

Registration number: 1118407

Christys By Design Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



Christys By Design Limited

Company Information

Directors A R Gledhill
 G C Panons

Company secretary A R Gledhill

Registered office Capitol Close
 Dodworth
 Barnsley
 South Yorkshire
 S75 3UB

Auditor Ernst & Young LLP
 400 Capability Green
 Luton
 Bedfordshire
 LU1 3LU

Christys By Design Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company is the design and sale of accessories and costumes for children's role play dress-up.

Fair review of the business

Sales and gross margin have been maintained at a similar level to the prior year with sales continuing to be driven by the popularity in licensed character sales and the growth in Halloween related products.

Overhead costs have been impacted adversely in the year by the weakening of the US Dollar resulting in an exchange loss of £269,000 (2016 - £254,000 gain), giving a £777,000 (2016 - £688,000) reduction in the profit before tax compared to the prior year. The company continues to seek like for like sales growth with existing customers, leveraging its sourcing capabilities in the Far East through focused market groups in the UK and Hong Kong. Back office support such as creditor and debtor control is provided by Amscan Asia. Costs for these services are recharged based on revenues.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2017	2016
Turnover	£000	26,109	26,868
Gross profit margin	%	26	26
Profit before tax	£000	1,950	2,727
Profit before tax - before forex movements	£000	2,219	2,473

Principal risks and uncertainties

Competitive trading risk

The company operates in a highly competitive market place particularly with regard to pricing, promotional activity and rapidly changing customer preferences. The company manages these risks by supplying stock on an FOB basis to its customers which avoids the requirement for holding stock and therefore stock obsolescence due to changing customer preferences. It also maintains strong relationships with its suppliers which assists in managing price fluctuations.

Credit risk

The company trades only with recognised, credit worthy third parties. All customers who wish to trade on credit terms are subject to credit verification procedures. Receivables balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Foreign exchange risk

The company's transactions are predominantly in Sterling, and US Dollar and the company is therefore exposed to the movement in foreign exchange rates. The company seeks to mitigate its exposure by undertaking most of its purchases in US Dollar and supplying to its customers primarily in US Dollar FOB.

Christys By Design Limited

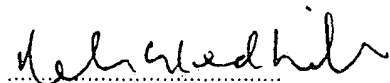
Strategic Report for the Year Ended 31 December 2017 (continued)

Principal risks and uncertainties (continued)

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and monitoring projected future cash flows. Short term liquidity needs are met through an agreed bank facility or through inter-group funding when necessary. The company's exposure to liquidity risk and interest rate movements is considered to be low.

Approved by the Board on 26.9.18 and signed on its behalf by:



A R Gledhill
Director

Christys By Design Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors of the company

The directors who held office during the year were as follows:

A R Gledhill

C Leaf (resigned 22 August 2017)

G A Melnick (appointed 22 August 2017 and resigned 31 August 2018)

G C Panons

Future developments

The directors do not anticipate any significant changes in the principal activities of the company in the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend (2016 - £nil).

Going concern

The directors have considered the appropriateness of preparing the financial statements on a going concern basis. The directors have received notice from Party City Holdings Inc. that it will continue to support the operational needs of the company for a period of at least 12 months from the date of signing these financial statements. After making such enquiries as the directors consider necessary, the directors have concluded that there is a reasonable expectation that the company has adequate resources to continue for the foreseeable future. Therefore, the directors have adopted a going concern basis in the preparation of the financial statements for the year.

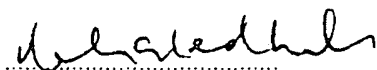
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware of.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 26.9.18 and signed on its behalf by:



A R Gledhill
Director

Christys By Design Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Christys By Design Limited

Opinion

We have audited the financial statements of Christys By Design Limited (the 'company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Christys By Design Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

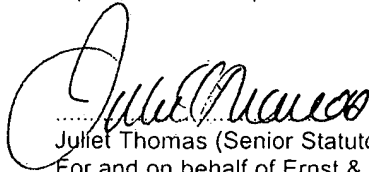
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

Independent Auditor's Report to the Members of Christys By Design Limited (continued)

Use of our report

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Juliet Thomas (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 27 SEP 2018

Christys By Design Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Turnover	3	26,109	26,868
Cost of sales		<u>(19,344)</u>	<u>(19,897)</u>
Gross profit		6,765	6,971
Distribution costs		(765)	(825)
Administrative expenses		<u>(4,057)</u>	<u>(3,418)</u>
Operating profit	4	1,943	2,728
Other interest receivable and similar income	9	7	-
Interest payable and similar expenses	8	<u>-</u>	<u>(1)</u>
Profit before tax		1,950	2,727
Taxation	10	<u>(155)</u>	<u>(271)</u>
Profit for the financial year		<u>1,795</u>	<u>2,456</u>

The above results were derived from continuing operations.

