Registration number: 01118407

Christys By Design Limited

Report and Financial Statements

for the year ended 31 December 2022

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

Strategic Report
for the year ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

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
Sales in the year increased by 49% due to a return in demand after the COVID-19 pandemic. The gross margin was unchanged at 24% due to the close control of product costs. Operating expenses increased by 14% due to the additional activity in the year. Operating profit before exceptional items reflects an improvement of £881,000 on the prior year to £1,072,000 which is predominantly due to the increase in sales. Profit before tax improved by £1,140,000 to £853,000.

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

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

Financial KPIs	**Unit**	**2022**	**2021**
Turnover	£000	16,547	11,128
Gross profit margin	%	24	24
Operating profit before exceptional items	£000	1,072	191
Profit/(loss) before tax	£000	853	(287)

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.

Strategic Report
for the year ended 31 December 2022 (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.

Russia/Ukraine conflict

The recent conflict in Ukraine has limited direct impact on the business as the company has no direct trading links with Russia or Ukraine. Indirect effects are primarily cost increases from energy and freight and underlying inflationary pressures. However, the directors will continue to monitor the risks associated with the conflict.

Approved by the Board on 8 December 2023 and signed on its behalf by:

....
A R Gledhill
Company secretary and director

Directors' Report
for the year ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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
No dividends have been paid in the current year. During the prior 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 (now Wonder Group Bidco Limited), which took place on 31 January 2021. The directors do not recommend the payment of a final dividend (2021 - £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, Wonder Group Topco Limited (formerly Summerhouse Topco Limited), who have indicated that they will provide access to the necessary resources to the company to meet its liabilities as they fall due for the going concern assessment period to 31 December 2024. The going concern projections for the company are therefore included in the going concern projections for the Wonder Group Topco and all its subsidiaries, (together the "group") and the going concern assessment has been performed at a group level as further described below.

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 reductions in organic growth of revenue and profit.

In summary, the base case financial model shows low levels of growth versus 2023, healthy 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 up to a double-digit reduction in organic revenues, with the financial modelling demonstrating that the company and group would be able to withstand the impact of this reasonable worst-case scenario with an appropriate level of headroom with regards to cash and covenant compliance. This includes minimal cost mitigation but no restructuring activity to mitigate these impacts.

Reverse stress testing incorporates an even more aggressive drop in sales than had been adopted in the reasonable worst-case scenario. This demonstrates the point at which further remediating actions would be required, such as, further cost saving initiatives, group reorganisation or further injection of funding from the shareholders.

Within the cash flow forecasts the group (which includes the cashflows of the company) has access to funding facilities from the shareholder and from third-party banking facilities.

Directors' Report
for the year ended 31 December 2022 (continued)

Going concern (continued)
The shareholder funding is in the form of a revolving credit facility of £25.75m and the third-party banking facility includes access to a £32.5m overall facility, split into a £25m asset-based lending facility and a £7.75m revolving credit facility. As at the year-end £2.75m of the shareholder revolving credit facility had been drawn down (with additional facilities having been made available subsequent to the year-end of £23m), and £20.5m of the bank asset-based facility and £7m of the bank revolving credit facility had been drawn down. As at 31 October 2023 £10.75m of the shareholder revolving credit facility, £18.3m of the asset-based lending facility, and £4.9m of the bank revolving credit facility had been drawn down.

The shareholder facility term is to 31 March 2025, any future drawdowns are subject to shareholder approval. The third-party bank facility expires in October 2024 within the going concern assessment period.

Both of these funding sources have been considered by the directors during the course of the going concern assessment. In respect of the shareholder facility, the directors have taken appropriate steps to assure themselves of both the availability and intention of the shareholder to approve the full agreed facility, and provide the drawdowns, throughout the period to 31 March 2025. Refinancing the third-party bank loans with existing and potential new funders is progressing well, with active negotiations in this regard, and expectation to agree these in advance of the expiry of the existing facility, with a desire to finalise within a much shorter period. However, the actual drawdown of further facilities from the shareholder has not been instigated and the availability of sufficient alternative refinancing facilities are not certain at the point of approval of the financial statements. As such, given the requirements for such funding within the going concern assessment period, to enable headroom within the forecasts discussed above, and meeting third-party banking covenants, this constitutes a material uncertainty that may cast significant doubt on the group's, and therefore the company's, ability to continue as a going concern throughout the assessment period to 31 December 2024.

