

388895

British Toy & Hobby Association

Report & Accounts 2011

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CREATIVITY ENTHUSIASM ENERGY VISION

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Welcome to the BTHA's Annual Report and Accounts 2011

The BTHA's mission is to promote best practice and excellence in all aspects of product design, toy safety, ethical manufacturing, environmental issues and marketing to children and by so doing protect and promote the interests of our members

The BTHA is active in a wide range of areas

- Maintaining the highest industry standards and responsibility towards consumers
 - Lobbying to try to ensure fair and reasonable regulation for members
 - Seeking to improve opportunities for fair trade in Europe and around the world
 - Promoting the value of play and of safety in play
 - Tackling ethical issues responsibly
 - Engaging in informed debate with the media
 - Providing information to the public, to legislators and to opinion formers
 - Working with partners across the wider play community
 - Administering the industry's charity, the Toy Trust
 - Organising the annual Toy Fair®
 - Organising the annual Toy Industry Awards and other member events
-

The Council Officers & Advisers

President	Clive Jones	Director General/Secretary	Roland Earl
Chairman	Christine Nicholls		
Vice-President	Kevin Jones	Registered Office	80 Camberwell Road London SE5 0EG
Vice-Chairman	Frank Martin		
David Allmark (resigned 31 March 2011)		Registered Number	388895
Nick Austin			
Rosie Bayles		Registered Auditor	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Drew Brazer (appointed 29 June 2011)			
Peter Brown			
Jerry Burnie		Bankers	Barclays Commercial Bank Level 25 1 Churchill Place London E14 5HP
Graham Canning			
Paul Cassidy			
Anna Chapman		Solicitors	DLA Piper UK LLP Princes Exchange Princes Square Leeds LS1 4BY
Andrew Coplestone			
Jon Diver			
Roger Dyson			
Kai Hawaleschka			
Marko Ilincic (resigned 31 March 2011)			
Nick Joslin (resigned 3 May 2011)			
Andrew Laughton			
Robert Mann (resigned 31 March 2011)			
Foye Pascoe			
Phil Ratcliffe			
Chns Spalding (appointed 8 September 2011)			
John Stewart			
Geoff Walker (appointed 29 June 2011)			

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Chairman's statement

The difficult trading conditions in 2011 were evident to all involved in the toy and hobby sector and are likely to continue to challenge us all throughout 2012. The uncertainty over the euro, as just one example, affected financial markets throughout the latter part of 2011 and this of course affects us all, including the Association's portfolio of investments. That said, the performance of the Association remains strong and it progressed well with planned activities across the year.

Tough economic conditions have affected all sectors of business and it is therefore heartening that the figures provided by the NPD group show that the industry has coped well, recording a steady performance in the value of toys sold in 2011 compared to the previous year, taking inflation into account.

The Toy Fair® enjoyed its second year at Olympia at the start of 2011, and proved again to be popular with both exhibitors and visitors, with space taken in the balcony area complementing the full space downstairs at the venue. My thanks go to the Toy Fair Committee and the events team for all of their work on the Fair, of which we can all be proud.

The Association has continued to deliver more services through its action programme in areas of interest and concern to its members. Notable activities have taken place across the core group of issues affecting all members, including safety of products, ethics in manufacturing, environmental issues, the marketing of products and

issues of trade concern – in addition to the continued investment in spreading the awareness of the importance of play, and toys' key role within play for children and people of all ages. More detailed information on activities is given in the Report of the Council in this Annual Report. I have taken an example only from safety to illustrate the work being progressed on all fronts.

In summary, 2011 saw the first wholesale revision of the Toy Safety Directive for more than twenty years. The Association has worked with the excellent guidance of the BTHA's Technical Committee to assist members to prepare for and comply with complex legislative change. The flow of information is updated on a regular basis which ensures that everyone is working within the same parameters of understanding and interpretation, as far as possible.

A unique, free service was introduced in 2010 to provide access to full members on the changing BSI standards and this has proved popular and continued in 2011. Guidance from the Technical Committee to assist with the second phase of the legislation in 2013 focused on chemicals continues to be developed. The aim is to help members identify the restricted substances that are likely to be present within commonly used toy materials so that they can decide on appropriate, targeted compliance routes. Our thanks go to the Technical Committee for its detailed and skilled work throughout 2011.

The BTHA has also again significantly increased its commitment to the message of the importance of play with a public relations and promotional campaign involving consumers, including television infomercials from spring 2011, with excellent coverage achieved. The work of the Public Relations Committee on this and so many other fronts including the marketing and environmental issues raised by significant reviews during 2011 has been critical during the year.

