

COMPANY NUMBER 02226335

EAGLEMOSS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

WEDNESDAY



L569R08Z

LD2

04/05/2016

#97

COMPANIES HOUSE

EAGLEMOSS LIMITED

CONTENTS	PAGE(S)
Directors and advisers	2
Strategic report	3 - 5
Directors' report	6 - 7
Directors' responsibilities statement	8
Independent auditor's report	9 - 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 33

EAGLEMOSS LIMITED
DIRECTORS AND ADVISERS

DIRECTORS	JG Bensoussan O Beressi M Calmels M Doboin T Hinchliffe A Jarvis A Neal P Viala
COMPANY NUMBER	02226335
REGISTERED OFFICE	1 st Floor Beaumont House Avonmore Road London W14 8TS
INDEPENDENT AUDITOR	Nexia Smith & Williamson Chartered Accountants 25 Moorgate London EC2R 6AY

EAGLEMOSS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

The directors present the strategic report for Eaglemoss Limited for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Eaglemoss publishing group, which includes Eaglemoss Ltd, comprise of research, production and sale of partworks collections defined as high quality series of magazines and components (e.g. Figurines, Die-cast cars, Bakeware or cooking items, build-ups collectibles, DVDs), linked to a brand/character or a hobby and intended to be collected to form a complete work. The group sells its products across 27 countries with its major markets in the United Kingdom, Germany, France, the USA, Brazil and Russia. The group is selling to newsagents and other retailers selling newspapers and magazines directly to the public, stationary and convenience stores, mass market retailers, toy stores and increasingly through its Eshops and direct subscriptions. Eaglemoss Ltd's main markets are in the UK, Europe and Australia.

BUSINESS REVIEW

2015 has been a transformation year for all publishing companies within the Eaglemoss group, both on the corporate side and on the business side.

On the corporate side, the publishing companies were acquired from Financière Aurenis SAS by newly-created Eaglemoss Capital on June 30, 2015.

Financière Aurenis SAS, the former parent company, was a French group under LBO created in 2010 and operating in two main businesses: the publishing and the call-centre activities. Over the past years, the publishing strategy of expanding Eaglemoss presence in emerging markets (Russia/Ukraine, Brazil and Japan) led the group to impose itself as a global market leader. However the conflict in Ukraine erupting in spring 2014 had the Group quickly stop its activity in an area that accounted for 30% of its sales in the Russian-speaking territories. International sanctions taken against Russia, rapid and significant devaluation of the rouble, fall of oil prices towards the end of the year and high inflation led to a decline in the Group's sales volumes. The impact of Russia in 2014 on the Publishing activity was such that Financière Aurenis's debt became a problem. Debt in Financière Aurenis was mainly due to Mezzanine lenders and a pool of 5 French Senior Banks.

On June 30, 2015, the Shareholders, Senior and Mezzanine Lenders of Financière Aurenis SAS officially completed the transaction. The business rationale behind the transaction was a strategic sale of the call-centres business of which the proceeds would mainly benefit the Senior and Mezzanine Lenders of Financière Aurenis while key managers would focus on the core competency of the company, which is the Publishing business. Key specifications of the June 30, 2015 transaction are:

1. Eaglemoss group no longer has any Senior and Mezzanine debt. The call-centre companies were sold to CCA International to repay and settle the Senior and Mezzanine Lenders of Financière Aurenis SAS.
2. New investors injected €7 million into Eaglemoss Limited as a pure investment to ensure business continuity and development through its parent company, Eaglemoss Capital Limited, a private equity funded acquisition vehicle which acquired all of the Eaglemoss publishing companies.
3. Eaglemoss Capital Limited shareholders include the original founders, key Eaglemoss senior managers and private investors.

In addition to the restructuring of its debt, the group has initiated:

- a simplification of its group structure. Eaglemoss Capital Ltd is consolidating the operations into a single UK operating entity (Eaglemoss Limited) and most of the dormant foreign companies have been liquidated. Eaglemoss Limited acquired the assets and liabilities of Eaglemoss Publications, Eaglemoss Consumer Publications, Eaglemoss Publishing Group and GE Publishing in December 2015 as part of this group consolidation.
- a massive streamlining of its operating costs structure, reducing 20% of its headcount, and implementing a cost-cutting plan on overheads towards full centralization in London (whereas the strategy of the former parent company was to develop local Business Units).

