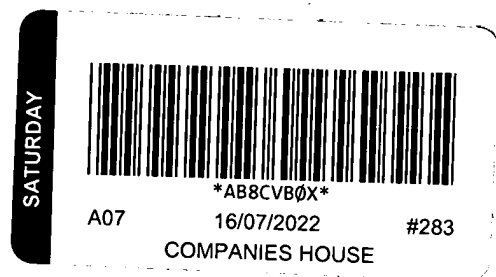


Registration number: 01118407

Christys By Design Limited

Report and Financial Statements

for the year ended 31 December 2021



Christys By Design Limited
Registration number :01118407

Company Information

Directors G C Panons
A R Gledhill

Company secretary A R Gledhill

Registered office The Christy Group
Capitol Close
Capital Park
Barnsley
South Yorkshire
S75 3UB

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

Christys By Design Limited
Registration number :01118407

Strategic Report

for the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activity

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

Review of the business

During the year the company was acquired by Summerhouse Bidco Limited, a UK company which is part of the newly formed "Amscan International group", from Party City Holdings Inc. Consequently, with effect from 31 January 2021 the ultimate parent undertaking became Summerhouse Topco Limited.

Sales in the year declined by 31% due to the COVID-19 pandemic. The gross margin increased from 22% to 24% due to the close control of product costs. Operating expenses fell by 25% due to measures taken to mitigate the impact of the pandemic. The loss before tax reflects a £594,000 decrease on the prior year to a loss of £287,000 which is predominantly due to the fall in sales, and the recognition of an impairment against a receivables of £487,000 from a fellow subsidiary undertaking which is currently non-trading.

The directors are optimistic about the future outlook of the business despite the continuing competitive market and the challenges imposed by the COVID-19 pandemic. With a strong customer base and sourcing capability the company is well placed to deliver future growth in both turnover and profit post COVID-19.

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

Financial KPIs	Unit	2021	2020
Turnover	£000	11,128	16,105
Gross profit margin	%	24	22
Operating profit before exceptional items	£000	191	309
(Loss)/profit before tax	£000	(287)	307

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.

Christys By Design Limited
Registration number :01118407

Strategic Report

for the year ended 31 December 2021 (continued)

Principal risks and uncertainties (continued)

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.

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.

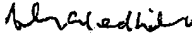
COVID-19

The COVID-19 pandemic is the defining global health crisis of generations and the greatest challenge the world has faced since WWII. Since its emergence in Asia in 2019, the virus has spread rapidly in almost all countries across the world. The pandemic has caused global social and economic disruption, as countries across the world went into lockdown. With the emergence of vaccines towards the end of 2020, many developed countries have vaccinated large portions of their populations at the time of completing this report. Like many other businesses, the company has been impacted by COVID-19.

The company has taken a number of actions to ensure the safeguarding of people as well as business continuity. These include:

- Hybrid working, as well as workplace changes such as sanitation stations and spaced out desks
- Communication of the up-to-date and relevant information about COVID-19 symptoms and disease prevention recommendations among staff. This goes further than just COVID-19 to other illnesses; and
- Mental health first-aid training and a funded employee assistance programme.

Approved by the Board on 14 July 2022 and signed on its behalf by:

DocuSigned by:

46210840820E4AA

A R Gledhill
Company secretary and director

Christys By Design Limited
Registration number :01118407

Directors' Report

for the year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors of the company

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

G C Panons

A R Gledhill - Company secretary and director

Future developments

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

Dividends

During the year the company made a distribution of £14,220,461 to Party City Holdings Inc. from the capital contribution reserve in preparation for the sale of the company to Summerhouse Bidco Limited, which took place on 31 January 2021. The directors do not recommend the payment of a final dividend (2020 - £nil).

Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the company's business activities and the principal risks and uncertainties in the context of the current operating environment. Given the company is part of the group's banking facilities, financial support has been extended to the company by the ultimate parent company, Summerhouse Topco Limited, therefore the going concern assessment has been performed at a group level. This includes the possible impacts of a further pandemic on the group's trading outlook and an assessment of its effects on the group's forecast liquidity and banking covenants.

A going concern assessment was developed on a bottom-up basis using key assumptions, the most important of which include estimates of revenues and profit and associated liquidity. Sensitivities were applied to the model in relation to a further future COVID-19 outbreak the impact of which includes depressed economic activity from causes such as further business disruption, social distancing and customer failures.