The Charity Committee has continued to raise tens of thousands of pounds for disadvantaged children in the UK and overseas in 2011 and looks forward to its 20th anniversary in 2012. The contribution of the committee members, together with the active participation and generosity of members makes this all possible and I thank all involved – and look forward to the Toy Trust continuing to make a real difference to children's lives in the years to come.

During my time as Chairman, I have enjoyed great support from the Council of the BTHA, the Secretariat in Camberwell Road and you the members. The Association continues to tackle the key issues facing the membership on behalf of the membership – and aims to deliver excellence on a myriad of fronts. I wish my successor Frank Martin every success as he takes over as Chairman in June.



Christine Nicholls, Chairman
10 May 2012

Report of the Council

to be presented at the 68th Annual General Meeting

Mission Statement

"To promote best practice and excellence in all aspects of product design, toy safety, ethical manufacturing, environmental issues and marketing to children and by so doing protect and promote the interests of our Members "

Principal activities

The principal activities of the Association are to represent the toy industry to the UK government, public bodies, the media and opinion formers and to promote the industry, its products, and the value of play, particularly by means of an annual toy fair

Accounts

The annual accounts for the calendar year 2011 show a profit of £90,997 compared with a profit of £154,734 in the previous year. Ordinary activities of the Association in 2011 again demanded continued investment in public affairs work for the benefit of members in the key areas of safety and environmental guidance as well as other activities in this area. The value of play campaign directed at consumers also saw increased and fruitful investment. The annual Toy Fair® built on the successful move to Olympia by expanding into the balcony area to occupy more space and accommodate more exhibitors.

Charitable contributions

During the year the Association made charitable donations of £15,473 to the Toy Trust (2010 £1,335 in charitable donations)

Directors

The directors are listed on page one. During the year David Allmark, Marko Ilincic, Nick Joslin and Robert Mann resigned from Council. Drew Brazer, Chris Spalding and Geoff Walker were appointed to Council.

No director holds any shares in the group.

Directors' responsibilities

The directors are responsible for preparing accounts in accordance with applicable law and regulations. Company law requires the directors to prepare accounts for each financial year. Under the law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the group for that period.

In preparing these accounts, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure

that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution to reappoint the auditors, H W Fisher & Company, in accordance with section 485 of the Companies Act, 2006, will be proposed at the Annual General Meeting.

Toy Fair®

In 2011 the Toy Fair® built on the successful move in 2010 to London's Olympia by expanding into the balcony area of the Olympia Exhibition Centre to accommodate more exhibitors, as demand for space grew and to continue to ensure a healthy toy trade fair existed for Members and the wider toy industry.

Demand was such that even with the new space the Toy Fair® sold out earlier than in previous years. Visitor numbers increased and exhibitors reported a vibrant, profitable and busy three days. Exhibitors, media and visitors each reported increased

excitement around the show leading to more networking opportunities and business potential

A new event was held for exhibitor PR's entitled Meet the Media which took place in December with some great tips on getting coverage for stories from the consumer editors of The Sun and Daybreak, as well as the trade magazines and bloggers

A number of activities again took place during the fair including a meeting of play researchers assessing the latest play research. University design students were invited to the show to investigate the toy industry as a destination career, and a workshop to give them practical advice took place on the last day of the fair. They were given the opportunity to visit exhibitors around the show for guided tours and information on toy design and the initiative was well supported

The BTHA once again joined forces with the Toy Retailers Association to stage the annual awards evening and dinner which took place once again at Banqueting House. A series of awards were presented including the prestigious *Toy Retailer of the Year* and *Toy of the Year* Awards

Public relations

During 2011 the BTHA continued work in the areas of priority identified as of greatest importance to the industry, toy safety, ethical manufacturing, environmental concerns and responsible marketing. The on-going commitment to promote the Value of Play was also a significant part of the work of the association in 2011

The Technical Committee continued to develop practical guidance on the Toy Safety Directive throughout 2011, liaising with government, enforcement agencies and also retailers on the potential impact of the revisions and informing members of the new requirements. A number of presentations took place to assist in this

Following comments from Caroline Spelman, Secretary of State for the Department of Environment, Food and Rural Affairs (DEFRA), during the summer of 2010 and at the start of 2011, the BTHA engaged with DEFRA to try to establish concerns. A number of written communications with the minister's office, and meetings with WRAP (the Waste and Resources Action Programme), DEFRA's appointed organisation in this area, took place in the approach to the Waste Review. Whilst the Review, which was published on 14 June 2011, did mention (on page 30) a desire to work with the toy industry to reduce packaging waste, it did acknowledge that before any Voluntary Responsibility Deal could be considered more data needed to be collected. It appeared that DEFRA may have been following the Association's correspondence and this had led to a more benign statement in the Waste Review than may otherwise have been the case

