

COMPANY NUMBER 01369365

EAGLEMOSS PUBLICATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



EAGLEMOSS PUBLICATIONS LIMITED

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EAGLEMOSS PUBLICATIONS LIMITED

DIRECTORS AND ADVISERS

DIRECTORS	Eaglemoss Holdings (UK) Limited M Calmels T Hinchliffe M Altarriba F Redon
COMPANY NUMBER	01369365
REGISTERED OFFICE	1 st Floor Beaumont House Avonmore Road London W14 8TS
BANKERS	Barclays 27 Soho Square London W1D 3QR HSBC 70 Pall Mall London SW1Y 5EZ
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

EAGLEMOSS PUBLICATIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity continues to be that of publishing partwork magazines in the UK and in foreign markets. The company's major markets are in the UK, France, Germany, Japan, Australia and USA.

The loss for the year was £1,459,428 against a loss of £5,302,545 for the 18 months to 31 December 2013.

The company is a wholly owned subsidiary of Eaglemoss Publishing Group Limited.

FUTURE DEVELOPMENTS OF THE COMPANY

The economic environment in recent months has been difficult, in particular in Russia and Ukraine where the group have historically held a strong presence, and the company has reported an operating loss for the year, driven by exceptional stock write downs, redundancies and investment impairments. The directors' consider that the outlook presents significant challenges in certain markets in terms of sales volume and pricing as well as input costs. The directors have instituted measures to preserve cash and secure a comprehensive restructuring of its financing, and have initiated discussions with the shareholders and the financial creditors (Senior banks and Mezzanine Lenders) of the ultimate holding company, which led to the following:

The Shareholders, Senior and Mezzanine Lenders of Financiere Aurénis (parent company of Eaglemoss Publications Ltd) agreed the following on May 20th, 2015, to ensure the going concern of the Publishing business, including Eaglemoss Publications Ltd:

1. Sale of the Data Base Factory Group (including Data Base Factory UK Limited to CCA International, a Group which operates on the same market as Data Base Factory, the outsourcing of the customer relationship.
2. Sale of the Publishing Group (including Eaglemoss Publications Ltd) to private investors, including to the original founders of the business and today minority shareholders of Financiere Aurénis.
3. The Publishing Group (including Eaglemoss Publications Limited) will be split out from its holding company Financiere Aurénis SAS, and released from its current obligation to contribute to the financial costs of the Senior and Mezzanine Debt.
4. As part of the above sales:
 - the investors have committed to inject new money into the Publishing Group (including Eaglemoss Publications Limited)
 - the Senior Lenders have committed to grant a new revolving credit facility to the Publishing Group on the basis of the Business Plan.
 - The Publishing Group will receive part of the proceeds on the sale of Data Base Factory Group.

The above agreement was ratified by the Tribunal of Commerce in Nanterre (France) on June 25th and is now due to complete on June 30th, 2015, after the date of signing of these accounts. Based on negotiations conducted to date (29th June 2015), the directors have a reasonable expectation that the sale will proceed successfully and the new Business Plan offers good prospects of success.

The directors have concluded that the combination of these circumstances creates a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after considering the uncertainties described above and taking the appropriate measures, the directors have a reasonable expectation that the sale will complete as planned and therefore the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

EAGLEMOSS PUBLICATIONS LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider that the principal risks and uncertainties facing the company include the following:

- Levels of consumer confidence in the markets in which it operates. Extensive research and market testing is undertaken to gauge consumer responses to products.
- Significant investment in development and promotion of new titles, which will only be recovered when sales of new titles are established. As above, extensive research and market testing is undertaken to gauge consumer responses to products.
- Foreign exchange risk resulting from international trade. Where possible this is reduced through the use of natural hedging whereby revenue is used to settle expenditure in the same currency.
- Please also refer to the disclosures made above in Future Developments.