In summary, the base case financial model shows a healthy picture with strong cash generation and a significant level of headroom with regards to banking facilities and covenants. We developed an extreme but plausible "reasonable worst case" scenario reflecting further lockdowns resulting from a resurgent COVID-19 pandemic and a phased recovery from COVID-19 with the financial modelling demonstrating that the group would be able to withstand the impact of this reasonable worst-case scenario with an appropriate level of headroom with regards to banking facilities and covenants. This was before any cost mitigation or restructuring activity to mitigate these impacts.

Reverse stress testing has also been applied to the base case, which represents a significant drop in gross margin on top of the decrease in sales used in the reasonable worst case. Such a scenario, with the sequence of events which could lead to it, is considered to be unplausible and remote.

Christys By Design Limited
Registration number :01118407

Directors' Report

for the year ended 31 December 2021 (continued)

Going concern (continued)

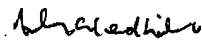
As a result of this detailed assessment, including the various scenarios and mitigating actions available to the group, and with reference to its balance sheet and existing committed facilities, whilst acknowledging the inherent uncertainty of the current economic outlook, the board has concluded that the group is able to meet its obligations when they fall due to 31 December 2023. For this reason, the company continues to adopt the going concern basis for preparing the company's financial statements. In forming this view, the board has also concluded that no material uncertainty exists in its use of the going concern basis of preparation.

Reappointment of auditor

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

Approved and authorised by the Board on 14 July 2022 and signed on its behalf by:

DocuSigned by:



.....46210840829E4AA.....

A R Gledhill

Company secretary and director

Christys By Design Limited
Registration number :01118407

Statement of Directors' Responsibilities
for the year ended 31 December 2021

The directors acknowledge their responsibilities for preparing the Strategic Report, Directors' Report and the financial statements in accordance with United Kingdom 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) including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 102, have 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

Independent Auditor's Report

to the Members of Christys By Design Limited (continued)

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 course of 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 this gives to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact..

We have nothing to report in this regard.

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 our 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 6, 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant are those that relate to the reporting framework (FRS102, the Companies Act 2006) and the relevant tax laws and regulations in the UK. In addition, the company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations and GDPR.
- We understood how Christys By Design Limited is complying with those frameworks by making enquiries of management to understand the process in place to maintain and communicate its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes, correspondence with relevant authorities and supporting documentation, and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated data analytics into our testing of manual journals and into our testing of revenue recognition. We confirmed a sample of transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of transactions.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the company;
 - Auditing the risk of management override, through testing of a sample of journal entries and other adjustments for appropriateness;
 - Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business;
 - Challenging the judgements made by management through corroborating the basis for those judgements and considering contradicting evidence; and
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>.

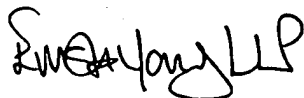
This description forms part of our auditor's report.

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

14 July 2022

Date:.....

Christys By Design Limited
Registration number :01118407

Profit and Loss Account
for the year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Turnover	3	11,128	16,105
Cost of sales		<u>(8,464)</u>	<u>(12,534)</u>
Gross profit		2,664	3,571
Distribution costs		(433)	(667)
Administrative expenses		(2,050)	(2,665)
Other operating income	4	<u>10</u>	<u>70</u>
Operating profit before exceptional items:		191	309
Exceptional item - provision against intercompany receivable		<u>(487)</u>	<u>-</u>
Operating (loss)/profit	5	(296)	309
Other interest receivable	9	13	-
Interest payable	10	<u>(4)</u>	<u>(2)</u>
(Loss)/profit before tax		(287)	307
Taxation	11	<u>(31)</u>	<u>140</u>
(Loss)/profit for the financial year		<u><u>(318)</u></u>	<u><u>447</u></u>

The above results were derived from continuing operations.

Christys By Design Limited
Registration number :01118407

Statement of Comprehensive Income
for the year ended 31 December 2021

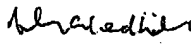
	2021 £ 000	2020 £ 000
(Loss)/profit for the year	(318)	447
Foreign currency gains/(losses)	<u>114</u>	<u>(639)</u>
Total comprehensive income for the year	(204)	(192)

Christys By Design Limited
Registration number :01118407

Balance Sheet
for the year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	12	15	11
Current assets			
Stocks	13	5	12
Debtors	14	9,183	22,869
Cash at bank and in hand		204	3,203
		<u>9,392</u>	<u>26,084</u>
Creditors: Amounts falling due within one year	16	<u>(3,735)</u>	<u>(5,999)</u>
Net current assets		<u>5,657</u>	<u>20,085</u>
Net assets		<u>5,672</u>	<u>20,096</u>
Capital and reserves			
Called up share capital	18	755	755
Other reserves	19	1,713	15,933
Profit and loss account	19	3,204	3,408
Total equity		<u>5,672</u>	<u>20,096</u>