EAGLEMOSS LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

On the business side, the Eaglemoss group has extensively refocused on European partworks markets to offset the activity decrease from Russia which added to the recent difficulties in Brazil (50% devaluation of Brazilian Real from 2014) and confirmed weakening of the Japanese market which followed the 35% devaluation of the Yen occurred in 2013. In addition to its traditional business stream, the Eaglemoss group has successfully developed new business streams:

- Ecommerce: selling its collections around the world, for both existing partworks products and standalone products only available in its Eshops
- Direct Marketing: targeting the American market in the first place and more recently in Europe

Eaglemoss Ltd is a central operating entity for the Eaglemoss publishing group and plays a key role in the group business strategies, as noted above.

The company's key financial performance indicators during the period were as follows:

- The gross profit margin increased to 43% for the year end from 39% for the prior 12 months due to the evolution of the product and channels mix.
- The company incurred an operating loss of £4,803,972 in the year against a loss of £14,887,727 for the previous year.

The results reflect exceptional costs relating to restructuring costs incurred in relation to the reorganisation following the acquisition of Eaglemoss Ltd in June 2015, along with additional provisions for tax risks in foreign countries and intercompany debtor provisions. There were also significant stock write offs incurred as a result of the change in Group and re-alignment with the new Group stock valuation policy; these costs are within cost of goods stock (£2,500,000). Exceptional items also include income arising as a result of intercompany balances being waived and the release of intercompany debtor provisions.

Exceptional items in the prior period related to restructuring and redundancy costs, foreign tax provisions, stock write offs and intercompany debt provisions against Russia/Ukraine balances due relating to a change in management strategy and the Russia/Ukraine economic crisis. The breakdown of current and prior period exceptional costs is disclosed in note 4.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Foreign exchange risk resulting from international trade, although the risk has considerably reduced with the decrease of activity in volatile countries such as Russia, Ukraine, Japan and Brazil. Where possible the risk is reduced through the use of natural hedging whereby revenue is used to settle expenditure in the same currency as well as through FX hedging financial instruments such as forwards contracts and currency options.
- Significant investment in development and promotion of new products, which will only be recovered when sales of new titles are established. In order to mitigate this risk, extensive research and testing is undertaken to gauge consumer responses to products prior to any launch.

EAGLEMOSS LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

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:

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 through 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 has access to a revolving credit facility.

Price risk

Price risk is managed by negotiating the price of materials to produce a new product prior to the project launch. These negotiations would cover all issues over the life of the series (which is on average 1 to 3 years).

Cash flow risk

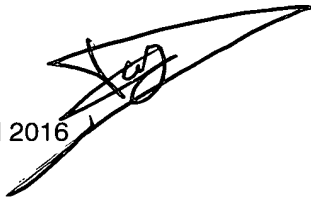
Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt or payment for purchases. The group manages this risk, where significant, by use of derivatives as explained above and close management of its cash flow forecasts.

Signed on behalf of the board of directors by

M Doboin

Director

Date: 26 April 2016

A handwritten signature in black ink, appearing to be 'M Doboin', written over a horizontal line.

EAGLEMOSS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements in accordance with applicable laws and regulations for the year ended 31 December 2015.

PRINCIPAL PLACE OF BUSINESS

Eagle Moss Limited is a company incorporated and domiciled in England and Wales and has its registered office and principal place of business at 1st Floor Beaumont House, Avonmore Road, London, W14 8TS.

RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation is shown on page 11 of these financial statements.

The directors do not recommend a dividend (2014: nil).

DIRECTORS

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

M Altarriba	(Resigned 30 June 2015)
JF Cecillon	(Resigned 30 June 2015)
Fabien Redon	(Resigned 30 June 2015)
Cecile Marret	(Resigned 30 June 2015)
A Jarvis	(Appointed 30 June 2015)
G Bensoussan	(Appointed 30 June 2015)
O Beressi	(Appointed 30 June 2015)
M Calmels	(Appointed 30 June 2015)
M Doboïn	(Appointed 30 June 2015)
T Hinchliffe	(Appointed 30 June 2015)
A Neal	(Appointed 30 June 2015)
P Viala	(Appointed 30 June 2015)

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to risks are described in the strategic report.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

FUTURE DEVELOPMENTS

The directors will continue to develop new partworks products and market them in the traditional newsagents channel as well as the direct sales channels. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

EAGLEMOSS LIMITED

DIRECTORS' REPORT (continued)

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.