The directors are confident both the drawdown of the shareholder facility and the refinancing of the third-party bank facilities will be completed successfully in the timeframe necessary to continue to operate as a going concern and as such the directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Disclosure of information to the auditor
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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Important non adjusting events after the financial year
Subsequent to the year end on 22 August 2023, the company undertook a capital reduction reducing its share capital of £755,000 to £1 and its capital contribution reserve of £1,713,000 to £nil. Following the capital reduction, an interim dividend of £5,128,545 was declared on 25 August 2023.

Directors' Report
for the year ended 31 December 2022 (continued)

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 8 December 2023 and signed on its behalf by:

....
A R Gledhill
Company secretary and director

Statement of Directors' Responsibilities
for the year ended 31 December 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable 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 year.

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 2022, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 26, 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 2022 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.

Material uncertainty related to going concern
We draw attention to note 2 of the financial statements, which indicate that at the date of approval of these financial statements, the company is reliant on a letter of support from its parent company (Wonder Group Topco Limited) and the group and parent company's ability to honour this letter of support is uncertain given the group's third-party banking facilities expire in October 2024 and the group's Shareholder Revolving credit facility drawdowns are subject to approval. Without a fresh facility and approval of the drawdown of the revolving credit facility, the group has insufficient committed available financing in place throughout the going concern assessment period to 31 December 2024 and therefore would not be able to honour the letter of support. As stated in note 2 these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a 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. Our opinion is not modified in respect of this matter.

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.

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 7, 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.

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 that 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 to help us better understand the flow of transactions and identify higher risk outlying 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 using data analytics to correlate the flow of transactions between revenue, trade receivables and cash to identify potentially anomalous transactions for detailed testing;
    - Auditing higher risk topside journals identified through the use of data analytics.
    - Enquiry of management, coupled with reviewing board minutes and the use of data analytics, 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.

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.

Ernst & Young LLP
....
Adrian Bennett (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 8 December 2023

Profit and Loss Account
for the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	3	16,547	11,128
Cost of sales		(12,649)	(8,464)
Gross profit		3,898	2,664
Distribution costs		(536)	(433)
Administrative expenses		(2,290)	(2,050)
Other operating income	4	-	10
Operating profit before exceptional items:		1,072	191
Exceptional Item - dilapidation costs for leasehold property		(149)	-
Exceptional item - provision against intercompany receivable		-	(487)
Total exceptional items	5	(149)	(487)
Operating profit/(loss)	5	923	(296)
Interest receivable	9	24	13
Interest payable	10	(94)	(4)
Profit/(loss) before tax		853	(287)
Taxation	11	21	(31)
Profit/(loss) for the financial year		874	(318)

The above results were derived from continuing operations.

Statement of Comprehensive Income
for the year ended 31 December 2022

	2022 £ 000	2021 £ 000
Profit/(loss) for the year	874	(318)
Foreign currency (losses)/gains	(17)	114
Total comprehensive income for the year	857	(204)

Balance Sheet
for the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Non-Current assets			
Tangible assets	12	25	15
Current assets			
Stocks	13	7	5
Debtors	14	13,866	9,183
Cash at bank and in hand		278	204
		14,151	9,392
Creditors: Amounts falling due within one year	16	(7,498)	(3,735)
Net current assets		6,653	5,657
Total assets less current liabilities		6,678	5,672
Provisions for liabilities	18	(149)	-
Net assets		6,529	5,672
Capital and reserves			
Called up share capital	19	755	755
Other reserves	20	1,713	1,713
Profit and loss account	20	4,061	3,204
Total equity		6,529	5,672

The financial statements were approved and authorised by the Board on 8 December 2023 and signed on its behalf by:

....
A R Gledhill
Company secretary and director

The notes on pages 16 to 32 form an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2022

	Share capital £ 000	Other reserves - capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	755	1,713	3,204	5,672
Profit for the year	-	-	874	874
Other comprehensive income	-	-	(17)	(17)
At 31 December 2022	755	1,713	4,061	6,529

	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	23	-	(14,220)	-	(14,220)
At 31 December 2021		755	1,713	3,204	5,672

The notes on pages 16 to 32 form an integral part of these financial statements.