The financial statements were approved and authorised by the Board on 14 July 2022 and signed on its behalf by:

DocuSigned by:

48210840029EAAA.....
 A R Gledhill
 Company secretary and director

Christys By Design Limited
Registration number :01118407

Statement of Changes in Equity
for the year ended 31 December 2021

	Note	Share capital £ 000	Other reserves - capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021		755	15,933	3,408	20,096
Loss for the year		-	-	(318)	(318)
Other comprehensive income		-	-	114	114
Dividends	22	-	(14,220)	-	(14,220)
At 31 December 2021		<u>755</u>	<u>1,713</u>	<u>3,204</u>	<u>5,672</u>

		Share capital £ 000	Other reserves - capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020		755	15,933	3,600	20,288
Profit for the year		-	-	447	447
Other comprehensive income		-	-	(639)	(639)
At 31 December 2020		<u>755</u>	<u>15,933</u>	<u>3,408</u>	<u>20,096</u>

Christys By Design Limited
Registration number :01118407

Notes to the Financial Statements

for the year ended 31 December 2021

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:

The Christy Group
Capitol Close
Capital Park
Barnsley
South Yorkshire
S75 3UB
United Kingdom

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.

Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the company's business activities and the principal risks and uncertainties in the context of the current operating environment. Given the company is part of the group's banking facilities, financial support has been extended to the company by the ultimate parent company, Summerhouse Topco Limited, therefore the going concern assessment has been performed at a group level. This includes the possible impacts of a further pandemic on the group's trading outlook and an assessment of its effects on the group's forecast liquidity and banking covenants.

Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)**Going concern (continued)**

A going concern assessment was developed on a bottom-up basis using key assumptions, the most important of which include estimates of revenues and profit and associated liquidity. Sensitivities were applied to the model in relation to a further future COVID-19 outbreak the impact of which includes depressed economic activity from causes such as further business disruption, social distancing and customer failures.

In summary, the base case financial model shows a healthy picture with strong cash generation and a significant level of headroom with regards to banking facilities and covenants. We developed an extreme but plausible "reasonable worst case" scenario reflecting further lockdowns resulting from a resurgent COVID-19 pandemic and a phased recovery from COVID-19 with the financial modelling demonstrating that the group would be able to withstand the impact of this reasonable worst-case scenario with an appropriate level of headroom with regards to banking facilities and covenants. This was before any cost mitigation or restructuring activity to mitigate these impacts.

Reverse stress testing has also been applied to the base case, which represents a significant drop in gross margin on top of the decrease in sales used in the reasonable worst case. Such a scenario, with the sequence of events which could lead to it, is considered to be unplausible and remote.

As a result of this detailed assessment, including the various scenarios and mitigating actions available to the group, and with reference to its balance sheet and existing committed facilities, whilst acknowledging the inherent uncertainty of the current economic outlook, the board has concluded that the group is able to meet its obligations when they fall due to 31 December 2023. For this reason, the company continues to adopt the going concern basis for preparing the company's financial statements. In forming this view, the board has also concluded that no material uncertainty exists in its use of the going concern basis of preparation.

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 directors conclude that there are no significant estimates made in the financial statements.

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 parent company, Summerhouse Topco Limited, includes the company's cash flows in its own consolidated financial statements; and

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

- 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 Summerhouse Topco Limited

The financial statements of Summerhouse Topco Limited may be obtained from Brudenell Drive, Brinklow, Milton Keynes, England, MK10 0DA

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.

Government grants

Government grants relating to the Coronavirus Job Retention Scheme (CJRS) have been received during the current and prior year in respect of employee costs incurred for furloughed staff. The grants have been recognised as income of the company based on an accruals model. Grants related to income are presented as part of profit or loss as 'Other income'

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:

Notes to the Financial Statements
*for the year ended 31 December 2021 (continued)***2 Accounting policies (continued)**

- 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 balance sheet 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.

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.

Notes to the Financial Statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

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.

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.