Since the Waste Review, the BTHA has undertaken research with an independent consultant and has made findings that 0.7% of all retail packaging comes from toys and hobbies which equates to 36,200 tonnes of waste packaging with 89%

of that made up of paper and board about 80% of which is recycled. The toy industry has contributed £17.5 million into waste recovery schemes since they began in 1997 in order to recover and recycle these levels of waste. The preliminary findings have been shared with WRAP and DEFRA and discussions are ongoing with WRAP

With such high levels of recyclable material being used for toy packaging, future thought would be given to the BTHA having a 'recommended approach to communication of recyclable materials on packaging'. Some companies might choose to adopt the 'Recycle Now' logo offered under license by the British Retail Consortium (BRC) and used by several retailers. An introductory offer has been agreed with the BRC in which members are offered 18 months of license fee for the price of 12 months during 2012

Towards the end of 2010 the BTHA's Toy Carbon Calculator was launched for use by all full members of the Association. The Carbon Calculator had been developed in conjunction with sustainability consultants to create environmental advice specific to the toy industry to help members to reduce their carbon footprint. This information can be used to benchmark products and can be used to demonstrate reductions and is a unique opportunity for members as it has been developed specifically for the BTHA with toy specific materials data

The BTHA sponsored a series of three seminars on packaging run by Trading Standards. The first of three

took place in October and was well received by attendees. Contacts were made with a number of sustainable design consultants which may be useful for the BTHA and individual members going forward. The other two seminars, to inform trading standards officers, are planned for the first part of 2012.

A Sustainability Seminar took place on 10th November at BAFTA. This was designed to give members more information about the areas under discussion in regards to sustainability and provided a platform to ask questions and extend knowledge. The presentations were made available to all members in the members-only area of the website, for those who were unable to attend.

Late in 2010 the new coalition government commissioned a review into the "commercialisation and sexualisation of childhood" under the auspices of the Bailey Review. The BTHA met with Reg Bailey, head of the review, and his team to examine any concerns they had regarding the toy industry. The recommendations of the Bailey Review were released on 6th June 2011 by the Department for Education including three key recommendations that could affect the toy industry.

(a) Recommendation 8 reads

"Prohibiting the employment of children as brand ambassadors and in peer-to-peer marketing" (please see notes below)

(b) Recommendation 9 reads "Defining a child as under the age of 16 in

all types of advertising regulation" (presently being assessed to see if there are gaps in legislation)

(c) Recommendation 13 reads

"Making it easier for parents to express their views to businesses about goods and services" (addressed by the creation and launch in the autumn of Parentport – www.parentport.org.uk – a website which clearly explains the remit of various bodies and where parents can complain if they wish to)

The Prime Minister David Cameron held a review of the Bailey report in October 2011. Although his comments on the day focused primarily on sexualised imagery he did comment that he was happy with the action that had been taken on Brand Ambassadors and Peer-to-Peer marketing and would be following the progress made. The BTHA adopted an early version of the Advertising Association's principle on Brand Ambassadors and Peer-to-Peer marketing and added it to the guidance to members during 2011.

By December the final wording of the pledge had been agreed and Council agreed that the responsible position of members on such an important issue should be strongly reflected in the BTHA Code of Conduct. Therefore the following wording has been written into the 2012 code.

"Young people under the age of 16 should not be employed and directly or indirectly paid or paid-in-kind to

actively promote brands, products, goods, services, causes or ideas to their peers, associates or friends."

From January 2012 members will automatically become a signatory to this principle, as part of the commitment to best practice of all members under the agreement of the Code of Conduct.

The BTHA Council decided to demonstrate the commitment of the BTHA to promote the Value of Play in 2010 by investing in a consumer campaign to highlight the benefits of play. Following the success of the campaign in 2010 the Make Time 2 Play campaign continued to grow in 2011. It was initially started to proactively remind parents and opinion formers that play is not only fun and an integral part of childhood, but also vital for child development and that with all the pressures on children in today's society time should be set aside to ensure children get time to play.

Using the findings from a panel of researchers entitled 'A world without play' and with Jeff Brazier and Dr Amanda Gummer as spokespeople, the 2011 campaign launched in April. Coverage was secured in a number of women's magazines, newspapers both online as well as offline alongside radio interviews across the country, as well as a slot on Loose Women, an ITV daytime show. In addition there was a greater social media presence, making the most of a Facebook page, www.facebook.com/maketimetoplay and Twitter www.twitter.com/maketime2play which included a

competition for parents to win their child's 'Ideal Play Date', which took place in Cumbria in December

In addition the campaign was once more supported with free airtime donated by children's media channels

2012 will see the campaign running once again, with an active play theme

Toy safety, environment and technical matters

2011 was a momentous year for toy safety with the first revision of the Toy Safety Directive for more than 20 years. The changes were far reaching and, as with the last toy directive in the late 1980's, Directive 2009/48/EC is the first using the new EU legislative framework. Other new EU Directives from this date will all share this new framework.