Christys By Design Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017 £ 000	2016 £ 000
Profit for the year	1,795	2,456
Foreign currency (losses)/gains	<u>(1,519)</u>	<u>1,670</u>
Total comprehensive income for the year	<u>276</u>	<u>4,126</u>

Christys By Design Limited

(Registration number: 1118407)

Balance Sheet as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	11	42	67
Current assets			
Stocks	12	36	16
Debtors	13	19,535	18,434
Cash at bank and in hand		3,080	3,219
		22,651	21,669
Creditors: Amounts falling due within one year	14	(5,115)	(4,434)
Net current assets		17,536	17,235
Net assets		17,578	17,302
Capital and reserves			
Called up share capital	15	755	755
Other reserves	16	15,933	15,933
Profit and loss account	16	890	614
Total equity		17,578	17,302

The financial statements were approved and authorised by the Board on 26.9.18 and signed on its behalf by:



A R Gledhill
Director

Christys By Design Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £ 000	Other reserves - capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	755	15,933	614	17,302
Profit for the year	-	-	1,795	1,795
Other comprehensive income	-	-	(1,519)	(1,519)
At 31 December 2017	<u>755</u>	<u>15,933</u>	<u>890</u>	<u>17,578</u>

	Share capital £ 000	Other reserves - capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	755	15,933	(3,512)	13,176
Profit for the year	-	-	2,456	2,456
Other comprehensive income	-	-	1,670	1,670
At 31 December 2016	<u>755</u>	<u>15,933</u>	<u>614</u>	<u>17,302</u>

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Capitol Close
Dodworth
Barnsley
South Yorkshire
S75 3UB

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102').

Basis of preparation

These financial statements were prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, including FRS 102, and with the Companies Act 2006. These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in pound sterling and rounded to thousands.

The company's functional currency is the US dollars, which is the currency of the primary economic environment in which the company operates. The results of the company are translated into the presentational currency of the pound sterling in accordance with the 'Foreign currency transactions and balances' accounting policy below.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The only significant area of estimation for the company is the expected future cash flows applied in measuring the impairment of debtors.

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of the exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from disclosing the company key management personnel compensation;
- from disclosing transactions with other wholly owned entities for the period that they form part of the same group;
- from preparing a statement of cash flows and the related notes on the basis that it is a qualifying entity and its ultimate parent company, Party City Holdco Inc., includes the company's cash flows in its own consolidated financial statements; and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, including:
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to management of financial risks.

Name of parent of group

These financial statements are consolidated in the financial statements of Party City Holdco Inc..

The financial statements of Party City Holdco Inc. may be obtained from 80 Grasslands Road, Elmford, New York 10523.

Going concern

The directors have considered the appropriateness of preparing the financial statements on a going concern basis. The directors have received notice from Party City Holdings Inc. that it will continue to support the operational needs of the company for a period of at least 12 months from the date of signing these financial statements. After making such enquiries as the directors consider necessary, the directors have concluded that there is a reasonable expectation that the company has adequate resources to continue for the foreseeable future. Therefore, the directors have adopted a going concern basis in the preparation of the financial statements for the year.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be reliably measured; (d) it is probable that future economic benefits will flow to the entity; and (e) specific criteria have been met for the company's activities.

For the sale of goods, revenue is normally recognised upon dispatch of the goods.

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

The trading results of the company are translated to the company's presentational currency as follows:

- assets and liabilities for each balance sheet item are translated at the closing rate at the date of the balance sheet;
- income and expenses in the profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Tax

The tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	5 to 10 years straight line basis
Fixtures, fittings and office equipment	3 to 10 years straight line basis

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Impairment of assets

At each reporting date non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is

lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the a weighted average purchase cost.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017 £ 000	2016 £ 000
Sale of goods	<u>26,109</u>	<u>26,868</u>

The analysis of the company's revenue for the year by market is as follows:

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Turnover (continued)

	2017 £ 000	2016 £ 000
UK	23,819	23,658
Europe	1,482	1,780
Rest of world	808	1,430
	<u>26,109</u>	<u>26,868</u>

4 Operating profit

Arrived at after charging/(crediting)

	2017 £ 000	2016 £ 000
Depreciation expense	31	24
Foreign exchange losses/(gains)	269	(254)
Operating lease expense - property	216	216
Operating lease expense - plant and machinery	<u>9</u>	<u>8</u>

5 Auditor's remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	<u>79</u>	<u>84</u>
Other fees to auditor		
Taxation compliance services	<u>4</u>	<u>4</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £ 000	2016 £ 000
Wages and salaries	889	840
Social security costs	85	65
Pension costs, defined contribution scheme	<u>80</u>	<u>69</u>
	<u>1,054</u>	<u>974</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

6 Staff costs (continued)

	2017 No.	2016 No.
Sales and administration	<u>32</u>	<u>32</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Remuneration	113	124
Contributions paid to money purchase schemes	<u>11</u>	<u>11</u>
	<u>124</u>	<u>135</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2017 No.	2016 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

Directors' emoluments for certain directors have been borne by another group company. These directors are also directors or officers of a number of companies within the Party City Group. The emoluments above represent the directors' assessment of the remuneration they have received from other group companies in respect of their directors' services to this company.