Notes to the Financial Statements
*for the year ended 31 December 2021 (continued)***2 Accounting policies (continued)****Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

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:

	2021 £ 000	2020 £ 000
Sale of goods	11,128	16,105

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Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

3 Turnover (continued)

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

	2021 £ 000	2020 £ 000
UK	10,706	15,475
Europe	417	622
Rest of world	<u>5</u>	<u>8</u>
	<u>11,128</u>	<u>16,105</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £ 000	2020 £ 000
Government grants	<u>10</u>	<u>70</u>

The company received grant income, in respect of certain furloughed employees, from the UK Government during the current and prior year under the Coronavirus Job Retention Scheme.

5 Operating (loss)/ profit

Arrived at after charging/(crediting):

	2021 £ 000	2020 £ 000
Dépreciation expense	9	16
Foreign exchange losses/(gains)	22	(25)
Operating lease expense - property	239	239
Operating lease expense - plant and machinery	4	8
Provision against intercompany receivable	<u>487</u>	<u>-</u>

During the year an exceptional charge has been recognised to fully impair an intercompany receivable balance of £487,000 in respect of a fellow group undertakings, Christy Dressup Limited, which is no longer trading. The charge has been disallowed for tax purposes.

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Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

6 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of the financial statements	<u>30</u>	<u>27</u>
Other fees to the auditor		
Audit-related assurance services	6	31
Taxation compliance services	<u>4</u>	<u>4</u>
	<u>10</u>	<u>35</u>

7 Staff costs

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

	2021 £ 000	2020 £ 000
Wages and salaries	723	912
Social security costs	89	94
Pension costs, defined contribution scheme	<u>55</u>	<u>72</u>
	<u>867</u>	<u>1,078</u>

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

	2021 No.	2020 No.
Administration and support	<u>21</u>	<u>28</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	194	86
Contributions paid to money purchase schemes	<u>4</u>	<u>7</u>
	<u>198</u>	<u>93</u>

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

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Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

8 Directors' remuneration (continued)

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	-	2

9 Other interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest income on loan to joint venture	13	-

10 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest on bank overdrafts and borrowings	4	-
Interest expense on other finance liabilities	-	2
	<u>4</u>	<u>2</u>

11 Taxation

Tax charged/(credited) in the profit and loss account:

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	34	53
UK corporation tax adjustment to prior periods	-	(197)
	<u>34</u>	<u>(144)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	8	4
Arising from changes in tax rates and laws	(11)	-
Total deferred taxation	<u>(3)</u>	<u>4</u>
Tax expense/(receipt) in the income statement	<u>31</u>	<u>(140)</u>

The tax on (loss)/profit for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

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Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

11 Taxation (continued)

	2021 £ 000	2020 £ 000
(Loss)/profit before tax	<u>(287)</u>	<u>307</u>
Corporation tax at standard rate	(55)	58
Effect of expense not deductible	94	-
UK deferred tax credit relating to changes in tax rates or laws	(11)	-
Deferred tax credit from unrecognised tax loss or credit	-	(197)
Tax decrease from effect of capital allowances and depreciation	-	(1)
Tax increase from different rates for corporation tax and deferred tax	<u>3</u>	<u>-</u>
Total tax charge/(credit)	<u>31</u>	<u>(140)</u>

The tax rate for the current period is same as the prior period.

Deferred tax

Deferred tax assets and liabilities included in the balance sheet are as follows:

2021	Asset £ 000
Accelerated tax depreciation	<u>36</u>
	36
2020	Asset £ 000
Accelerated tax depreciation	<u>33</u>
	33
	Deferred tax asset £ 000
At 1 January 2021	33
Credited to profit and loss	<u>3</u>
At 31 December 2021	<u>36</u>

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 £7,000 (2020 - £6,000).

In the Budget of March 2021, the Chancellor announced an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021 and therefore deferred tax assets and liabilities at the year end have been measured at the enacted rate of 25%.

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Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

12 Tangible assets

	Fixtures, fittings and office equipment £ 000
Cost	
At 1 January 2021	274
Additions	13
Disposals	(62)
At 31 December 2021	<u>225</u>
Depreciation	
At 1 January 2021	263
Charge for the year	9
Eliminated on disposal	(62)
At 31 December 2021	<u>210</u>
Carrying amount	
At 31 December 2021	<u>15</u>
At 31 December 2020	<u>11</u>

13 Stocks

	2021 £ 000	2020 £ 000
Finished goods and goods for resale	<u>5</u>	<u>12</u>

The amount of impairment loss included in the profit and loss account is a charge of £nil (2020 - £nil).

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Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

14 Debtors

	Note	2021 £ 000	2020 £ 000
Trade debtors		3,702	4,075
Amounts owed by group undertakings		5,012	18,633
Amounts receivable from joint ventures	23	363	-
Other debtors		17	61
Prepayments		53	34
Deferred tax assets	11	36	33
Corporation tax recoverable		-	33
		<u>9,183</u>	<u>22,869</u>

Amounts owed by group undertakings and joint ventures 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 (2020 - £89,000).