AUDITORS

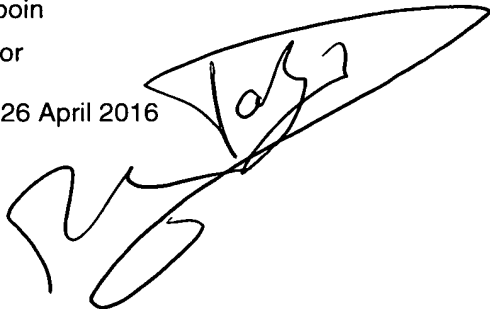
The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved and signed on behalf of the board of directors by

M Doboin

Director

Date: 26 April 2016

A handwritten signature in black ink, appearing to be 'M Doboin', written over a large, stylized, elongated oval shape that serves as a background for the signature.

EAGLEMOSS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.

EAGLEMOSS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015



We have audited the financial statements of Eaglemoss Limited for the year ended 31 December 2015 set out on pages 11 to 33. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, set out on page 8, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

EAGLEMOSS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS
LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2015**



MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

Stephen Drew (Senior Statutory Auditor)

A handwritten signature in black ink that reads "Nexia Smith & Williamson". The signature is written in a cursive, flowing style.

for and on behalf of
Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY
Date: 26 April 2016

EAGLEMOSS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	12 months to 31 December 2015 £	12 months to 31 December 2014 £
Turnover	3	33,173,265	42,688,183
Cost of sales		(19,020,726)	(25,932,039)
Gross profit		14,152,539	16,756,144
Administrative expenses		(15,838,040)	(12,376,264)
Joint arrangement partners' share of profits		(1,107,212)	(943,334)
Other gains/(losses)			
• Gain on financial assets at fair value through profit & loss account		200,512	-
• Gain/(loss) on sale of fixed asset investments		193,613	(2,244)
Exceptional items	4	(2,405,384)	(18,322,029)
Operating loss		(4,803,972)	(14,887,727)
Interest receivable and similar income	5	174,088	428,418
Interest payable and similar charges	6	(595,817)	(208,712)
Loss before taxation	7	(5,225,701)	(14,668,021)
Tax on loss on ordinary activities	11	227	(13,292)
Loss for the year	23	(5,225,474)	(14,681,313)
Other Comprehensive Income for the year		-	-
Total Comprehensive Loss for the year		(5,225,474)	(14,681,313)

The notes on pages 14 to 33 form part of these financial statements.

EAGLEMOSS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2015

		2015	2014
	Note	£	£
Non-current assets			
Intangible assets	12	-	46,200
Tangible assets	13	476,431	126,909
Investments	14	138,232	157,358
		<hr/> 614,663	<hr/> 330,467
Current assets			
Stocks	16	2,252,215	4,420,148
Debtors: Amounts falling due within one year	17	15,449,925	19,991,771
Cash at bank and in hand		7,098,519	322,697
		<hr/> 24,800,659	<hr/> 24,734,616
Creditors: Amounts falling due within one year	18	(32,105,404)	(26,306,003)
		<hr/>	<hr/>
Net current liabilities		(7,304,745)	(1,571,387)
		<hr/>	<hr/>
Total assets less current liabilities		(6,690,082)	(1,240,920)
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	19	-	(233,648)
		<hr/>	<hr/>
Net Liabilities		(6,690,082)	(1,474,568)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	21	685,033	685,033
Capital contribution reserve	22	9,960	-
Profit and loss account		(7,385,075)	(2,159,601)
		<hr/>	<hr/>
Total shareholders' deficit	22	(6,690,082)	(1,474,568)
		<hr/>	<hr/>

The notes on pages 14 to 33 form part of these financial statements.

These financial statements on pages 11 to 33 were authorised and approved by the board of directors on 26 April 2016 and are signed on their behalf by:

M Doboïn
Director

Registered number 02226335

EAGLEMOSS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital £	Capital Contribution Reserve £	Retained Earnings £	Total Equity £
At 1 January 2014	685,033	-	12,521,712	13,206,745
Comprehensive income for the year				
Loss for the year	-	-	(14,681,313)	(14,681,313)
At 31 December 2014	685,033	-	(2,159,601)	(1,474,568)
Comprehensive income for the year				
Profit for the year	-	-	(5,225,474)	(5,225,474)
Transaction with owners:				
Capital Contribution	-	9,960	-	9,960
At 31 December 2015	685,033	9,960	(7,385,075)	(6,690,082)

The notes on pages 14 to 33 form part of these financial statements.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

Basis of preparation

Eaglemoss Ltd is a private limited company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 3.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006". This is the first year that the company has presented its results under FRS 102. The date of transition to FRS 102 was 1 January 2014.

