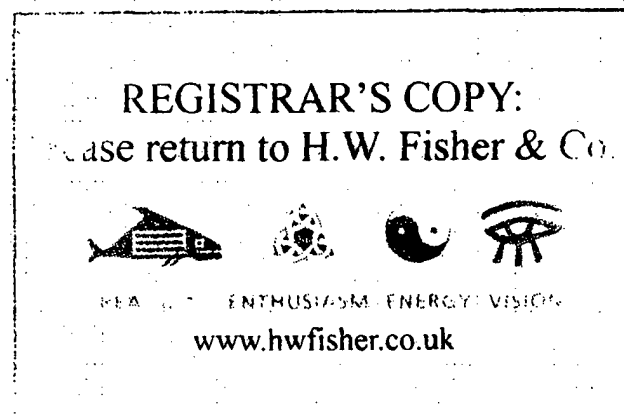


British Toy & Hobby Association

Report & Accounts 2013



Play – Nature’s classroom

The BTHA runs the Make Time 2 Play campaign to encourage parents and opinion formers to think about the important role of play in children’s lives and in their development, rather than as something they do outside the “learning” parts of the day.

Children, like most infant animals, learn the skills they will need as they grow up during their playtime.

As well as being fun, play teaches children to:

- **Communicate better**
- **Learn social skills**
- **Be healthy**
- **Understand risk and boundaries**
- **Expand their horizons and learn about the world around them**
- **Develop imagination and creativity.**

Research shows that toys are important tools, enabling children to have fun whilst developing these important skills for life. Toys act as catalysts that encourage children to play and keep children playing for longer. So, throughout this year’s annual report we are celebrating play as a natural way for all animals to grow. You will see pictures throughout the report that highlight the role of play and toys in helping infant animals to learn and grow whilst having fun.

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Chairman's statement

As my Chairmanship of the BTHA nears the end of its term in June 2014, I would like to take this opportunity to thank the members of the Association and the BTHA's various officers and committees for their steadfast support throughout my term of office. I have enjoyed my time as Chairman of your Association and am delighted that my successor is Phil Ratcliffe, who has been both an excellent Vice-Chairman and a driving force behind the Make Time 2 Play campaign.

2013 once again provided challenging economic conditions for the sector. The data from the NPD Group in relation to toys demonstrated another resilient performance when compared to many other industry sectors, although the UK market experienced a flat year in terms of growth compared to 2012.

Another good performance in investments under management in 2013 was seen. The Association's overall financial performance was a good one, with increased space taken by exhibitors at the annual Toy Fair® in the year of its sixtieth anniversary. The Association undertook a variety of planned activities on behalf of members and in many cases at lower expenditure than budgeted.

The Toy Fair® enjoyed its fourth year at Olympia at the start of 2013, the sixtieth such gathering for the industry in the UK. The Fair proved popular with both exhibitors and visitors, with increased space taken in the Upper West Hall complementing the full space downstairs at the venue. The annual Awards night at Toy Fair was also held at Olympia as a one-time event. Thanks again should go to the Toy Fair Committee and staff of the BTHA – and to all the Fair's visitors and

exhibitors for making the event such an enormous success.

The range of issues that challenge members' abilities to conduct their business continues to grow and it is a key role of the Association to assist in tackling those. The Association endeavours to stay ahead of the curve on issues of general importance to members and continues to provide lobbying and guidance support for members of all sizes. Activities have again focused on product safety, environmental issues, ethics in manufacturing, the marketing of products and issues of trade concern. Information on BTHA activities is given in the Report of the Council in this Annual Report – which I commend to you for a summary of the wide range of topics addressed by your Association in 2013.

In the field of toy safety in particular, great strides were taken in 2013 in what was always going to be a very tough year for all companies in the sector, with the adoption into law of the chemical requirements of the Toy Safety Directive 2009/48/EC across the European Union. Through the skill of the Technical Committee of the BTHA and judicious planning, several new services were launched to assist members – to help members to target test higher risk areas and to help reduce costs in proving conformity when working through the new chemical requirements. Notable amongst the various guidance documents and services to members in respect of toy safety was the launch of the Toyograph®, in association with Bureau Veritas – a tool which allows the assessment of individual materials used in a toy and indicates the likelihood of the presence of substances above legislative and/or safety limits. I would like to thank all

those involved in the development of this excellent tool as well as the wider Technical Committee for their skill and dedication.