15 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	<u>204</u>	<u>3,203</u>

16 Creditors

	Note	2021 £ 000	2020 £ 000
Due within one year			
Loans and borrowings	17	576	-
Trade creditors		1,681	3,421
Amounts due to group undertakings		7	2,086
Amounts due to joint ventures	23	1,148	-
Outstanding defined contribution pension costs		2	-
Accruals		319	492
Corporation tax liability		2	-
		<u>3,735</u>	<u>5,999</u>

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

Notes to the Financial Statements*for the year ended 31 December 2021 (continued)***17 Loans and borrowings**

	Note	2021 £ 000	2020 £ 000
Current loans and borrowings			
Bank borrowings	16	<u>576</u>	<u>-</u>

On the 29 October 2021 the Summerhouse group refinanced its borrowings with PNC bank, entering into a 3 year £30m facility split into a £25m multi-currency asset-backed facility and £5m amortising term loan. Funds from this facility were utilised for the repayment of £20m of shareholder loan notes during November and December 2021.

Loan notes are secured by way of an inter-creditor agreement and cross guarantee for all group companies. The security ranks below external bank debt.

The bank loans relate to an asset-based lending facility of £25m, of which Christy by Design Limited has drawn £576,000 (2020 - £Nil) at the balance sheet date.

PNC Bank holds a fixed and floating charge over all the relevant Guarantors' (all group companies excluding Summerhouse Midco 1 Limited) undertakings and assets.

18 Share capital**Allotted, called up and fully paid shares**

	No. 000	2021 £ 000	No. 000	2020 £ 000
Ordinary shares of £1 each	<u>755</u>	<u>755</u>	<u>755</u>	<u>755</u>

19 Reserves**Called up share capital**

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

Capital contribution

The capital contribution is non-returnable capital contribution received from Party City Holdings Inc, the former parent undertaking. This amount has been distributed during the year as part of the preparation of the company's sale to Summerhouse Bidco Limited which took place in January 2021.

Profit and loss account

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

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Notes to the Financial Statements
for the year ended 31 December 2021 (continued)

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £ 000	2020 £ 000
Not later than one year	239	239
Later than one year and not later than five years	110	348
	<u>349</u>	<u>587</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £239,000 (2020 - £239,000).

21 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 £55,000 (2020 - £72,000). Contributions totalling £2,000 (2020 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

22 Dividends

In preparation for the company's sale to Summerhouse Topco Limited in January 2021, the company undertook a distribution of the capital contribution received from Party City Holdings Inc. of £14,220,461.

23 Related party transactions

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

Expenditure with and payables to related parties

2021	Joint ventures £ 000
Purchase of goods	1,186
Commissions payable	793
	<u>1,979</u>
Amounts payable to related party	<u>1,148</u>

The amounts disclosed above relate to transactions and balances with Festival S.A. and Amscan Asia Limited. These companies are fully owned subsidiaries of Amscan Summerhouse Holdings Limited, Amscan Summerhouse Holdings Limited is a 49.9% joint venture owned by Summerhouse group.

Notes to the Financial Statements
*for the year ended 31 December 2021 (continued)***23 Related party transactions (continued)**

	Joint ventures £ 000
2020	
Amounts payable to related party	-
Loans to related parties	
2021	Joint ventures £ 000
Advanced	363
Repaid	(13)
Interest transactions	13
At end of period	<u>363</u>

Terms of loans to related parties

A loan of £363,000 was advanced to joint ventures during the year. Interest is levied at 4% p.a. There are no fixed repayment terms.

24 Parent and ultimate parent undertaking

At the balance sheet date, the company's immediate parent is Summerhouse Bidco Limited, incorporated in England and Wales, and the ultimate parent is Summerhouse Topco Limited, incorporated in England and Wales.

On 31 January 2021, the company was acquired by Summerhouse Bidco Limited, a UK company which is part of the newly formed "Amscan International group", from Party City Holdings Inc. Consequently, from 31 January 2021, the ultimate parent undertaking is Summerhouse Topco Limited.

The only parent entity producing publicly available financial statements is Summerhouse Topco Limited. These financial statements are available upon request from Brudenell Drive, Brinklow, Milton Keynes, Buckinghamshire MK10 0DA. The ultimate controlling party is Endless IV (GP) LP by virtue of its shareholding.