In accordance with FRS 102 the company has:

- provided comparative information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied FRS 102 as required; and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 102.

The transition to FRS 102 has resulted in no material changes in accounting policies or material adjustments to the profit and loss or equity of the company as previously reported.

Going concern

The Company made an operating loss of £4,803,972 in the year to 31 December 2015 after exceptional costs of £2,405,384 and stock write downs of £2,500,000 giving an underlying operating profit of £101,412. The underlying operating profit has been generated in spite of extensive marketing expenses totalling £4,000,000 in the year aimed to launch more products in European markets to generate higher profits in future years. In comparison, the company spent £2,700,000 marketing expenses in the previous year. Included within debtors due within one year is £6,749,301 that relates to amounts due from group undertakings that will be settled from future trading activity. The company had net liabilities of £6,690,082 as at 31 December 2015, of which £13,727,417 is owed to group undertakings and £6,263,817 is the revolving credit facility. The directors have prepared financial forecasts that take account of the change in strategy as noted in the Strategic Report and which assume the continued support of the Group's bankers.

After making inquiries, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in the Directors' Report.

Exemptions

Eaglemoss Limited is a qualifying entity as defined by FRS 102 and has taken advantage of the following disclosure exemptions that are available in accordance with para 1.12:

- The requirement to prepare a statement of cash flows (Section 7 of FRS 102 and para 3.17 (d))
- The non-disclosure of key management personnel compensation (FRS 102 para 33.7)
- Certain financial instruments disclosures, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated (FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29)

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

- Certain disclosure requirements of Section 26 in respect of share based payments, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated (FRS 102 paras 26.18(b), 26.19 – 26.21, 26.23)

Details regarding the consolidated financial statements of the group in which the entity is consolidated are provided on page 15.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Preparation of group financial statements

The financial statements contain information about Eaglemoss Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Eaglemoss Capital Ltd. The consolidated accounts can be found at Companies House, Crown Way, Cardiff, CF14 3UZ.

Related party transactions

The company is a wholly owned subsidiary company of Eaglemoss Capital Ltd and is included in its consolidated financial statements. Consequently, it does not disclose transactions with related parties which are 100% subsidiaries of Eaglemoss Capital Ltd and only discloses transactions with related parties which are not wholly owned by the group.

Revenue Recognition

Revenue is derived from the company's principal activity being the research, production and sale of partworks. Revenue is measured at the fair value of consideration received or receivable and represents the amount receivable for goods supplied and services rendered, net of returns, discounts, rebates, value added tax and other sales taxes.

The company bases its estimate of returns on historical results, taking into consideration the specifics of each customer, transaction and arrangement.

Sale of Goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The company has transferred the significant risks and rewards of ownership to the buyer
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measure reliably
- It is probable that the Company will receive the consideration due under the transaction
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Rendering of Services

Revenue from a contract to provide services is recognised in the period in which services are rendered.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains and losses on foreign currency borrowings and deposits are reported within interest receivable and similar income or interest payable and similar charges. Differences on all other transactions are taken to the profit and loss account. The company's functional and presentational currency is the Sterling.

Finance Leased Assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Joint arrangements

Joint arrangements are arrangements with partner companies for the production of a particular partworks series, with each partner's contribution and share of profits agreed at the outset. The operations are fully managed by Eaglemoss Ltd, including all assets and liabilities. Cash advances may be received from the partner company to help fund the initial operations and are included within creditors until repaid. The income statement reflects 100% of the turnover and cost of goods sold in relation to these arrangements that are operated by Eaglemoss Ltd. The partner companies' share of net profit/loss is then shown in the statement of comprehensive income. Amounts owed by joint arrangement partners is presented as part of debtors and amounts owed to joint arrangement partners is presented as part of creditors.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Exceptional Items

The company is disclosing every significant uncommon transaction so as to separate normal business operations from unusual ones. 2015 has been a year of transformation for the Eaglemoss group, and Eaglemoss Limited incurred exceptional items in relation to restructuring of its debt, staff redundancies, overheads costs, intercompany provisions and alignment to a new parent company with its own accounting policy.

Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in profit or loss.

Pension costs

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Intangible assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable.