The first part of the year presented the industry with some unique challenges. The new directive was due to come into force on 20th July 2011, however the industry had no new safety standards to help demonstrate compliance. In addition enforcement authorities had no safety regulations to enforce against.

To try and bridge this gap the BTHA produced summary guides based on the draft standards to help companies try to anticipate the changes. The final version of EN71-1 was published in June just before the July deadline. The UK Regulations were published on 19th August – just after the deadline.

During 2011 nine separate BTHA guidance documents were published to help interpret the new directive on behalf of members. These guides were widely promoted with members,

retailers, laboratories and Trading Standards to try to give a level playing field in the UK. The guides have seen the widest adoption of any BTHA documents and, due to the efforts of the BTHA Technical Committee, have helped the implementation of the directive in the UK.

To help members and enforcement the BTHA held a seminar in May at BAFTA in London to communicate the guides and help companies understand and implement the directive. In addition, separate Regional Seminars were run covering a range of subjects.

During the rest of the year further new standards were published including EN71-2, EN62115 and EN71-8. A draft standard for EN71-4 was also available. The new standards resulted in work for the BTHA UK Interpretations Group and many new interpretations have also been published. The British Standards Online service to members was expanded to ensure members had viewing access to 166 of the latest standards.

REACH requirements for SVHC's steadily expanded and ended the year with a total of 73 substances. A new timber traceability regulation was issued to ensure timber products are legally and sustainably sourced (comes into force on 3rd March 2013). The Restriction of Hazardous Substances (RoHS) Directive has also been recast this year and will bring into scope many toys that were previously not considered appropriate (although there is a transition period).

In the EU the focus for toys has long since switched to the restrictions for chemicals, which come into force

in 2013. Many substances may be subject to even more restrictive levels than those originally published in the directive in 2009. Cadmium levels have already reduced in line with a change in Tolerable Daily Intake (TDI) and Barium, Arsenic and Lead are under review.

The focus of the BTHA Technical Committee has changed to a Chemical Toolkit project. The toolkit is intended to be an interactive web based tool that will help members identify the restricted substances that are likely to be present within commonly used toy materials so that they can decide on appropriate, targeted compliance routes.

The work of the Technical Committee has been invaluable to many members of the industry and their time and commitment will continue to help members to tackle the ever increasing pressures in this important area.

Whilst 2011 was a challenging year many of the changes could be argued to have been relatively straightforward. The chemical changes for 2013 represent a much bigger challenge to the industry.

International Activities

The BTHA is an active member of Toy Industries of Europe. Amongst many other activities during 2011, TIE have been working in collaboration with the European Commission and members of the European Parliament on details relating to the application of the new Toy Safety Directive. In practice, the fight against counterfeiting, responsible marketing communications and other matters of importance to the wider membership.

The BTHA is also a member of the International Council of Toy Industries (ICTI) and continued working as part of the Council throughout 2011 to share best practice from around the world. Throughout 2011 ICTI discussed endeavours to harmonise toy safety standards as well sharing best practice on issues concerning the environment and ethical manufacturing in addition to promotion of the value of play in children's lives.

Charity – The Toy Trust

Thanks to the activities of the Association's charity committee and the support of the industry, the Toy Trust raised a healthy total to distribute to children's charities in 2011. The FUNdraiser at Rutland Water incorporated a run and cycle race followed by character costume races with attendees reporting a great day out in

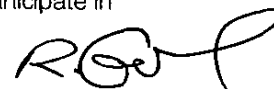
addition to the objective of raising funds. The Media Auction took place again in 2011 with the final bids placed at the awards night in January. Other events for the charity included the Golf Day and the Christmas card initiative. The fundraising activities in 2011 achieved an overall total of £179,610 being raised for the Toy Trust.

The total disbursements for the charity amounted to £217,077 to help disadvantaged or disabled children. The principal recipients of Toy Trust funds in 2011 were two appeals for the relief of children following the tsunami in Japan and the famine in East Africa, as well as Africa Equipment For Schools and the Scottish Spina Bifida Association out of a total of 86 charitable causes supported.

The activities of the Trust and the charities supported were promoted through a newsletter during December and publicised through the trade

magazines, and the BTHA's own newswatches and website.

2012 marks The Toy Trust's 20th anniversary and the charity has an objective of raising £300,000 throughout 2012 to break the barrier of £3million raised since its inception 20 years ago. This will be achieved through a number of activities, which include Andrew Brown's Atlantic Row, and the annual Toy Trust media auction (finishing at the Toy Industry Awards event in January). There will also be a number of events throughout 2012 for toy industry people to participate in.