I would also like to thank all the committees that work on behalf of the membership under the auspices of the BTHA. The Charity, Sustainability, Technical, Public Relations and Toy Fair committees have worked hard on members' behalf throughout 2013. Once again the Toy Trust has raised an incredible sum in 2013 and disbursed over £300,000 to deserving children's charities in the UK and overseas. The generosity and assistance received from all quarters of the sector is very much appreciated.

Last but by no means least, I would like to thank all our members for their support in 2013. There was once again no increase in the rates for membership of this Association in 2013, to reflect the challenging economic circumstances. I trust you will agree that the work of the BTHA across its many fields of operation continues to deliver a vital service to you the members. That work will continue in the year of the Association's 70th anniversary, 2014.



Frank Martin
Chairman, 13 May 2014

Report of the Council

to be presented at the 70th Annual General Meeting

Mission Statement

To promote best practice and excellence in all aspects of product design, toy safety, ethical manufacturing, environmental issues and responsible marketing 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 2013 show a profit of £561,446 compared with a profit of £233,293 in the previous year. Ordinary activities of the Association in 2013 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 including the Make Time 2 Play campaign. The annual Toy Fair® at Olympia expanded further into the balcony area to occupy additional space and accommodate more exhibitors and in the year of its 60th anniversary held the annual Awards night at Olympia in conjunction with the Toy Retailers Association.

Charitable contributions

During the year the Association made charitable donations of £23,600 to the Toy Trust (2012: £50,660 in charitable donations).

Directors

The directors are listed on page eight. During the year Nick Austin resigned from Council. Neil Bandtock was

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.

Main activities of the BTHA in 2013

The BTHA has had a busy year in 2013, a year which has proven to be as challenging as ever for our members. Members are under considerable commercial pressure in a tough market with increasing costs for materials, safety and other regulatory and best practice costs.

The role of the BTHA remains to help and protect members' interests in all areas of the toy business, to continue to lead in areas of best practice for our membership of approximately 150 reputable toy companies and to highlight the unfair competitive advantages of those companies outside membership that have no intention of making good quality, safe, and legal products. The British Toy and Hobby Association is proud to represent responsible, ethical and caring toy industry companies.

As an Association we try to alleviate some of these pressures by helping members with advice, guidance, tools and lobbying to try to reduce the burden on individual companies. In 2013 we have been active in a number of key areas.

Toy Safety

The first, and most important area of work for the BTHA is in the area of toy safety. 2013 was another very challenging year in the world of toy safety. The chemical requirements, of the Toy Safety Directive 2009/48/EC, came into force on 20th July 2013. These changes were even more exigent than those that came into force during 2011.

All toy safety standards related to chemicals were updated including a new EN71-3 migration of certain elements. Further restrictions exist within the Directive only, including those for CMR chemicals and certain fragrance ingredients.

Further restrictions will be published under Appendix C of the Directive, which restricts chemicals for toys intended to be placed in the mouth or for children less than three years old. The focus on chemical and substance content within toy materials means that the methods of assessing and proving compliance of toys will have to change. An increased focus on the actual substance content of materials resulted in the development and launch of a new BTHA toolkit, called the Toyograph®, produced in conjunction with Bureau Veritas.

The Toyograph® is a free service to full members and allows the assessment of individual materials used in a toy and indicates the likelihood of the presence of substances above legislative and/or safety limits. The aim is to assist members in targeting higher risk materials, thereby alleviating full material testing and also mitigating much higher costs in proving conformity.

In addition new guidance for REACH substances of very high concern (SVHC) has been developed which categorises each SVHC as high, medium or low risk for typical toy industry materials.

To support the substances work even further, a free BTHA subscription to Chemtrac has been launched. Chemtrac lists more than 150,000 substances plus their related restrictions and legislative categorisations. Members can search by substance or restriction (including Toy Safety Standard restrictions and NGO listings from around the world). Users can also view a bespoke BTHA "watch list" of possible future restricted substances to plan toy line development with a long-term view of potential upcoming issues and restrictions.

The BS Online standards service to members continued to ensure full members had free viewing access to 175 of the latest toy and related standards to help them keep up to date with changing standards.

The Technical Committee work has been revised to concentrate on three main documents: Safety Standards Developments; Directives and Regulations Development; and chemical issues. These documents have focused efforts towards key activities and summaries are published online for members to view.

During 2013 we have been discussing the possibility of a Primary Authority agreement between the BTHA and Trading Standards. This will hopefully lead to the "assured" status of our guidance documents giving participating members legal certainty that they comply with the legislation

if they are following the guidance content. It is hoped this will be finalised in the first part of 2014.