FINANCIAL RISK MANAGEMENT

Financial risk is managed on a group wide basis. Group working capital requirements are met by use of bank loans and retained profits. The areas of financial risk management for the company are as follows:

Foreign currency risk

Given the nature of the international trade in which the company partakes there is an element of uncertainty in the currency markets. Where possible a natural hedge is established whereby overseas revenue is used to settle expenditure in the same currency.

Credit risk

Credit risk is the risk that a customer, subscriber or joint arrangement partner fails to meet an obligation resulting in financial loss. Credit risk arises primarily from trade and subscription receivables. Such losses are minimised by evaluating the payment history and credit worthiness of companies.

Liquidity

Liquidity risk is managed to ensure that the company is able to meet future payment obligations as they fall due. Cash flow forecasting is maintained to ensure that sufficient headroom is available to meet operational requirements. The company currently has access to a wider Publishing Group revolving credit facility. See also Note 1 of these financial statements on Going Concern.

Price risk

Price risk is managed by negotiating the price of materials to produce a new partwork series prior to the project launch. These negotiations would cover all issues and hence the life of the series, which is on average 1 to 2 years.

RESULTS AND DIVIDENDS

The company's results and financial position for the year ended 31 December 2014 are set out in full in the profit and loss account, the balance sheet, and the notes relating thereto.

The loss on ordinary activities before taxation is shown on page 10 of these financial statements.

The directors have paid an interim dividend during the period of £nil (2013: £9,600,000).

EAGLEMOSS PUBLICATIONS LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

KPIs

The company's key financial performance indicators for the year ended 31 December 2014 are as follows:

- Turnover was £27,674,911 for the year against revenues of £39,820,024 for the 18 months to 31 December 2013. Turnover reduced slightly versus the prior 12 months due to the reduced number of launches in 2014.
- Total operating loss for the period was £1,080,715 against an operating loss £5,244,849 for the 18 months to 31 December 2013. The loss for the period is due to reduced launches in 2014, as well as exceptional costs for redundancies, German VAT provisions and stock write-offs.

OTHER

Exceptional items relate to final restructuring costs incurred in relation to the reorganisation following the acquisition of Eaglemoss Limited in 2011 and German VAT provisions in relation to a VAT audit. There were also redundancy costs following a change in management and stock write offs relating to the Russia/Ukraine economic crisis and a change in management strategy. Exceptional items realised in the prior period relate to late lodgement of German VAT returns for prior periods. These have been disclosed in note 4.

Signed on behalf of the board of directors by



F Redon
Director

Date: 29 June 2015

EAGLEMOSS PUBLICATIONS LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Signed on behalf of the board of directors by



F Redon
Director
Date: 29 June 2015

EAGLEMOSS PUBLICATIONS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAGLEMOSS
PUBLICATIONS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2014

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The entity is dependent on funding from the parent entity, Eaglemoss Holdings (UK) Limited, whose continued existence is dependent on the restructuring of the group, which includes selling off part of the business and the transfer of ownership, and renegotiation of debt facilities. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

What we have audited

The financial statements, which are prepared by Eaglemoss Publications Limited, comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

EAGLEMOSS PUBLICATIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAGLEMOSS PUBLICATIONS LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Leighton Thomas (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 June 2015