Notes to the Financial Statements
for the year ended 31 December 2022

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, Wonder Group Topco Limited (formerly Summerhouse Topco Limited), who have indicated that they will provide access to the necessary resources to the company to meet its liabilities as they fall due for the going concern assessment period to 31 December 2024. The going concern projections for the company are therefore included in the going concern projections for the Wonder Group Topco and all its subsidiaries, (together the "group") and the going concern assessment has been performed at a group level as further described below.

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 reductions in organic growth of revenue and profit.

In summary, the base case financial model shows low levels of growth versus 2023, healthy 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 up to a double-digit reduction in organic revenues, with the financial modelling demonstrating that the company and group would be able to withstand the impact of this reasonable worst-case scenario with an appropriate level of headroom with regards to cash and covenant compliance. This includes minimal cost mitigation but no restructuring activity to mitigate these impacts.

Reverse stress testing incorporates an even more aggressive drop in sales than had been adopted in the reasonable worst-case scenario. This demonstrates the point at which further remediating actions would be required, such as, further cost saving initiatives, group reorganisation or further injection of funding from the shareholders.

Within the cash flow forecasts the group (which includes the cashflows of the company) has access to funding facilities from the shareholder and from third-party banking facilities. The shareholder funding is in the form of a revolving credit facility of £25.75m and the third-party banking facility includes access to a £32.5m overall facility, split into a £25m asset-based lending facility and a £7.75m revolving credit facility. As at the year-end £2.75m of the shareholder revolving credit facility had been drawn down (with additional facilities having been made available subsequent to the year-end of £23m), and £20.5m of the bank asset-based facility and £7m of the bank revolving credit facility had been drawn down. As at 31 October 2023 £10.75m of the shareholder revolving credit facility, £18.3m of the asset-based lending facility, and £4.9m of the bank revolving credit facility had been drawn down.

The shareholder facility term is to 31 March 2025, any future drawdowns are subject to shareholder approval. The third-party bank facility expires in October 2024 within the going concern assessment period.

Both of these funding sources have been considered by the directors during the course of the going concern assessment. In respect of the shareholder facility, the directors have taken appropriate steps to assure themselves of both the availability and intention of the shareholder to approve the full agreed facility, and provide the drawdowns, throughout the period to 31 March 2025. Refinancing the third-party bank loans with existing and potential new funders is progressing well, with active negotiations in this regard, and expectation to agree these in advance of the expiry of the existing facility, with a desire to finalise within a much shorter period. However, the actual drawdown of further facilities from the shareholder has not been instigated and the availability of sufficient alternative refinancing facilities are not certain at the point of approval of the financial statements. As such, given the requirements for such funding within the going concern assessment period, to enable headroom within the forecasts discussed above, and meeting third-party banking covenants, this constitutes a material uncertainty that may cast significant doubt on the group's, and therefore the company's, ability to continue as a going concern throughout the assessment period to 31 December 2024.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

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2 Accounting policies (continued)

Going concern (continued)
The directors are confident both the drawdown of the shareholder facility and the refinancing of the third-party bank facilities will be completed successfully in the timeframe necessary to continue to operate as a going concern and as such the directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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, Wonder Group Topco Limited (formerly Summerhouse Topco Limited), 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 Wonder Group Topco Limited (formerly Summerhouse Topco Limited)

The financial statements of Wonder Group Topco Limited (formerly Summerhouse Topco Limited) may be obtained from Brudenell Drive, Brinklow, Milton Keynes, England, MK10 0DA.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

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) were received during the prior year in respect of employee costs incurred for furloughed staff. The grants were 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:

- 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. Tax is recognised in profit or loss, except that a charge 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.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax (continued)

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.