European toy safety legislation is some of the toughest – covering any consumer products – in the world, and needs expertise to be able to conform. Many members have their own toy safety experts in-house and the BTHA has four safety consultants and the expertise of the wider industry technical experts as part of the Technical Committee. As an association we work together with members to produce advice and guidance for members which we often share with the wider industry so that we are all working towards the same interpretation and understanding of the toy safety regulations. The valuable work of the Toy Safety Team and Technical Committee will continue in 2014 to aid members in this difficult but crucial area of the toy business.

Public Relations

The BTHA has an active role in defending and positively representing its members in areas of importance such as environmental practices, ethical trading and responsible marketing and communications with children and their families. 2013 has been a busy year on each of these topics and the BTHA will continue to lobby for fair and balanced discussions on these topics throughout 2014.

The Association tries to lead the industry, where necessary, towards best practice either by developing tools and advice for members or by working with other organisations to help members. In 2013 the BTHA has been developing best practice, advice and guidance on sustainable practices which has been added to the website. This will continue

throughout 2014 in order to support the many examples of good practice that members are currently achieving in the area of environmental sustainability. Key to this will be case studies from members themselves on projects they have implemented on a company by company basis. In discussions throughout 2013 it has become apparent that many members have implemented environmental savings and projects within their organisations and many have shown a willingness to share these with the wider membership for others to learn from and to collate a "collective" experience of environmental projects and savings.

The BTHA has continued to run the proactive play campaign Make Time 2 Play with support from members and media organisations. Play is an important part of child development, helping children to learn the skills they will need in later life. Toys act as the tools that help children to learn, increasing the time that children spend playing, and acting as a catalyst to promote different types of play. The campaign promotes children having a balanced play diet to help them develop as wide a range of skills as possible with a little of different types of play scattered throughout the day and the week. The Make Time 2 Play campaign aims to explain the many benefits that play has and gives parents play ideas to fill playtime easily and to encourage a diversity of play experiences.

Play is such a natural way for all young animals – including humans! – to learn the skills they need for life that we have celebrated play throughout the animal kingdom in the photographs chosen for this year's annual report. Members of the British Toy and Hobby

Association see themselves and their products within this important context and take seriously their responsibility to make high quality toys that can help children to develop the skills they need whilst having lots of fun. In 2013 the campaign examined the role of play in positively influencing children's attitudes to their body image and launched a paper examining the positive role of play and active play for children in this area of concern. The research showed that play can help children to build the foundations of confidence and resilience to better cope with societal pressures to conform to certain images later in life. Active play in particular can have a positive role in establishing more healthy bodies and more resilient minds which contribute to children being more confident and able to cope with peer and societal pressures as they grow up. The campaign has adverts running on children's channels thanks to the support of the media partners who give this time for free and has a dedicated website, Facebook page and Twitter feed which all reflect the many benefits that play has for children's development. In 2014 the adverts will also be shown in cinemas. There is also a useful free app for parents to download for hundreds of free play ideas to fill children's time. The campaign will continue with new adverts and an updated website in 2014.

Toy Fair®

Of course an important part of the core work of the BTHA is the organisation of the Toy Fair and Toy Industry Awards in January of each year.

The Toy Fair celebrated its 60th anniversary in 2013. The Toy Fair

expanded into the newly created Upper West Hall with some space held back for a bespoke space for the Industry Awards to be held onsite at Olympia. The space made available for the exhibition sold out in November and for the anniversary year a new feature – Toy Fair TV – was added to the show. Toy Fair TV was beamed across the show on screens located in lounges and information areas and streamed through the Toy Fair website. Two professional children's presenters visited stands, filmed across the Fair and worked with children testing out toys in the Demonstration Zone which created additional buzz and excitement for the Fair. Overall feedback from visitors and exhibitors was extremely positive and a great start to an otherwise difficult trading year.

University design students were again 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. Inviting such creative students to the Fair has been popular with many as it enables the toy industry to nurture creativity and talent in the toymakers of the future.

The BTHA once again joined forces with the Toy Retailers Association to stage the annual Awards evening with a new networking format and venue. For one year only the event was held in a bespoke space in the hall at Olympia and guests mingled with drinks and bowl-food before the ceremony. A series of awards was presented including the prestigious Toy Retailer of the Year and Toy of the Year Awards.