EAGLEMOSS PUBLICATIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

		12 months to 31 December 2014	18 months to 31 December 2013
	Note	£	£
Turnover	2	27,674,911	39,820,024
Cost of sales		(12,587,143)	(22,166,255)
Gross profit		15,087,768	17,653,769
Distribution costs		(5,700,780)	(8,547,220)
Marketing and promotion		(3,337,417)	(5,713,398)
Administrative expenses		(5,467,592)	(8,291,628)
(Loss)/Income from participating interests	3	(315,389)	221,694
Exceptional item - write off bad debt		-	(113,999)
Exceptional items – German VAT	4	(210,777)	(454,067)
Exceptional items – stock write off	4	(818,627)	-
Exceptional items – redundancy costs	4	(317,793)	-
Exceptional items – investment impairment		(108)	-
Exceptional items – Restructuring costs		(5,400)	-
Operating loss	7	(1,086,115)	(5,244,849)
Exceptional items – Restructuring costs	4	-	(308)
Loss on ordinary activities before interest		(1,086,115)	(5,245,157)
Interest receivable and similar income	5	13,161	9,726
Interest payable and similar charges	6	(353,807)	(592,599)
Loss on ordinary activities before taxation		(1,426,761)	(5,828,030)
Tax (charge)/credit on loss on ordinary activities	10	(32,667)	525,485
Loss for the financial year/period	20	(1,459,428)	(5,302,545)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year/period as set out above, and therefore no separate statement of recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year/period stated above and their historical costs equivalents.

EAGLEMOSS PUBLICATIONS LIMITED
COMPANY REGISTRATION NUMBER 01369365

BALANCE SHEET

AS AT 31 DECEMBER 2014

		2014	2013
	Note	£	£
Non-current assets			
Investments	11	-	108
Tangible assets	12	203,453	239,205
		<u>203,453</u>	<u>239,313</u>
Current assets			
Stocks	13	4,503,757	5,056,861
Debtors: Amounts falling due within one year	14	13,040,200	17,843,558
Debtors: Amounts falling due after more than one year	15	418,267	406,100
Cash at bank and in hand		645,687	3,968,092
		<u>18,607,911</u>	<u>27,274,611</u>
Creditors: Amounts falling due within one year	17	(19,074,164)	(23,266,666)
		<u>(466,253)</u>	<u>4,007,945</u>
Net current (liabilities)/assets			
Total assets less current liabilities		(262,800)	4,247,258
		<u>(2,460,535)</u>	<u>(5,511,165)</u>
Creditors: Amounts falling due after more than one year	18	(2,460,535)	(5,511,165)
		<u>(2,723,335)</u>	<u>(1,263,907)</u>
Net liabilities			
Capital and reserves			
Called up share capital	19	500,000	500,000
Capital redemption reserve	20	80,764	80,764
Profit and loss account	20	(3,304,099)	(1,844,671)
		<u>(2,723,335)</u>	<u>(1,263,907)</u>
Total shareholders' deficit	21	(2,723,335)	(1,263,907)

These financial statements on pages 10 to 25 were authorised and approved by the board of directors on the 29 June 2015 and are signed on their behalf by:

F Redon
Director

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable UK generally accepted accounting practices.

The principal accounting policies which have been adopted in the preparation of the financial statements are set out below. These have been consistently applied.

Going concern

The economic environment in recent months has been difficult, in particular in Russia and Ukraine where the group have historically held a strong presence, and the company has reported an operating loss for the year, driven by exceptional stock write downs, redundancies and investment impairments. The directors' consider that the outlook presents significant challenges in certain markets in terms of sales volume and pricing as well as input costs. The directors have instituted measures to preserve cash and secure a comprehensive restructuring of its financing, and have initiated discussions with the shareholders and the financial creditors (Senior banks and Mezzanine Lenders) of the ultimate holding company, which led to the following:

The Shareholders, Senior and Mezzanine Lenders of Financiere Aurénis SAS (parent company of Eaglemoss Publications Limited) agreed the following on May 20th, 2015, to ensure the going concern of the Publishing business, including Eaglemoss Publications Ltd:

1. Sale of the Data Base Factory Group (including Data Base Factory UK Limited to CCA International, a Group which operates on the same market as Data Base Factory, the outsourcing of the customer relationship.
2. Sale of the Publishing Group (including Eaglemoss Publications Ltd) to private investors, including to the original founders of the business and today minority shareholders of Financiere Aurénis.
3. The Publishing Group (including Eaglemoss Publications Limited) will be split out from its holding company Financiere Aurénis SAS, and released from its current obligation to contribute to the financial costs of the Senior and Mezzanine Debt.
4. As part of the above sales:
 - the investors have committed to inject new money into the Publishing Group (including Eaglemoss Publications Limited)
 - the Senior Lenders have committed to grant a new revolving credit facility to the Publishing Group on the basis of the Business Plan.
 - The Publishing Group will receive part of the proceeds on the sale of Data Base Factory Group.