By order of the Council
R. Earl, Secretary
10 May 2012

Accounts

for the year ended 31 December 2011

Consolidated income and expenditure account

for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover	2	1,887,136	1,681,811
Cost of sales	2	(701,436)	(788,800)
Gross profit		1,185,700	893,011
Administrative expenses		(1,271,604)	(1,069,685)
Operating deficit	3	(85,904)	(176,674)
Amounts released on current investments	6	(149,847)	48,475
Other income	7	326,748	282,933
Surplus on ordinary activities before taxation		90,997	154,734
Tax charge on surplus on ordinary activities	8	-	-
Surplus retained for the year	16/19	90,997	154,734

All items dealt with in arriving at the surplus on ordinary activities relate to continuing operations

There are no recognised gains and losses other than those passing through the income and expenditure account

Statement of total recognised surpluses and deficits

for the year ended 31 December 2011

	2011 £	2010 £
Surplus for the financial year	90,997	154,734
Total recognised surpluses and deficits relating to the year	90,997	154,734

Note of historical cost surpluses and deficits

for the year ended 31 December 2011

	2011 £	2010 £
Reported surplus on ordinary activities before taxation	90,997	154,734
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	9,940	9,940
Historical cost surplus on ordinary activities before taxation	100,937	164,674
Historical cost surplus for the year after taxation	100,937	164,674

Consolidated balance sheet

at 31 December 2011

Company Registration No 0388895 (England & Wales)

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	10		592,643		601,061
Current assets					
Debtors	12	634,643		524,838	
Investments	13	3,835,585		4,286,426	
Deposits		910,530		314,155	
Cash at bank and in hand		<u>845,918</u>		<u>807,936</u>	
		6,226,676		5,933,355	
Creditors amounts falling due within one year	14	<u>(1,908,380)</u>		<u>(1,714,474)</u>	
Net current assets			<u>4,318,296</u>		<u>4,218,881</u>
Total assets less current liabilities			<u>4,910,939</u>		<u>4,819,942</u>
Reserves					
Income and expenditure account	16		4,334,939		4,231,942
Revaluation reserve	17		<u>576,000</u>		<u>588,000</u>
Members' funds	19		<u>4,910,939</u>		<u>4,819,942</u>

The financial statements were approved by the board of directors on 22 March 2012 and were signed on its behalf by Christine Nicholls, Member of Council



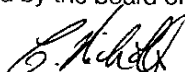
Company balance sheet

at 31 December 2011

Company Registration No 0388895 (England & Wales)

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	10		592,643		601,061
Investments	11		<u>200</u>		<u>200</u>
			592,843		601,261
Current assets					
Debtors	12	634,643		524,838	
Investments	13	3,835,585		4,286,426	
Deposits		910,530		314,155	
Cash at bank and in hand		<u>845,918</u>		<u>807,936</u>	
		6,226,676		5,933,355	
Creditors amounts falling due within one year	14	<u>(2,724,515)</u>		<u>(2,530,609)</u>	
Net current assets			<u>3,502,161</u>		<u>3,402,746</u>
Total assets less current liabilities			<u>4,095,004</u>		<u>4,004,007</u>
Reserves					
Income and expenditure account	16		3,519,004		3,416,007
Revaluation reserve	17		<u>576,000</u>		<u>588,000</u>
Members' funds			<u>4,095,004</u>		<u>4,004,007</u>

The financial statements were approved by the board of directors on 22 March 2012 and were signed on its behalf by Christine Nicholls, Member of Council



Notes to the financial statements

for the year ended 31 December 2011

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of freehold property, and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The consolidated financial statements are prepared from the audited financial statements of the parent company, the British Toy and Hobby Association Limited, and of its two wholly-owned subsidiaries, which are dormant and have not been audited, British Toy Fairs (International) Limited and British Toy Council Limited. The accounting reference date for all these companies is 31 December.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Members' subscriptions are included in the financial statements on an accruals basis.

Deferred income and prepaid expenses

Exhibition space, related costs and income from the toy fair are included in the financial statements on an accruals basis with the exception that the administration costs, including salaries, are charged to the Income and Expenditure account as incurred.

Income from the toy fair to be held after the year end and the related costs are included in the financial statements as "Deferred Income" and "Prepayments" respectively, to be credited and charged to Income and Expenditure in the following year's financial statements.

Fixed assets

Freehold property is stated at a valuation. The basis of valuation is explained in note 10(b).

The cost of other fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated on the straight-line basis, to write off the cost or value of fixed assets over their estimated useful lives.

Rates adopted are	
Freehold property	2% per annum
Motor vehicles	25% per annum
Furniture and fittings	10% per annum
Office equipment	20% per annum
Computer equipment	33% per annum

Listed investments

Listed investments are stated at the lower of cost and market value for each individual shareholding.