International Activities

The BTHA is an active member of Toy Industries of Europe (TIE). It works on providing information and guidance to the various European institutions in Brussels and beyond with other toy trade associations and direct member companies across a panoply of issues of importance to the sector.

These issues include toy safety, the fight against counterfeiting, matters relating to the environment, 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 2013 to share best practice from around the world. ICTI's membership includes toy trade associations from across the globe.

Charity – The Toy Trust

The industry helped to raise more than £280,000 in 2013, with more than £300,000 being disbursed throughout the year. The Special Bikes for Special Kids bike ride in June 2013 raised £153,000 of which £90,000 was pledged to providing special needs tricycles to over 80 children with disabilities. The children, for various reasons, are unable to ride normal bicycles but by providing these specialised trikes the children have independent movement and improved quality of life. As well as the main beneficiary the money helped more than 70 charities throughout 2013.

Other annual events that helped to further funds included the Golf Day, the Christmas card initiative, the Hasbro 7-a-side football tournament, the Media Auction and individual events by members and member companies.

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 newflashes and website. Towards the end of 2013 a lightbox of images to illustrate where the Toy Trust funds have been spent was added to the website and will be updated with images throughout 2014. More details on where the money has been spent can be found at <http://www.btha.co.uk/toy-trust/recipients/>.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Council
R Earl, Secretary
13 May 2014

Notice of Annual General Meeting

to the members of the British Toy and Hobby Association Limited

Notice is hereby given that the Seventieth 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 25th June 2014, to transact the following business:

1. To receive the Report and Accounts for the year ended 31 December 2013.
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:

Mrs R Bayles
(Bandai UK Limited)

Mr J Burnie
(Independent Quality Solutions Limited)

Mr G Canning
(Vtech Electronics Europe PLC)

Mrs A Chapman
(The Walt Disney Company Ltd)

Mr J Diver
(Character Group PLC)

Mr C Spalding
(HTI)

They are eligible and stand for re-election.

The following are the names of the members of Council – who were appointed to Council during the year before the AGM in 2014, following the Council's decision to reduce the number of Council members to twenty one – and whose names are therefore submitted for re-election in accordance with Article 31:

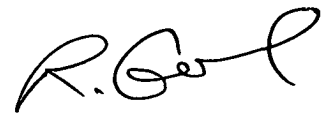
Mr R Keel
(Keel Toys)

Mr C Wooster
(Famosa)

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."

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. To transact any other business.



By Order of the Council
R Earl
Secretary
13 May 2014

The Council Officers & Advisers

President Clive Jones
 Chairman Frank Martin
 Vice-President Kevin Jones
 Vice-Chairman Phil Ratcliffe

Nick Austin (resigned 18 December 2013)
 Neil Bandtock (appointed 18 December 2013 and
 resigned 20 March 2014)

Rosie Bayles
 Peter Brown
 Jerry Burnie
 Graham Canning
 Paul Cassidy
 Anna Chapman

Andrew Coplestone (resigned 20 March 2014)

Jon Diver
 Roger Dyson
 Dominic Geddes
 Kai Hawaleschka
 Andrew Laughton
 Christine Nicholls
 Foye Pascoe
 Chris Spalding
 John Stewart
 Fiona Wright

Director General/Secretary Roland Earl

Registered Office 80 Camberwell Road
 London SE5 0EG

Registered Number 388895

Registered Auditor H W Fisher & Company
 Acre House
 11-15 William Road
 London NW1 3ER

Bankers Barclays Commercial Bank
 Level 25
 1 Churchill Place
 London E14 5HP

Solicitors DLA Piper UK LLP
 Princes Exchange
 Princes Square
 Leeds LS1 4BY

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 2013 set out on pages 10 to 18. 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 3, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 Report of the Council 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.
- the directors were not entitled to take advantage of the small companies' exemption from preparing a strategic report and in preparing the directors' report.

Andrew Rich
(Senior Statutory Auditor)
for and on behalf of H W Fisher & Company, Chartered Accountants,
Statutory Auditor, Acre House,
11-15 William Road, London,
United Kingdom NW1 3ER
Dated: 13 May 2014

Accounts

for the year ended 31 December 2013

Consolidated income and expenditure account for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	2,125,883	1,980,826
Cost of sales	2	(831,377)	(730,048)
Gross profit		1,294,506	1,250,778
Administrative expenses		(1,243,935)	(1,361,832)
Operating surplus / deficit	3	50,571	(111,054)
Provisions released on investments	6	58,062	90,716
Other income	7	452,813	253,631
Surplus on ordinary activities before taxation		561,446	233,293
Tax charge on surplus on ordinary activities	8	–	–
Surplus retained for the year	16/19	561,446	233,293