The above agreement was ratified by the Tribunal of Commerce in Nanterre (France) on June 25th and is now due to complete on June 30th, 2015, after the date of signing of these accounts. Based on negotiations conducted to date (29th June 2015), the directors have a reasonable expectation that the sale will proceed successfully and the new Business Plan offers good prospects of success.

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (continued)

Going concern (continued)

The directors have concluded that the combination of these circumstances creates a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after considering the uncertainties described above and taking the appropriate measures, the directors have a reasonable expectation that the sale will complete as planned and therefore the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Cash flow statement

The company is a wholly owned subsidiary company of Financiere Aurénis SAS and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

Related party transactions

The company is a wholly owned subsidiary company of Financiere Aurénis SAS and is included in the consolidated financial statements. Consequently, the company is exempt under the terms of FRS 8 from disclosing details of transactions with related parties who are 100% subsidiaries of Financiere Aurénis SAS.

Turnover

Turnover is derived from the company's principal activity being the research, production and sale of partworks magazines and represents the invoiced amount of goods sold stated net of value added tax, after providing for anticipated returns. Turnover is recognised when the risk and rewards of ownership have been transferred which is generally at the point of sale. At year end, income is accrued on the basis of third party distribution reports.

Fixed asset investments: Subsidiary and associated undertakings

Investments in subsidiary and associated undertakings are disclosed at cost less any provisions for permanent diminution in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation. Costs include the original purchase price of the assets and the costs attributable to bringing the asset to working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Fixtures and fittings	Over 5 – 10 years
Computer equipment	Over 3 years
Leasehold improvements	Over 10 years

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (continued)

Leases

Assets held under finance leases are included in fixed assets and the capital element of the related lease commitment is shown as obligations under finance leases within creditors. The assets are depreciated over the lower of their useful lives and the term of the lease. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit over the period of the lease.

Rental costs under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Joint arrangements

Joint arrangements are arrangements with partner companies for the production of a particular series, with each partner's contribution and share of profits agreed at the outset. Amounts owed by joint arrangement partners are presented as part of debtors and amounts owed to joint arrangement partners are presented as part of creditors.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme for employees, whose assets are held separately in independently administered funds. Contributions payable for the year are charged to the profit and loss account.

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (continued)

Deferred taxation

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. Deferred tax assets are recognised to the extent that they are recoverable, that is, the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

2 Turnover

An analysis of turnover is given by geographical market:

	12 months to 31 December 2014	18 months to 31 December 2013
	£	£
United Kingdom	10,210,728	15,672,176
Continental Europe	6,109,304	11,389,320
Japan	4,377,321	5,463,013
Australia	2,381,822	2,767,311
South Africa	522,049	1,928,244
Rest of world	4,073,687	2,599,960
	<hr/>	<hr/>
	27,674,911	39,820,024
	<hr/>	<hr/>

Turnover by activity has not been separately disclosed as all revenues relate to the sale of partworks.

3 (Loss)/Income from participating interests

	12 months to 31 December 2014	18 months to 31 December 2013
	£	£
Share of joint arrangement (losses)/profits	(315,389)	221,694
	<hr/>	<hr/>

4 Exceptional items

Exceptional items incurred in the current year relate to a German VAT provision for an ongoing audit review plus stock write offs associated with the Russia/Ukraine economic downturn and management change in strategic direction. In addition, there were residual restructuring costs and redundancy costs linked to the change in management. Exceptional items incurred in the prior period relate to the late submission of German VAT returns for 2010, 2011 and 2012 as well as the associated fines and interest penalties for these late submissions.