Investment income

Investment income from listed investments is treated on a receipts basis. Interest on money market deposits is treated on an accruals basis.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Pension scheme arrangements

The group operates for members of staff a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement

The group has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small group.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. Segmental analysis

The analysis by class of the group's turnover is set out below.

	2011 £	2010 £
Toy Fair London	1,485,095	1,278,433
Members' subscriptions and other income	402,041	403,378
	1,887,136	1,681,811

The analysis by class of the group's cost of sales is set out below.

	2011 £	2010 £
Toy Fair London	701,436	783,800
Publications	–	5,000
	701,436	788,800

3. Operating deficit

Operating deficit is stated after charging

	2011 £	2010 £
Depreciation of owned assets	15,904	24,151
Loss on disposal of tangible fixed assets	–	1,115
Auditors' remuneration	9,500	9,500
Loss on foreign exchange transactions	–	79

4. Directors' emoluments and transactions with directors

The directors did not receive any emoluments as directors during the year. However, Mr J Burnie received £38,592 (2010 £28,200) excluding expenses for consultancy services rendered to the Association in respect of toy safety.

5. Employee information

The average monthly number of persons employed by the group in 2011 was 9 (2010: 8) (all administrative).

	2011 £	2010 £
Aggregate gross wages and salaries	365,609	330,524
Employer's national insurance contributions	42,091	36,409
Employer's pension contributions	24,335	20,513
	432,035	387,446

6. Amounts (written off)/released on current investments

	2011 £	2010 £
Movement in provision for diminution in value of investments	(149,847)	48,475
	(149,847)	48,475

The movement in the provision for diminution in the value of investments arose due to a number of the investments held by the group at 31 December 2011, being valued at below the cost price of the shares. During this year, the provision was increased by £149,847 (2010: decreased by £48,475).

7. Other income

	2011 £	2010 £
Profit on sale of investments	151,173	124,537
Income from listed investments	147,256	119,578
Interest receivable	28,319	38,818
	326,748	282,933

8. Tax charge on surplus on ordinary activities

The tax charge on the surplus on ordinary activities for the year is analysed as below

	2011 £	2010 £
Current taxation		
U K Corporation tax at 25% (2010 28%)	–	–
Tax charge on surplus on ordinary activities	–	–

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26.5% (2010 28%)

The differences are explained below

	2011 £	2010 £
Surplus on ordinary activities before taxation	90,997	154,734
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 28%)	24,114	43,326
Effects of		
Expenses not deductible for tax purposes	7,670	374
Capital allowances for period reversed	(1,875)	5,196
Amounts charged directly to STRGL	(1,250)	–
Income from investments	(39,013)	(37,489)
Change in investment provision	39,674	(13,573)
Loss on sale of investments	(40,046)	(34,870)
Tax losses utilised	10,726	37,036
Current tax charge for the year	–	–

9. Surplus for the financial year

As permitted by Section 398 of the Companies Act 2006, the holding company's income and expenditure account has not been included in these financial statements. The result for the financial year is as follows

	2011 £	2010 £
Holding company's surplus for the financial year	90,997	154,734

10. Tangible fixed assets

Group and company

	Freehold property £	Furniture, fittings and office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2011	600,000	58,761	39,224	697,985
Additions	–	2,400	5,086	7,486
Disposals	–	–	(3,000)	(3,000)
At 31 December 2011	600,000	61,161	41,310	702,471
Depreciation				
At 1 January 2011	12,000	45,898	39,026	96,924
Charge for the year	12,000	3,438	466	15,904
Disposals	–	–	(3,000)	(3,000)
At 31 December 2011	24,000	49,336	36,492	109,828
Net book value				
At 31 December 2011	576,000	11,825	4,818	592,643
At 31 December 2010	588,000	12,863	198	601,061

- (a) No fixed assets are held by either of the subsidiary companies
- (b) The freehold property was revalued to £600,000 by Hindwoods Hunter Payne, an independent firm of Chartered Surveyors on 10 December 2009. The basis of valuation was open market value. The property is assessed annually by the directors, who consider that the current market value of the property is not materially different from its net book value. The historical cost of the building is £103,041.