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 2013

	2013 £	2012 £
Surplus for the financial year	561,446	233,293
Unrealised surplus on revaluation of property	–	86,000
Total recognised surpluses and deficits relating to the year	561,446	319,293

Note of historical cost surpluses and deficits for the year ended 31 December 2013

	2013 £	2012 £
Reported surplus on ordinary activities before taxation	561,446	233,293
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	37,730	9,940
Historical cost surplus on ordinary activities before taxation	599,176	243,233
Historical cost surplus for the year after taxation	599,176	243,233

Consolidated balance sheet at 31 December 2013

Company Registration No 0388895 (England & Wales)

	Notes	2013 £	2012 £ Restated
Fixed assets			
Tangible assets	10	642,912	661,471
Listed Investment	12	3,218,980	3,794,250
		<u>3,861,892</u>	<u>4,455,721</u>
Current assets			
Debtors	13	674,712	520,159
Deposits		219,905	415,521
Cash at bank and in hand		3,233,574	1,791,440
		<u>4,128,191</u>	<u>2,727,120</u>
Creditors: amounts falling due within one year	14	(2,198,405)	(1,952,609)
Net current assets		<u>1,929,786</u>	<u>774,511</u>
Total assets less current liabilities		<u>5,791,678</u>	<u>5,230,232</u>
Reserves			
Income and expenditure account	16	5,179,408	4,580,232
Revaluation reserve	17	612,270	650,000
Members' funds	19	<u>5,791,678</u>	<u>5,230,232</u>

The financial statements were approved by the board of directors on 20 March 2014 and were signed on its behalf by Frank Martin

Company balance sheet at 31 December 2013

Company Registration No 0388895 (England & Wales)

	Notes	2013 £	2012 £ Restated
Fixed assets			
Tangible assets	10	642,912	661,471
Investments	11	200	200
Listed Investments	12	3,218,980	3,794,250
		<u>3,862,092</u>	<u>4,455,921</u>
Current assets			
Debtors	13	674,712	520,159
Deposits		219,905	415,521
Cash at bank and in hand		3,233,574	1,791,440
		<u>4,128,191</u>	<u>2,727,120</u>
Creditors: amounts falling due within one year	14	(3,014,540)	(2,768,744)
Net current assets		<u>1,113,651</u>	<u>(41,624)</u>
Total assets less current liabilities		<u>4,975,743</u>	<u>4,414,297</u>
Reserves			
Income and expenditure account	16	4,363,473	3,764,297
Revaluation reserve	17	612,270	650,000
Members' funds		<u>4,975,743</u>	<u>4,414,297</u>

The financial statements were approved by the board of directors on 20 March 2014 and were signed on its behalf by Frank Martin

Notes to the financial statements

for the year ended 31 December 2013

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 – from latest revaluation	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.

In 2013 the balance was reclassified as a fixed asset. It had previously been included in current assets, however the 2012 comparatives have been modified accordingly.

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:

	2013 £	2012 £
Toy Fair London	1,689,655	1,542,483
Members' subscriptions and other income	436,228	438,343
	<u>2,125,883</u>	<u>1,980,826</u>

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

	2013 £	2012 £
Toy Fair London	831,377	730,048
	<u>831,377</u>	<u>730,048</u>

3. Operating deficit

Operating deficit is stated after charging:

	2013 £	2012 £
Depreciation of owned assets	19,333	18,335
Auditors' remuneration	9,500	9,500

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 (2012: £38,592) 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 2013 was 9 (2012: 9) (all administrative).

	2013 £	2012 £
Aggregate gross wages and salaries	412,722	376,863
Employer's national insurance contributions	48,403	43,920
Employer's pension contributions	28,930	27,523
	<u>490,055</u>	<u>448,306</u>

6. Provisions released on investments

	2013 £	2012 £
Movement in provision for diminution in value of investments	58,062	90,716
	58,062	90,716

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 2013, being valued at below the cost price of the shares. During this year, the provision was decreased by £58,062 (2012: £90,716).

7. Other income

	2013 £	2012 £
Profit on sale of investments	298,342	91,807
Income from listed investments	126,446	138,817
Interest receivable	28,025	23,007
	452,813	253,631

8. Tax charge on surplus on ordinary activities

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

	2013 £	2012 £
Current taxation		
UK Corporation tax at 23.25% (2012: 24.5%)	–	–
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 23.25% (2012: 24.5%). The differences are explained below.