Amortisation is charged over the expected life of the intangible assets as follows:

Font licence	Over 5 years
Publishing licence	Over 5 years

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 or the remaining life of the lease

The company has chosen to include software development costs in relation to a new purchase order system within computer equipment, as permitted under FRS102.

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.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

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 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.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Financial assets (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derivatives, including options on forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the group's cash management.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

Interest Payable and similar charges

Finance costs are charged to the Profit and Loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Group Reconstructions

During the year, the Company has been party to a group reconstruction aimed to reorganise the group and reduce the number of legal entities where multiple companies exist performing the same operations. The assets and liabilities of the entities being closed were sold to the Company under a legal sale agreement and have been accounted for using the acquisition accounting method. The fair value of acquired assets and assumed liabilities is deemed to be equal to the net book value, due to there being no additional value created as a result of the sale.

2. Key sources of estimation uncertainty and judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Tax provisions

The accruals & deferred income recorded in the company's balance sheet includes a provision for a potential tax liability which might arise in the future as a result of a foreign tax audit. Whilst every attempt is made to ensure that the tax provisions are as accurate as possible, there remains a risk that the provisions do not match the final payments which might be paid.

Inventory provisions

The group inventory balance is net of provisions booked to write down the finished goods stock in relation to excess issues that have been returned. The group have estimated that the value of excess issues returned has either zero or nominal net realisable value to the business, depending on the collection involved, and is written down accordingly.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

2. Key sources of estimation uncertainty and judgements (continued)

Impairment of intercompany notes and trade debtors

The amounts owed by group undertakings is net of provisions to write down the amounts receivable. The provisions booked are based on the future cashflow projections of the intercompany entities and management's assessment of the potential risk to the repayment of these balances in the future.

3 Turnover

An analysis of turnover is given by geographical market:

	2015 £	2014 £
Continental Europe	8,852,726	12,456,246
United Kingdom	15,436,996	18,140,270
Japan	677,551	1,922,069
Australia	3,544,472	5,364,549
Rest of world	4,661,520	4,805,049
	<hr/>	<hr/>
	33,173,265	42,688,183
	<hr/>	<hr/>

Turnover by activity is as follows:

	2015 £	2014 £
Sales of Goods	29,143,285	38,416,216
Services Rendered	4,029,980	4,271,967
	<hr/>	<hr/>
	33,173,265	42,688,183
	<hr/>	<hr/>

4 Exceptional items

Exceptional costs include reorganisation and restructuring costs following the acquisition of Eaglemoss Ltd in June 2015 (£1,022,000), as well as foreign tax provisions (£454,000) and intercompany debtor provisions (£6,000,000). Exceptional items also include income arising as a result of intercompany balances being waived (£5,100,000).

Exceptional items incurred in the prior period relate to a provision for tax risk in a foreign country plus stock write offs associated with the Russia and Ukraine economic downturn and management change in strategic direction and provisions against Russian and Ukraine intercompany debt.

Exceptional items incurred in the prior period relate to a provision for tax risk in a foreign country plus stock write offs associated with the Russia and Ukraine economic downturn and management change in strategic direction and provisions against Russian and Ukraine intercompany debt.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

5	Interest receivable and similar income	2015	2014
		£	£
	Bank interest	2,653	2,780
	Interest on loans to group undertakings	46,355	10,274
	Other interest	1,260	949
	Foreign exchange differences on monetary assets & liabilities	123,820	414,415
		<hr/>	<hr/>
		174,088	428,418
		<hr/>	<hr/>
6	Interest payable and similar charges	2015	2014
		£	£
	Interest on loan from group undertaking	358,295	68,990
	Interest on loan from former group undertaking	42,306	1,166
	Bank interest	97	786
	Other interest charges	971	-
	Interest on drawdown facility	194,148	137,770
		<hr/>	<hr/>
		595,817	208,712
		<hr/>	<hr/>
7	Loss on ordinary activities before taxation	2015	2014
		£	£
	Operating loss is stated after charging/(crediting):		
	Exceptional items	2,405,384	18,322,029
	Net foreign exchange (gains)/losses	(785,399)	923,011
	Depreciation	63,171	44,602
	Amortisation of intangible assets	7,700	16,800
	Impairment of trade debtors	214,890	175,548
	Cost of stock recognised as an expense	16,467,627	25,932,039
	Write down of stock	2,553,099	-
	Auditors' remuneration - audit services		20,563
	Operating lease rentals - land and buildings	400,686	209,989
	Operating lease rentals - equipment	63,558	-
		<hr/>	<hr/>

The auditor's remuneration has been paid by the parent, Eaglemoss Capital Limited and is disclosed in the group consolidated accounts.

EAGLEMOSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

8 Staff costs

The monthly average number of persons, including directors, employed by the company during the year was:

	2015 Number	2014 Number
Production	15	11
Editorial	21	13
Administration	29	27
	<hr/> 65	<hr/> 52

	2015 £	2014 £
The aggregate payroll costs of the above:		
Wages and salaries	3,672,939	2,182,450
Social security costs	396,621	275,695
Pension costs	98,071	56,061
	<hr/> 4,167,631	<hr/> 2,514,206

9 Directors' emoluments

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

	2015 £	2014 £
Aggregate emoluments	902,572	541,875
Pension contributions	20,025	2,188
	<hr/> 922,597	<hr/> 544,062

The Directors emoluments disclosed above relate to eight of the directors. The other directors are remunerated by fellow Group entities. Included in the emoluments above are payments of £94,583 (2014: £117,934) made to directors for compensation for loss of office during the year.

Four directors were awarded B shares in Eaglemoss Capital Ltd, the parent company, during the year, with a total value of £10,000, included within the emoluments above. No share options were exercised during the year

Number of directors with amounts accruing under a money purchase scheme is six (2014: 3).

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

9 Directors' emoluments (continued)

	2015	2014
	£	£
Emoluments of highest paid director:		
Aggregate emoluments	319,230	300,417

No share options were exercised in the year by the highest paid director

10 Share based payments

During the year, four directors of Eaglemoss Limited were granted 555,900 B preference shares in Eaglemoss Capital Ltd in exchange for nil consideration. The fair value of these shares at grant date is of £10,000 and is recorded within Administrative Expenses with a corresponding credit in capital contribution reserve (see note 22).

11 Tax on loss on ordinary activities

	2015 £	2014 £
Corporation tax:		
Foreign Tax	2,742	13,292
Adjustments in respect of prior periods (Foreign Tax)	(2,515)	-
Tax on loss on ordinary activities	227	13,292

The tax assessed for the period is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%).

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

11 Tax on loss on ordinary activities (continued)

Tax reconciliation	£	£
Loss on ordinary activities before taxation	(5,225,701)	(14,668,021)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	(1,058,204)	(3,152,620)
Effects of:		
Fixed asset differences	537	-
Income not taxable for tax purposes	(2,046,738)	-
Expenses not deductible for tax purposes	2,016,487	-
Other permanent differences	(555)	3,336,241
Transfer pricing adjustments	146,032	66,675
Other tax adjustments, reliefs and transfers	(43,817)	-
Group relief claimed	-	(96,635)
Foreign Tax	2,742	8,461
Adjustments in respect of prior periods (Foreign Tax)	(2,515)	-
Adjustments to tax charge in respect of previous periods – deferred tax	38,458	-
Effect of changes in tax rate	124,008	(10,514)
Deferred tax not recognised	823,792	(138,316)
	<hr/>	<hr/>
Total tax charge	227	13,292
	<hr/>	<hr/>

Subject to the UK tax authority's agreement, the company has tax losses of approximately £5 million (2014: £240,000) available for carry forward and offset against future trading profits. The company has a potential deferred tax asset on these losses of £906,000 (2014: £48,000), which has not been recognised. The company also has unrecognised deferred tax assets on other timing differences totalling £102,000 (2014: £136,000).

Factors that may affect future tax charges

The main rate of corporation tax was reduced from 21% to 20% from 1 April 2015. On 26 October 2015, a further reduction in corporation tax rate to 18% from 1 April 2020 was substantively enacted. These changes are reflected in the financial statements.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

12 Intangible fixed assets

	£
Cost	
At 1 January 2015 and 31 December 2015	77,000
Accumulated amortisation	
At 1 January 2014	30,800
Amortisation – publishing licence	7,700
Impairment	38,500
At 31 December 2015	77,000
Net book value	
At 31 December 2015	0
At 31 December 2014	46,200

13 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Leasehold improvements £	Total £
Cost				
At 1 January 2015	477,607	16,196	14,517	508,320
Additions	301,745	31,183	79,767	412,695
At 31 December 2015	779,352	47,379	94,284	921,015
Accumulated depreciation				
At 1 January 2015	374,327	7,084	-	381,411
Charge for the period	55,324	4,051	3,798	63,173
At 31 December 2015	429,651	11,135	3,798	444,584
Net book value				
At 31 December 2015	349,701	36,244	90,486	476,431
At 31 December 2014	103,280	9,112	14,517	126,909