11. Fixed asset investments

	Group £	2011 Company £	Group £	2010 Company £
Shares in group companies	200	–	200	–

Shares in group companies

The company had the following subsidiaries at 31 December 2011, both of which are incorporated in Great Britain and registered in England and Wales

	Class of share held	% of class of shares	Shares at cost £
British Toy Fairs (International) Limited (dormant)	Ordinary	100	100
British Toy Council Limited (dormant)	Ordinary	100	100

12. Debtors

Amounts falling due within one year

	2011 Group and Company £	2010 Group and Company £
Trade debtors	192,659	126,145
Other debtors	13,349	20,813
Prepayments (see note 1)	428,635	377,880
	634,643	524,838

13. Current asset investments

	2011 Group and Company £	2010 Group and Company £
Listed investments at cost	4,047,207	4,415,583
Diminution in value	(211,622)	(129,157)
	3,835,585	4,286,426
Listed investments at market value	4,962,196	5,771,190

Included in the market value above was £953,318 relating to overseas investments

14. Creditors: amounts falling due within one year

	Group £	2011 Company £	Group £	2010 Company £
Trade creditors	87,257	87,257	50,865	50,865
Amounts owed to subsidiary companies	–	816,135	–	816,135
Other taxation and social security	197,979	197,979	141,086	141,086
Accruals and deferred income (see note 1)	1,623,144	1,623,144	1,522,523	1,522,523
	1,908,380	2,724,515	1,714,474	2,530,609

15. Provision for contingencies and liabilities

Deferred tax is calculated at 25% (2010 - 28%) analysed over the following timing differences

Group and company:

	2011 Group and Company £	2010 Group and Company £
Excess capital allowances over depreciation	-	-
Unrecognised deferred tax liability	-	-

No provision has been made for tax on gains which would arise if the properties were sold at their revalued amounts. This tax has been calculated at 25% (2010 - 28%) and is estimated at £72,359 (2010 - £85,052) which would be covered by the capital losses of £680,659 (2010 - £708,061) available to carry forward. The company has trade losses of £471,751 (2010 - £433,536) available to carry forward against future profits.

16. Income and expenditure account

The movement on the consolidated income and expenditure account is analysed below

	British Toy and Hobby Association Limited £	Subsidiary Companies £	Total £
At 1 January 2011	3,416,007	815,935	4,231,942
Surplus for the year	90,997	-	90,997
Transfer from revaluation reserve	12,000	-	12,000
At 31 December 2011	3,519,004	815,935	4,334,939

17. Revaluation reserve

	Group and Company £
At 1 January 2011	588,000
Transfer to income and expenditure account	(12,000)
At 31 December 2011	576,000

18. Pensions and similar obligations

The group operates a defined contribution pension scheme for members of the staff. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge includes contributions payable by the group to the fund and amounted to £24,335 (2010: £20,513).

19. Reconciliation of movements in members' funds

	2011 £	2010 £
Opening members' funds	4,819,942	4,665,208
Surplus for the financial year	90,997	154,734
Closing members' funds	4,910,939	4,819,942

20. Related party transactions

British Toy and Hobby Association Limited is a trustee of the Toy Trust and makes donations to the Charity. Four of the trustees of the Charity also served on the Council of British Toy and Hobby Association Limited during the year.

Independent Auditors' Report

to the members of the British Toy and Hobby Association Limited

We have audited the group and parent company financial statements (the "financial statements") of the British Toy and Hobby Association for the year ended 31 December 2011 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us

to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's profit 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion -

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

A G Rich
(Senior Statutory Auditor)
for and on behalf of
H W Fisher & Company
Chartered Accountants
Statutory Auditor

Acre House, 11-15 William Road
London NW1 3ER
United Kingdom
10 May 2012

Notice of Annual General Meeting

Notice is hereby given that the Sixty Eighth Annual General Meeting of the Association is appointed to be held at Great Fosters, Stroude Road, Egham, Surrey TW20 9UR at 9 30am on Wednesday 20th June 2012, to transact the following business

- 1 To receive the Report and Accounts for the year ended 31 December 2011

- 2 To elect members of Council

It is provided in the Articles of Association that the Council shall consist of such number of Members of Council as the Council for the time being shall determine and that at the Annual General Meeting to be held each year, one-third of the Council (or if their number is not a multiple of three then the number nearest to but not exceeding one third) shall retire from office

The following are the names of the members of Council who retire on this occasion

Mr N Austin
(Vivid Toy Group Ltd)

Mr P Brown
(Flair Leisure Products PLC)

Mr R Dyson
(Toymaster Ltd)

Mrs C Nicholls
(Golden Bear Products Ltd)

Mrs F Pascoe
(Hasbro UK Ltd)

Mr J Stewart
(Worlds Apart Ltd)

They are eligible and stand for re-election

The following is the name of the member of Council – who was appointed to Council during the year, following the Council's decision to increase the number of Council members to twenty two – and whose name is therefore submitted for re-election in accordance with Article 31

Mr C Spalding
(Leapfrog Toys (UK) Ltd)