5 Interest receivable and similar income

	12 months to 31 December 2014	18 months to 31 December 2013
	£	£
Bank interest	41	51
Interest on subscription income	-	1,200
Other interest	953	2,375
Interest on amounts receivable from group undertakings	12,167	6,100
	<hr/>	<hr/>
	13,161	9,726
	<hr/>	<hr/>

EAGLEMOSS PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

6	Interest payable and similar charges	12 months to 31 December 2014 £	18 months to 31 December 2013 £
	Interest on amounts owed to group undertakings	256,243	466,804
	Interest on drawdown facility	95,289	121,263
	Bank interest	2,275	2,332
	Bank loans and overdrafts	-	2,200
		<hr/>	<hr/>
		353,807	592,599
		<hr/>	<hr/>
7	Operating Loss	12 months to 31 December 2014 £	18 months to 31 December 2013 £
	Operating loss is stated after charging/(crediting):		
	Depreciation	94,633	159,123
	Auditors remuneration	75,913	51,803
	Realised exchange losses	453,135	514,771
	Unrealised exchange gains	(624,046)	(119,553)
	Operating lease rentals – Land and buildings	215,714	440,456
		<hr/>	<hr/>
8	Staff costs		
	The monthly average number of persons, including directors, employed by the company during the year/period was:		
		12 months to 31 December 2014	18 months to 31 December 2013
	Editorial	11	12
	Production	5	5
	Administration	16	18
		<hr/>	<hr/>
	Total	32	35
		<hr/>	<hr/>

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

8 Staff costs (continued)

The aggregate payroll costs of the above:

	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Wages and salaries	2,515,123	2,952,548
Social security costs	299,503	416,273
Other pension costs	265,857	252,736
	<hr/>	<hr/>
	3,080,483	3,621,557
	<hr/>	<hr/>

Number of directors with amounts accruing under a money purchase scheme is three (2013: 2).

Pension contributions during the year were £265,857 (18 months to 31 December 2013: £252,736), which were charged to the profit and loss account.

9 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	12 months to 31 December 2014 £	18 months to 31 December £
Aggregate emoluments	443,602	614,884
Pension contributions	20,369	30,352
	<hr/>	<hr/>
	463,971	645,236
	<hr/>	<hr/>

The Directors emoluments disclosed above relate to 3 of the directors. The other directors are remunerated by fellow Group entities. No compensation was paid for loss of office during the year.

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

9 Directors' emoluments (continued)

	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Emoluments of highest paid director:		
Aggregate emoluments	156,200	266,994
Pension contributions	5,834	12,765
	<hr/>	<hr/>
	162,034	279,759
	<hr/>	<hr/>

10 Tax on loss on ordinary activities

	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Current tax: UK corporation tax	-	-
Adjustment in respect of prior periods	-	(525,485)
Foreign taxation	15,217	-
Adjustment in respect of prior periods – foreign tax	17,450	-
	<hr/>	<hr/>
Tax charge/(credit) on loss on ordinary activities	32,667	(525,485)
	<hr/>	<hr/>

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.5%).

EAGLEMOSS PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Tax on loss on ordinary activities (continued)	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Tax reconciliation		
Loss on ordinary activities before taxation	(1,426,763)	(5,828,030)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23.0%)	(306,656)	(1,369,587)
Effects of:		
Expenses not deductible for tax purposes – fixed assets	7,641	7,404
Expenses not deductible for tax purposes	17,110	50,263
Other permanent differences	(3,184)	(2,395)
Losses carried back	-	479,169
Transfer pricing adjustments	(4,003)	(53,282)
Foreign Tax credits	15,217	-
Adjustment in respect of prior periods	17,450	(525,485)
Capital allowances in excess of depreciation	(11,861)	(19,656)
Other short term timing differences	20,444	(2,744)
Unrelieved tax losses and other deductions	280,509	910,828
Total current tax charge/(credit)	32,667	(525,485)

The main rate of corporation tax was reduced from 23% to 21% from 1 April 2014. A further reduction to the main rate to 20% from 1 April 2015 was also substantively enacted at the balance sheet date. These changes are reflected in the financial statements.

