphins to zoos and theme parks is fraught with danger for the dolphins. It is a very stressful process and many dolphins die during transportation and others die in their first month in captivity. The dolphins typically held in captivity, such as bottlenose dolphins, are fast-moving, deep-diving predators who can travel over 150 kilometres a day. They can swim as fast as 50 kilometres an hour, which is amazing, and can dive as deep as 300 metres. They are also highly intelligent, extraordinarily sociable, especially with their family group.

These characteristics are almost unique in the animal world. For example, fish do not require the same stimulation as dolphins.

Some scientists believe that it is impossible to accommodate dolphins' complex social needs in captivity. Clearly it would be quite impossible to have tanks that allowed the distance swimming and deep diving which the dolphins do in the wild. Scientific evidence suggests that dolphins in captivity suffer extreme mental and physical stress.

Unfortunately this can make them aggressive to each other and also to their trainers. Their lifespan is also significantly shorter than a dolphin in the wild. In addition, many dolphins are held in appallingly inadequate conditions that have a direct negative impact on their health and wellbeing. Breeding programmes in captivity are not very successful.

Many different designs exist, but basic dolphinarium design for public performances often consists of seats for the public around a small pool, sometimes with glass walls which allow underwater viewing, and a platform in the middle from which the trainers present the show.

The water in the pools has to be constantly filtered to keep it clean, and the temperature and composition of the water has to be similar to the conditions dolphins are used to in the wild. To give an indication of pool sizes, the *World Association for Aquatic Mammals* recommends that a pool for five dolphins should have a surface area of 300 m<sup>2</sup> have a depth of 4 m and have a water volume of at least 1,200 m<sup>3</sup>.

## TV News flash

Reports are coming in of an incident at a large theme park in the Far East. More than 100 park visitors were trapped for almost three hours when the brakes on a roller coaster ride jammed on while the ride's cars were more than 30 metres from the ground. Emergency services, assisted by park engineers, were able to release the brakes and move the cars so that the occupants could leave safely. No one was injured during this incident.