There are no current vacancies arising from retirements

NOTE Article 43 reads "No person not being a member of Council retiring at the meeting shall, unless recommended by the Council for election, be eligible for office on the Council at any General Meeting, unless within the prescribed time before the day appointed for the meeting there shall have been given to the Secretary notice in writing, by some member duly qualified to be present and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing, signed by the person to be proposed, of his willingness to be elected. The prescribed time above mentioned shall be such that, between the date when the notice is served or deemed to be served, and the day appointed, there shall be no less than seven or more than fourteen intervening days"

3. To re-appoint the auditors, H W Fisher & Company, in accordance with section 485 of the Companies Act, 2006, to hold office until the conclusion of the next general meeting at which the accounts are laid before the company and to authorise the Council to fix their remuneration

- 4 To transact any other business



By Order of the Council
R Earl
Secretary
10 May 2012

Membership of the Association

There are two categories of membership

Full Membership

Associate Membership

Benefits of membership include

- **A Toy Fair discount*** The BTHA runs an annual trade event at Olympia, West London, at the end of January each year. It is the largest dedicated toy trade event in the UK calendar and attracts exhibitors from small innovative start-up companies to some of our largest members. Visitors cover the spectrum of toy retailers in the UK, as well as other industry partners including licensors and inventors. Members are entitled to a discount for the Toy Fair as long as they are accepted into membership by the BTHA Council at the first Council meeting of the previous year. The discount works out at almost 25% of the normal space rate.
- **The opportunity to enjoy a variety of special events and social occasions** which are valuable networking opportunities. These include safety seminars, sustainability workshops, Toy Trust fundraising activities, the Industry Awards and the annual AGM and Industry Day.
- **The benefit of linkage with the charitable activities of the Toy Trust.** Members are invited to

participate in annual fundraising activities. In 2012 the charity will be celebrating its 20th anniversary with a number of special events.

- **'Briefing' e-mail newflash service and important website guidance** documents relating to matters including toy safety, sustainability, responsible marketing, the value of play, the Toy Trust, Toy Fair and all other BTHA events.
- **Safety advice and visits from the Toy safety consultancy.** In the first instance, the service allows members to ask, free-of-charge, about any safety issue over the telephone. The safety advisors are able to point members in the right direction and answer straightforward general safety enquiries. In addition to this free service, when lengthier consultancy is required by a member, the BTHA offers a subsidised toy safety advisory service. As part of membership, members are obliged to inform the association of any potential recalls. If this situation arises, the BTHA is here to help with crisis support, and where appropriate, offer guidance.
- **Expert information on the new Toy Safety Directive.** The BTHA retains a number of toy safety experts to keep up-to-date

on the latest developments and to offer advice to membership through the website guidance documents. The Technical Committee meets four times a year and also regularly meets with advisors from the wider industry. A 'Chemicals Toolkit' is planned to be available to members in 2012 to help them comply with the new chemical requirements of the directive in 2013.

- **Free access to relevant BSI standards*** The BTHA is able to offer full members view-only free-of-charge access to standards via the British Standards Online system. Members are able to view a list of up to 150 selected product standards that cover the majority of members' needs for toys, nursery and related electrical items. In addition, members can set themselves up for email notifications when standards change.
- **Access to sustainability advice and tools including the toy carbon calculator*** There are a number of tools and guidance documents available to help members reduce their carbon footprint. These include a quick reference guide to sustainable toy packaging, design tips for sustainable packaging and the BTHA 'Carbon Calculator' which

guides members in their toy material choices at design level by calculating the lifecycle carbon footprint of a product

- **Legal advice*** The BTHA's solicitors, DLA Piper, offer a free telephone service for up to 15 minutes for members with general legal enquiries. In addition, legal guidance on faq's, such as IP rights and trading in China, is offered through the members only section of the BTHA website

- **Listing on www.btha.co.uk website** to include members contact details and products, a FREE 'top toys' listing on the website

- **Public relations support for the industry** and allied issues and the chance to get involved with the successful **Make Time to Play** campaign. The BTHA works to highlight the importance of industry best practice and the desire of members to maintain high industry standards. In addition the association works to promote the benefits of play and toys in child development. In 2009, the association held a conference on the Value of Play, and in 2010 developed a campaign to promote the benefits of play to children and their parents under the banner **Make Time 2 Play**. The campaign will continue to grow in 2012 with a focus on active play

- **Protection of business interests**, representation at all parliamentary and EU levels and help and advice from the secretariat on any industry-related issues

- **Suppliers offers including an introductory discount on joining 'recycle now' on-pack labelling.** The British Retail Consortium (BRC) is offering BTHA members 18

months for the price of 12 on their license to use the 'recycle now' on-pack labelling

- **Use of the Association's Lion Mark scheme** (subject to terms and conditions)*

- **Access to an expanded range of services in the Members Only Area of the website.***

- **A vote at the Annual General Meeting.***

- **Free conference facilities**

*Please note – the benefits of full membership asterisked above are not available to associate members

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