Subject to the UK tax authority's agreement, the company has tax losses of approximately £4,415,970 (2013: £4,101,989) available for carry forward and offset against future non-trading profits. The company has a potential deferred tax asset of £935,979 (2013: £859,343), which has not been recognised.

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

11 Fixed asset investments

	Associated Undertakings £
Cost	
At 1 January 2014 and 31 December 2014	108
Impairment	
At 1 January 2013	-
Impairment charge for the year	108
At 31 December 2014	<u>108</u>
Net book value	
At 31 December 2014	-
At 31 December 2013	<u><u>108</u></u>

Fixed asset investments consist solely of 1% of the charter capital of Eaglemoss RUS LLC. The directors chose to fully impair this investment during 2014 as they do not consider the carrying value of the investment to be supported by its underlying net assets.

12 Tangible fixed assets	Computer equipment £	Fixtures and fittings £	Leasehold improvements £	Total £
Cost				
At 1 January 2014	445,918	161,288	289,247	896,453
Additions	29,192	29,689	-	58,881
	<u>475,110</u>	<u>190,977</u>	<u>289,247</u>	<u>955,334</u>
At 31 December 2014	475,110	190,977	289,247	955,334
Accumulated depreciation				
At 1 January 2014	360,338	149,021	147,889	657,248
Charge for the period	53,013	8,776	32,844	94,633
	<u>413,351</u>	<u>157,797</u>	<u>180,733</u>	<u>751,881</u>
At 31 December 2014	413,351	157,797	180,733	751,881
Net book value				
At 31 December 2014	61,759	33,180	108,514	203,453
At 31 December 2013	85,580	12,267	141,358	239,205

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

13 Stocks	31 December 2014	31 December 2013
	£	£
Raw materials	21,155	76,523
Work in progress	2,499,432	2,253,079
Finished goods	1,983,170	2,727,259
	<hr/>	<hr/>
	4,503,757	5,056,861
	<hr/>	<hr/>

14 Debtors: Amounts falling due within one year	Note	31 December 2014	31 December 2013
		£	£
Trade debtors		3,850,453	3,697,003
Amounts owed by group undertakings		7,583,146	13,249,069
Amounts owed by joint arrangement partners	16	500,634	31,640
Withholding tax recoverable		63,192	48,351
Other debtors		625,564	341,636
Prepayments and accrued income		417,211	475,859
		<hr/>	<hr/>
		13,040,200	17,843,558
		<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15 Debtors: Amounts falling after more than one year	31 December 2014	31 December 2013
	£	£
Amounts owed by group undertakings	418,267	406,100
	<hr/>	<hr/>

Interest of 3% p.a. has been charged on amounts owing from Vadis International SA.

16 Joint arrangements

The company has operated through the following joint arrangements in the year

Joint arrangement partner	Publication	Country of sale	Interest in joint arrangement
Editorial Planeta De Agostini S.A.	Build a Model Solar System	Spain	50%

EAGLEMOSS PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

16 Joint arrangements (continued)

Joint arrangement partner	Publication	Country of sale	Interest in joint arrangement	
De Agostini Japan	Fairlady	Japan	70%	
De Agostini Japan	Lamborghini		30%	
The Walt Disney Company Italia SRL	Disney English	Brazil	50%	
De Agostini UK	Star Trek	United Kingdom & USA/Japan	70%/30%	
Share of joint arrangement profits:		12 months to 31 December 2014	18 months to 31 December 2013	
		£	£	
Turnover		88,860	-	
		<hr/>	<hr/>	
(Loss)/Profit for the financial year/period		(313,388)	221,694	
		<hr/>	<hr/>	
Share of joint arrangement net assets		31 December 2014	31 December 2013	
		£	£	
Current assets		500,634	31,640	
Liabilities falling due within one year		(420,546)	(174,088)	
		<hr/>	<hr/>	
		80,088	(165,304)	
		<hr/>	<hr/>	