8 Interest payable and similar expenses

	2017 £ 000	2016 £ 000
Interest on bank overdrafts and borrowings	<u>-</u>	<u>1</u>

9 Other interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest income on bank deposits	<u>7</u>	<u>-</u>

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Taxation

Tax charged/(credited) in the income statement

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	108	-
Deferred taxation		
Arising from origination and reversal of timing differences	47	271
Tax expense in the income statement	155	271

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	1,950	2,727
Corporation tax at standard rate	375	545
Decrease from tax losses utilised	(143)	(548)
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	(62)	271
Tax (decrease)/increase from effect of capital allowances and depreciation	(11)	5
Tax decrease from other short-term timing differences	(4)	(2)
Total tax charge	155	271

Deferred tax

Deferred tax assets and liabilities

2017	Asset £ 000
Tax losses available	-
Accelerated tax depreciation	62
	62

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Taxation (continued)

2016	Asset £ 000
Tax losses available	109
Accelerated tax depreciation	-
	<u>109</u>

There are £Nil of unused tax losses (2016 - £130,000) and for which no deferred tax asset is recognised in the Balance Sheet.

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £14,000 (2016 - £109,000).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

11 Tangible assets

	Fixtures, fittings and office equipment £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 1 January 2017	406	14	420
Additions	6	-	6
At 31 December 2017	412	14	426
Depreciation			
At 1 January 2017	339	14	353
Charge for the year	31	-	31
At 31 December 2017	370	14	384
Carrying amount			
At 31 December 2017	42	-	42
At 31 December 2016	67	-	67

12 Stocks

	2017 £ 000	2016 £ 000
Finished goods and goods for resale	36	16

The cost of stocks recognised as an expense in the year amounted to £19,498,000 (2016 - £19,831,000).

The amount of impairment loss included in the profit and loss account is a reversal of £228,000 (2016 - charge of £141,000).

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

13 Debtors

	Note	2017 £ 000	2016 £ 000
Trade debtors		5,744	5,697
Amounts owed by group undertakings		13,609	12,562
Other debtors		64	11
Prepayments		56	55
Deferred tax assets	10	62	109
		<u>19,535</u>	<u>18,434</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade debtors are stated after provisions for impairment of £nil (2016 - £nil).

14 Creditors

	2017 £ 000	2016 £ 000
Due within one year		
Trade creditors	4,350	3,755
Amounts due to group undertakings	170	95
Social security and other taxes	8	39
Outstanding defined contribution pension costs	-	15
Accruals	479	530
Corporation tax liability	108	-
	<u>5,115</u>	<u>4,434</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>755</u>	<u>755</u>	<u>755</u>	<u>755</u>

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

15 Share capital (continued)

Rights, preferences and restrictions

There are no restrictions on the distribution of dividends and the repayment of capital.

16 Reserves

Called up share capital

Called-up share capital represents the nominal value of shares that have been issued.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

Capital contribution

The capital contribution is non-returnable capital contribution received from Party City Holdings Inc. This amount is distributable in future periods, subject to the provisions of the Companies Act 2006.

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2017 £ 000	2016 £ 000
Not later than one year	230	204
Later than one year and not later than five years	730	749
Later than five years	-	160
	<u>960</u>	<u>1,113</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £225,000 (2016 - £224,000).

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £80,000 (2016 - £69,000).

Contributions totalling £Nil (2016 - £15,000) were payable to the scheme at the end of the year and are included in creditors.

Christys By Design Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

19 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

20 Parent and ultimate parent undertaking

The company's immediate parent is Party City Holdings Inc., incorporated in the United States.

The ultimate parent is Party City Holdco Inc., incorporated in the United States.

The most senior parent entity producing publicly available financial statements is Party City Holdco Inc. These financial statements are available upon request from 80 Grasslands Road, Elmford, New York 10523.

The ultimate controlling party is Thomas H Lee Partners LP.



The Registrar of Companies
Companies House
Crown Way
Maindy
Cardiff CF14 3UZ

27th September 2018

Dear Sir

Company Name Christy Dressup Limited

Company No: 01468380

On behalf of the above named company please find enclosed financial statements for the year ended 31 December 2017.

We should be grateful if you would acknowledge receipt of this document by signing and returning the enclosed copy of this letter to us in the envelope provided.

Yours faithfully

David Cockfield

Financial Controller