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

14 Fixed asset investments

	Subsidiary undertakings £	Associated undertakings £
Cost		
At 1 January 2015	254,813	157,358
Additions	138,232	-
Disposals	-	(157,358)
	<hr/>	<hr/>
At 31 December 2015	393,045	-
	<hr/>	<hr/>
Impairment		
At 1 January 2015	254,813	-
Impairment charge for the year	-	-
	<hr/>	<hr/>
At 31 December 2015	254,813	-
	<hr/>	<hr/>
Net book value		
At 31 December 2015	138,232	-
	<hr/>	<hr/>
At 31 December 2014	-	157,358
	<hr/>	<hr/>

During the year, the director's disposed of the 20% investment in Data Base Factory Limited as part of the group re-structure and acquired the remaining 50% of GE Eaglemoss Ltd, as well as 100% of Eaglemoss Polska sp. z.o.o. The company realised a gain of £193,613 in relation to the sale of its investment in Data Base Factory Ltd.

The directors chose to fully impair subsidiary investments during 2014 as they did not consider the carrying value of the investment to be supported by its underlying net assets.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

14 Fixed asset investments (continued)

Subsidiary undertakings

Name of company	Country of incorporation & registered office	Nature of business	% voting rights and shares held
Eaglemoss Editions Ukraine LLC	Ukraine 38 Turgenivska Str., Kyiv, 01054 Ukraine	Sale of partworks	1%
Eaglemoss Japan KK	Japan 6 – 19 – 19 Shimbashi, Minato-ku, Tokyo 105-004 Japan	Sale of partworks	100%
Eaglemoss Editions Russia LLC	Russia 26, Nikoloyamskaya str., b. 1-1a 109004 Moscow, Russia	Sale of partworks	100%
Eaglemoss Inc.	USA 1017 Putnam Blvd, Wallingford PA 19086- 6754, USA	Sale of partworks	100%
Eaglemoss do Brazil Limited	Brazil Barueri, State of São Paulo, Alameda Araguaia, 2044, Tower I, 5th floor Room 505, part, Zip Code 06455-906,	Sale of partworks	100%
GE Eaglemoss Limited	UK 1st Floor, Beaumont House, Kensington Village, Avonmore Road, London, W14 8TS	Holding Company	100%
Eaglemoss Polska sp. z.o.o	Poland ul. Broniewskiego 3, 01-785 Warszawa Akacjowy Park lok. 3.2b	Sale of partworks and central warehouse	100%

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

15 Group Reconstructions

On 31 December 2015, Eaglemoss Limited acquired the assets and liabilities of Eaglemoss Publications, Eaglemoss Consumer Publications, Eaglemoss Publishing Group and GE Publishing in December 2015 as part of a group reconstruction. The transaction was accounted for using the acquisition accounting method. The fair value of acquired assets and assumed liabilities is deemed to be equal to the net book value, due to there being no additional value created as a result of the sale.

16 Stocks	2015 £	2014 £
Raw materials	89,577	19,662
Work in progress	1,534,887	3,132,253
Finished goods	627,751	1,268,233
	<hr/> 2,252,215	<hr/> 4,420,148

17 Debtors: Amounts falling due within one year	2015 £	2014 £
Trade debtors	4,367,381	3,185,797
Amounts owed by group undertakings	6,749,301	14,194,685
Amounts owed by joint arrangement partners	508,774	557,876
Other debtors	1,663,597	1,708,264
Prepayments and accrued income	1,656,175	345,149
Financial asset – forward foreign exchange contracts	504,697	0
	<hr/> 15,449,925	<hr/> 19,991,771

Included within amounts owed by group undertakings are intercompany loans of £264,000 (2014: £nil). During 2015, Eaglemoss Limited had a loan receivable balance with Eaglemoss Publications, the loan was waived as part of a Group restructuring project in December 2015. The loans attract interest between 0% and 3.8% p.a. The loans are unsecured and repayable on demand.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

18 Creditors: amounts falling due within one year	2015 £	2014 £
Trade creditors	4,453,153	6,245,005
Amount owed to group undertakings	13,727,417	11,405,328
Amounts owed to joint arrangement partners	820,917	843,678
Other creditors	1,392,922	1,786,653
Taxation and social security	121,096	76,344
Foreign tax	6,642	13,292
Revolving credit facility - drawdown	6,263,817	2,726,069
Accruals and deferred income	5,319,440	3,209,634
	<hr/> 32,105,404 <hr/>	<hr/> 26,306,003 <hr/>

Amounts owed to group undertakings are unsecured and repayable on demand.

