

Registered number: 2120124

GULLANE ENTERTAINMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



GULLANE ENTERTAINMENT LIMITED

COMPANY INFORMATION

Directors	P Bapna (appointed 27 July 2020) N A Godfrey (appointed 24 January 2018) S Wollman (appointed 18 November 2019)
Company secretary	T Piccus
Registered number	2120124
Registered office	3rd Floor The Porter Building 1 Brunel Way Slough Berkshire SL1 1FQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

GULLANE ENTERTAINMENT LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 18

GULLANE ENTERTAINMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activities

Gullane Entertainment Limited operates as a holding company. The directors expect this to remain unchanged for the foreseeable future.

GULLANE ENTERTAINMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future Developments

The carrying value of the Company's investment in subsidiaries is key to the continued operation of the Company as a going concern. The Company acts as a holding company and the directors expect this to remain unchanged for the foreseeable future.

Going concern

The Company has sought and obtained a letter of support from its ultimate parent company Mattel Inc. Consequently, the directors believe that for any reason should the Company be unable to meet its liabilities then Mattel Inc. will provide financial support to the Company in accordance with this letter such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for at least 12 months from the date of these financial statements. The company has assessed whether it can rely upon the letter of support and has no concern in that regard. Therefore, these financial statements are prepared on a going concern basis.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

P Bapna (appointed 27 July 2020)

N A Godfrey (appointed 24 January 2018)

S Wollman (appointed 18 November 2019)

A Unitt (appointed 7 September 2015, resigned 7 August 2020)

Independent auditors

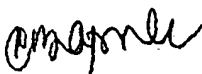
The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

In addition the directors have taken advantage of the small companies exemption from preparing a strategic report provided by section 414B of the Companies Act 2006

This report was approved by the board on 29 September 2021 and signed on its behalf.


Prashant Bapna
Director

Independent auditors' report to the members of Gullane Entertainment Limited

Report on the audit of the financial statements

Opinion

In our opinion, Gullane Entertainment Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and Companies Act 2006, and we considered the extent to which non-compliance might have a

material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions and enquiries with management and legal counsel, relating to instances of non-compliance with laws and regulation and fraud;
- Review of minutes of the Board of Directors' meetings;
- Identifying and testing journal entries, in particular any journal entries with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting


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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Stuart Macdougall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2021

GULLANE ENTERTAINMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DÉCEMBER 2020

	Note	2020 £000	2019 £000
Tax charge	6	-	(1)
Total comprehensive (expense)/income for the year		-	(1)

The notes on pages 9 to 18 form part of these financial statements.

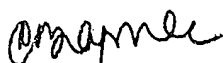
GULLANE ENTERTAINMENT LIMITED
REGISTERED NUMBER: 2120124

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	7	1,667	1,667
		<u>1,667</u>	<u>1,667</u>
Current assets			
Debtors due after more than 1 year	8	2	2
Debtors due within 1 year	8	5,121	5,117
Cash at bank and in hand	9	1	5
		<u>5,124</u>	<u>5,124</u>
Total assets less current liabilities		<u>6,791</u>	<u>6,791</u>
Net assets		<u>6,791</u>	<u>6,791</u>
Capital and reserves			
Capital redemption reserve	12	579	579
Other reserves	12	227,923	227,923
Profit and loss account	12	(221,711)	(221,711)
		<u>6,791</u>	<u>6,791</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2021.



Prashant Bapna
Director

The notes on pages 9 to 18 form part of these financial statements.

GULLANE ENTERTAINMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	579	227,923	(221,710)	6,792
Comprehensive income for the year				
Loss for the year	-	-	(1)	(1)
At 31 December 2019 and at 1 January 2020	579	227,923	(221,711)	6,791
At 31 December 2020	579	227,923	(221,711)	6,791

The notes on pages 9 to 18 form part of these financial statements.

GULLANE ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Gullane Entertainment Limited (the "Company") is a holding company. The Directors expect this to remain so in the foreseeable future.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has sought and obtained a letter of support from its ultimate parent company Mattel Inc. Consequently, the directors believe that for any reason should the Company be unable to meet its liabilities then Mattel Inc. will provide financial support to the Company in accordance with this letter such that the Company is able to operate as a going concern and to settle its liabilities as they fall due for at least 12 months from the date of these financial statements. The company has assessed whether it can rely upon the letter of support and has no concern in that regard. Therefore, these financial statements are prepared on a going concern basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.1B(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Mattel Inc. as at 31 December 2020 and these financial statements may be obtained from 333 Continental Blvd, El Segundo, CA 90245, United States.