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.

2 Accounting policies (continued)

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. Trade creditors 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.

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.

Provisions
Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

2 Accounting policies (continued)

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 turnover for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Sale of goods	16,547	11,128

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

	2022 £ 000	2021 £ 000
UK	15,501	10,706
Europe	1,046	417
Rest of world	-	5
	16,547	11,128

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

4 Other operating income

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

	2022 £ 000	2021 £ 000
Government grants	-	10

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

5 Operating profit/(loss)

Arrived at after charging/(crediting):

	2022 £ 000	2021 £ 000
Depreciation expense	12	9
Foreign exchange (gains)/losses	(46)	22
Operating lease expense - property	239	239
Operating lease expense - plant and machinery	7	4
Dilapidation costs	149	-
Provision against intercompany receivable	-	487

During the year, the company has recognised exceptional charges of £149,000 in respect of dilapidation costs for its leasehold property at Capitol Park, Barnsley which are expected to be settled in 2023. The charges are expected to be fully deductible for tax purposes.

During the prior year an exceptional charge was 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.

6 Auditor's remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	30	30
Other fees to the auditor		
Audit-related assurance services	4	6
Taxation compliance services	4	4
	8	10

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

7 Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	755	723
Social security costs	84	89
Pension costs, defined contribution scheme	54	55
	893	867

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

	2022 No.	2021 No.
Administration and support	20	21

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	346	194
Contributions paid to money purchase schemes	6	4
	352	198

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

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	1	1

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	295	-

The remuneration of the highest paid director has not been disclosed in the prior year as permitted under the Companies Act 2006 when total directors' remuneration is less than £200,000.

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

9 Other interest receivable and similar income

	Note	2022 £ 000	2021 £ 000
Interest income on loan to joint venture	24	24	13

10 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	94	4

11 Taxation

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

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	-	34
UK corporation tax adjustment to prior periods	(33)	-
	(33)	34
Deferred taxation		
Arising from origination and reversal of timing differences	12	8
Arising from changes in tax rates and laws	-	(11)
Total deferred taxation	12	(3)
Tax (receipt)/expense in the income statement	(21)	31

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

11 Taxation (continued)

	2022 £ 000	2021 £ 000
Profit/(loss) before tax	853	(287)
Corporation tax at standard rate	162	(55)
Effect of expense not deductible	-	94
UK deferred tax credit relating to changes in tax rates or laws	-	(11)
Decrease in UK and foreign current tax from adjustment for prior periods	(33)	-
Tax decrease arising from group relief	(154)	-
Tax increase from different rates for corporation tax and deferred tax	4	3
Total tax (credit)/charge	(21)	31

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:

2022	Asset £ 000
Accelerated tax depreciation	24

2021	Asset £ 000
Accelerated tax depreciation	36

	Deferred tax asset £ 000
At 1 January 2022	36
Charged to profit and loss	(12)
At 31 December 2022 (note 14)	24

The amount of the net reversal of deferred tax assets expected to occur during the year beginning after the reporting period is £5,000 (2021 - £7,000).

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%.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

12 Tangible assets

	Fixtures, fittings and office equipment £ 000	Plant and machinery £ 000	Total £ 000
Cost			
At 1 January 2022	225	-	225
Additions	10	12	22
Disposals	(8)	-	(8)
At 31 December 2022	227	12	239
Depreciation			
At 1 January 2022	210	-	210
Charge for the year	10	2	12
Eliminated on disposal	(8)	-	(8)
At 31 December 2022	212	2	214
Carrying amount			
At 31 December 2022	15	10	25
At 31 December 2021	15	-	15

13 Stocks

	2022 £ 000	2021 £ 000
Finished goods and goods for resale	7	5

The amount of impairment loss included in the profit and loss account is a charge of £nil (2021 - £nil).