EAGLEMOSS PUBLICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

17 Creditors: amounts falling due within one year	Note	31 December 2014 £	31 December 2013 £
Trade creditors		2,968,261	2,396,282
Amounts owed to group undertakings		11,298,666	15,553,275
Amounts owed to joint arrangement partners	16	420,546	196,944
Other taxation and social security		169,234	88,985
Other creditors		291,276	561,064
Accruals and deferred income		1,556,883	1,969,074
Corporation tax		32,667	-
Drawdown facility		2,336,631	2,501,042
		<hr/> 19,074,164 <hr/>	<hr/> 23,266,666 <hr/>

Interest of 6% has been charged on amounts owing to Eaglemoss Editions Russia LLC. Interest has not been charged on amounts owing to other group undertakings. The drawdown facility is a revolving credit facility.

18 Creditors: Amounts falling due after more than one year	31 December 2014 £	31 December 2013 £
Amounts owed to group undertakings	2,460,535	5,511,165
	<hr/>	<hr/>

Interest of 3% p.a. has been charged on amounts owing to Financiere Aurénis SAS. Amounts owed to Financiere Aurénis SAS are unsecured and repayable on demand.

19 Called up share capital	31 December 2014 £	31 December 2013 £
Allotted and fully paid:		
25,000 (2013: 25,000) 'A' Ordinary shares of £1 each	25,000	25,000
475,000 (2013: 475,000) 'B' Ordinary shares of £1 each	475,000	475,000
	<hr/> 500,000 <hr/>	<hr/> 500,000 <hr/>

All classes of share rank pari passu with respect to dividends.

'A' and 'B' shares bear 1 vote each, but voting rights in 'B' shares are contingent on employment with the company. All classes of share rank pari passu in the event of a winding up.

EAGLEMOSS PUBLICATIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2014

20 Reserves	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2014	80,764	(1,844,671)	(1,763,907)
Loss for the financial period	-	(1,459,428)	(1,459,428)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	80,764	(3,304,099)	(3,223,335)
	<hr/>	<hr/>	<hr/>

21 Reconciliation of movements in shareholders' deficit	31 December 2014 £	31 December 2013 £
Opening shareholders' funds	(1,263,907)	13,638,638
Loss for the financial year/period	(1,459,428)	(5,302,545)
Interim dividend paid	-	(9,600,000)
	<hr/>	<hr/>
Closing shareholders' deficit	(2,723,335)	(1,263,907)
	<hr/>	<hr/>

22 Operating lease commitments

At 31 December 2014, the company had annual commitments under operating leases as follows:

	Other		Land and Buildings		Total	
	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £
For leases expiring:						
Between one and five years	6,288	-	468,416	440,456	474,704	440,456
	<hr/>		<hr/>		<hr/>	<hr/>

23 Ultimate parent company and controlling party

The largest group in which the results of the company are consolidated is that headed by Topco SAS, incorporated in France, which is also the ultimate parent company. The smallest group in which the results of the company are consolidated is that headed by Financiere Aurénis SAS, incorporated in France. The ultimate controlling parties are La Financière Patrimoniale d'Investissement (LFPI) and Equistone Partners Europe on behalf of funds managed by them. The consolidated financial statements of Financiere Aurénis SAS may be obtained from Financiere Aurénis SAS, 90 boulevard National, 92250 La Garenne Colombes, France. The company's immediate parent is Eaglemoss Publishing Group Limited, a company incorporated in England & Wales. Refer to Note 1 of these financial statements for expected future changes in the ownership structure.