GULLANE ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

GULLANE ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

GULLANE ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment Assessments

At each balance sheet date the Company considers whether investments in subsidiaries are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market riskfree rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the profit and loss account.

4. Auditors' remuneration

Auditors' remuneration in the current and prior year has been borne by fellow group company Hit Entertainment Limited.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group financial statements of the parent Company.

5. Directors and employees

The directors and employees were remunerated by other group companies and no recharges were made (2019 - £nil). It is not possible to apportion the share of the directors costs for services undertaken on behalf of the Company.

GULLANE ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Tax on profit

	2020 £000	2019 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	1
Total deferred tax	-	1
Taxation on profit	-	1

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Effects of:		
Group relief	(4)	(17)
Transfer pricing adjustments	4	18
Total tax charge for the year	-	1

Factors that may affect future tax charges

In Finance Bill 2021, substantively enacted in June 2021, the main corporation tax rate is set to increase to 25% with effect from 1 April 2023. As Finance Bill 2021 had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. Had it been substantively enacted by the balance sheet date, the impact on the income tax charge and deferred tax asset would not be material.

UK deferred taxes have been provided at 19% (2019: 17%)

GULLANE ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	1,667
At 31 December 2020	<u>1,667</u>
Net book value	
At 31 December 2020	<u>1,667</u>
At 31 December 2019	<u>1,667</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Gullane (Productions) Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ordinary	100%
Prism Art and Design Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ordinary	100%
The Magic Railroad Company Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ordinary	100%
HiT (Consumer Products) Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ordinary	100%
HiT Attractions Limited	3rd Floor, The Porter Building, 1 Brunel Way, Slough, Berkshire, SL1 1FQ	Ordinary	100%

GULLANE ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit
	£000	£000
Gullane (Productions) Limited	4,528	17
Prism Art and Design Limited	43,630	3,672
The Magic Railroad Company Limited	-	-
HiT (Consumer Products) Limited	3,127	1,350
HiT Attractions Limited	4,313	2

GULLANE ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Debtors

	2020 £000	2019 £000
Due after more than one year		
Deferred tax asset	2	2
	<u>2</u>	<u>2</u>
Due within one year		
Amounts owed by group undertakings	5,114	5,110
Other debtors	7	7
	<u>5,121</u>	<u>5,117</u>

Amounts owed by group undertakings are not secured, interest free and are repayable on demand.

9. Cash at bank and in hand

	2020 £000	2019 £000
Cash at bank and in hand	1	5
	<u>1</u>	<u>5</u>

GULLANE ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Deferred taxation

	2020 £000	2019 £000
At beginning of year	2	3
Charged to profit or loss	-	(1)
At end of year	2	2

The deferred taxation balance is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	2	2
	2	2

11. Share capital

	2020 £000	2019 £000
Authorised		
1 (2019 - 1) Ordinary share of £0.10 -	-	-

12. Reserves

Capital redemption reserve

All movements during the year in the Capital redemption reserve have been disclosed in the Statement of Changes in Equity on page 8 of the financial statements.

Other reserves

Other reserves relate to a capital contribution from 2014, when there was a restructuring exercise within the Mattel Inc group, of which the Company is a wholly owned indirect subsidiary. All movements during the year in other reserves have been disclosed in the Statement of Changes in Equity on page 8 of the financial statements.

Profit and loss account

All movements during the year in the Profit and Loss account have been disclosed in the Statement of Changes in Equity on page 8 of the financial statements.

GULLANE ENTERTAINMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Post balance sheet events

The Coronavirus pandemic continues to have a major effect worldwide on people, businesses and the economy. Throughout the pandemic the Company's top priority has been to mitigate the disruption to its business as the directors undertook adaptive measures accordingly. To the date of this report, liquidity continues to be sufficient to effectively manage through the disruption and to continue to execute the key elements of the Company's strategic plan.

The directors believe that the impact of the United Kingdom's decision to leave the EU will not have a significant impact on the Company. Given the Company's type of business, it does not rely on cross border supply chains and can mitigate short term pressures on Sterling with access to funding from the Mattel Group in a range of currencies.

14. Controlling party

The immediate parent undertaking is HIT Entertainment Limited, which is registered in England and Wales.

The ultimate parent undertaking and controlling party is Mattel Inc., a publicly listed company registered in the United States. The largest and smallest group of companies into which the results of the Company are consolidated at the balance sheet date is Mattel Inc.

The consolidated financial statements can be obtained at Mattel Inc. 333 Continental Blvd, El Segundo, CA 90245, United States.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.