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

14 Debtors

	Note	2022 £ 000	2021 £ 000
Trade debtors		4,027	3,702
Amounts owed by group undertakings		9,336	5,012
Amounts receivable from joint ventures	24	413	363
Other debtors		17	17
Prepayments		16	53
Deferred tax assets	11	24	36
Corporation tax recoverable		33	-
		13,866	9,183

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 (2021 - £nil).

15 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash at bank	278	204

16 Creditors

	Note	2022 £ 000	2021 £ 000
Due within one year			
Loans and borrowings	17	2,737	576
Trade creditors		2,979	1,681
Amounts due to group undertakings		30	7
Amounts due to joint ventures	24	1,208	1,148
Social security and other taxes		24	-
Outstanding defined contribution pension costs		9	2
Accruals		511	319
Corporation tax liability		-	2
		7,498	3,735

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

16 Creditors (continued)

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

17 Loans and borrowings

	Note	2022 £ 000	2021 £ 000
Current loans and borrowings			
Bank borrowings	16	2,737	576

The bank loans relate to an asset-based lending facility for The Wonder Group (formerly the Summerhouse group) with PNC Bank of £25m, of which Christy by Design Limited has drawn £2,737,000 (2021 - £576,000) at the balance sheet date. The borrowings are repayable on demand, and attract interest at 4% p.a. above the Bank of England base rate.

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

18 Provisions for liabilities

	Dilapidation provision £ 000
At 1 January 2022	-
Increase in provisions	149
At 31 December 2022	149

During the year, the company has recognised dilapidation costs of £149,000 in respect of its leasehold property at Capitol Park, Barnsley which are expected to be settled in 2023.

19 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	755	755	755	755

Notes to the Financial Statements

for the year ended 31 December 2022 (continued)

20 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. £14,220,000 was distributed as part of the preparation of the company's sale to Wonder Group Bidco Limited (formerly 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.

21 Obligations under leases

Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	110	239
Later than one year and not later than five years	-	110
	110	349

The amount of non-cancellable operating lease payments recognised as an expense during the year was £239,000 (2021 - £239,000).

22 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 £54,000 (2021 - £55,000).Contributions totalling £9,000 (2021 - £2,000) were payable to the scheme at the end of the year and are included in creditors.

23 Dividends

No dividends have been paid or declared in the current year. In the prior year, the company undertook a distribution of the capital contribution received from Party City Holdings Inc. of £14,220,461 in preparation for the company's sale to Wonder Group Topco Limited (formerly Summerhouse Topco Limited) in January 2021.

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

24 Related party transactions

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

Summary of transactions with joint ventures
The company acquired goods from, and paid commissions, to joint ventures based on arms length agreements. The year end balances relate to current trading balances which are payable on demand.

Expenditure with and payables to related parties

2022	Joint ventures £ 000
Purchase of goods	1,969
Commissions payable	1,192
	3,161
Amounts payable to related party	1,208

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

Loans to related parties

2022	Joint ventures £ 000
At start of period	363
Repaid	(24)
Interest transactions	24
Foreign exchange gains on translation	50
At end of period	413

Notes to the Financial Statements
for the year ended 31 December 2022 (continued)

24 Related party transactions (continued)

2021	Joint ventures £ 000
Advanced	363
Repaid	(13)
Interest transactions	13
At end of period	363

Terms of loans to related parties
A loan of US$500,000 was advanced to a joint venture company during the prior year. Interest is levied at 4% p.a above the Bank of England base rate. There are no fixed repayment terms and the loan is repayable on demand.

25 Parent and ultimate parent undertaking

At the balance sheet date, the company's immediate parent is Wonder group Bidco Limited (formerly Summerhouse Bidco Limited), incorporated in England and Wales, and the ultimate parent is Wonder Group Topco Limited (formerly Summerhouse Topco Limited), incorporated in England and Wales.

The only parent entity producing publicly available financial statements is Wonder Group Topco Limited (formerly 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.

26 Non adjusting events after the financial year

Subsequent to the year end on 22 August 2023, the company undertook a capital reduction reducing its share capital of £755,000 to £1 and its capital contribution reserve of £1,713,000 to £nil. Following the capital reduction, an interim dividend of £5,128,545 was declared on 25 August 2023.