	2013 £	2012 £
Surplus on ordinary activities before taxation	561,446	233,293
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	130,536	57,150
Effects of:		
Expenses not deductible for tax purposes	6,972	13,102
Capital allowances for period reversed	3,966	3,573
Amounts charged directly to STRGL	–	(1,267)
Income from investments	(29,394)	(34,006)
Change in investment provision	(13,490)	(22,224)
Profit on sale of investments	(69,362)	(22,490)
Tax losses utilised	(29,228)	6,162
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:

	2013 £	2012 £
Holding company's surplus for the financial year	561,446	233,293

10. Tangible fixed assets

Group and company:

	Freehold property £	Furniture, fittings and office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2013	650,000	61,161	42,473	753,634
Additions	–	–	774	774
At 31 December 2013	650,000	61,161	43,247	754,408
Depreciation				
At 1 January 2013	–	52,774	39,389	92,163
Charge for the year	13,000	3,437	2,896	19,333
At 31 December 2013	13,000	56,211	42,285	111,496
Net book value				
At 31 December 2013	637,000	4,950	962	642,912
At 31 December 2012	650,000	8,387	3,084	661,471

(a) No fixed assets are held by either of the subsidiary companies.

(b) The freehold property was revalued to £650,000 by Hindwoods Hunter Payne, an independent firm of Chartered Surveyors in December 2012. 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 land and building is £103,041 and the historical net book value is £76,250.

11. Investments in subsidiaries

	Group £	2013 Company £	Group £	2012 Company £
Shares in group companies	–	200	–	200

Shares in group companies

The company had the following subsidiaries at 31 December 2013, 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. Listed investments

	2013 Group and Company £	2012 Group and Company £
Listed investments at cost	3,281,767	3,883,513
Diminution in value	(62,787)	(89,263)
	3,218,980	3,794,250
Listed investments at market value	4,984,517	5,164,045

Included in the market value above was £135,469 (2012: £141,939) relating to overseas investments.

13. Debtors

Amounts falling due within one year:

	2013 Group and Company £	2012 Group and Company £
Trade debtors	146,118	76,914
Other debtors	2,382	16,104
Prepayments (see note 1)	526,212	427,141
	674,712	520,159

14. Creditors: amounts falling due within one year

	Group	2013 Company	Group	2012 Company
	£	£	£	£
Trade creditors	90,948	90,948	25,279	25,279
Amounts owed to subsidiary companies	–	816,135	–	816,135
Other taxation and social security	234,823	234,823	211,389	211,389
Accruals and deferred income (see note 1)	1,872,634	1,872,634	1,715,941	1,715,941
	<u>2,198,405</u>	<u>3,014,540</u>	<u>1,952,609</u>	<u>2,768,744</u>

15. Provision for contingencies and liabilities

Deferred tax is calculated at 20% (2012: 23%) analysed over the following timing differences:

	2013 Group and Company £	2012 Group and Company £
Decelerated capital allowances	(814)	–
Other timing differences	(269)	(310)
Capital losses	(90,106)	(152,846)
Losses and other deductions	(74,693)	(114,816)
Unrecognised deferred tax asset	<u>165,882</u>	<u>267,972</u>
	<u>–</u>	<u>–</u>

Deferred tax assets have not been recognised in these accounts because there is insufficient certainty over their recoverability.

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 20% (2012: 23%) and is estimated at £61,660 (2012: £75,866) which would be covered by available capital losses.

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 2013	3,764,297	815,935	4,580,232
Surplus for the year	561,446	–	561,446
Transfer from revaluation reserve	37,730	–	37,730
At 31 December 2013	4,363,473	815,935	5,179,408

17. Revaluation reserve

	Group and Company £
At 1 January 2013	650,000
Historical transfer of depreciation from income and expenditure account	(26,791)
Current transfer to income and expenditure account	(10,939)
At 31 December 2013	612,270

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 £28,930 (2012: £27,253).

19. Reconciliation of movements in members' funds

	2013 £	2012 £
Opening members' funds	5,230,232	4,910,939
Surplus for the financial year	561,446	233,293
Revaluation	–	86,000
Closing members' funds	5,791,678	5,230,232

20. Related party transactions

British Toy and Hobby Association Limited is a trustee of the Toy Trust and made its yearly donation to the Charity of £23,000 (2012: £50,000). Four of the trustees of the Charity also served on the Council of British Toy and Hobby Association Limited during the year.

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