Included within amounts owed to group undertakings in 2014 is a loan from the former parent company, Financière Aurénis SAS. Interest of 3% p.a. was charged. It was repaid fully in June 2015 when the company was sold to Eaglemoss Capital Ltd. The current loans are provided by its parent company, Eaglemoss Capital Ltd and other group companies, with interest between 3.8% and 6% p.a.

19 Creditors: amounts falling due after more than one year	2015 £	2014 £
Advances from partner – TF1	-	233,648
	<hr/>	<hr/>

The prior year balance related to advances due to a joint arrangement partner, the amount unpaid to date is repayable under 1 year.

20 Borrowings	2015 £'000	2014 £'000
Falling due within one year:		
Revolving credit facility	<hr/> 6,263,817 <hr/>	<hr/> 2,726,069 <hr/>

Interest is payable on the balance drawn down under the revolving bank credit facility at a variable rate of EURIBOR + 3.75%, updated every six months.

The 8.5MEUR drawdown under the bank credit facility is secured by way of a fixed and floating charge over the assets of the company and fellow group companies.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

21	Called up share capital	2015 £	2014 £
	Allotted and fully paid:		
	648,932 (2013: 648,932) ordinary shares of £1 each	684,932	684,932
	100 (2013: 100) 'A' preference shares of £1 each	100	100
	1 (2013:1) 'B' preference shares of £1 each	1	1
		685,033	685,033
		685,033	685,033

The holders of the 'A' and 'B' preference shares have no voting rights.

On a winding-up of the company, the priority of payments of capital is firstly to pay the 'B' preference shareholder and secondly to pay the 'A' preference shareholder. This includes the subscription price per share together with any arrears of dividends. The balance of capital is payable to the ordinary shareholders.

22 Reserves

Capital contribution reserve

This reserve relates to the amounts contributed by the parent company, Eaglemoss Capital Ltd, in the form of B shares in Eaglemoss Capital Ltd, issued to the company to provide compensation to directors of Eaglemoss Ltd.

The number and class of shares issued are as follows:

166,700 B2 Ordinary Shares

166,700 B3 Ordinary Shares

111,180 B4 Ordinary Shares

111,180 B5 Ordinary Shares

The shares rank equally in terms of voting rights.

Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

23 Reconciliation of movements in shareholders' funds/(deficit)	2015 £	2014 £
Opening shareholders' (deficit)/funds	(1,474,568)	13,206,745
Loss for the financial year	(5,225,474)	(14,681,313)
Transactions with owners	<u>9,960</u>	<u>-</u>
Closing shareholders' deficit	<u>(6,690,082)</u>	<u>(1,474,568)</u>

24 Obligations under leases and hire purchase contracts

The company has one hire purchase contract for IT equipment. At the balance sheet date the company has operating lease agreements in respect of properties and equipment for an average of three years with fixed rentals over the lease.

The future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
For leases expiring:		
Within one year	731,520	9,172
After one year but within five years	1,273,708	18,344
After five years	<u>1,269</u>	<u>-</u>

The future minimum lease payments under non-cancellable hire purchase agreements are as follows:

	2015	2014
For leases expiring:		
Within one year	8,049	10,732
After one year but within five years	<u>-</u>	<u>8,049</u>

25 Related Parties

The company paid royalty fees of £10,000 to Calmels Design and Construction Ltd, a company controlled by the husband of a director of Eaglemoss. As at 31 December 2015, there was £6,751 owing to this company

The company paid consulting fees of £30,000 to Palatin Sprl, a company controlled by one of the directors. As at 31 December 2015, £5,371 was outstanding with this company. The company paid consulting fees of £35,000 to Financière Mistletoe Sprl, a company controlled by one of the directors. As at 31 December 2015, there was £10,554 owing to this company.

The company also acquired loans payable by three directors during the year as a result of the acquisition of the assets of Eaglemoss Publications Ltd. The loans have an interest rate of 3% p.a. and £249,000 was outstanding at the end of 2015, included within other debtors.

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

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

26 Ultimate parent and controlling party

The company's immediate parent is Eaglemoss Holdings (UK) Limited, a company incorporated in England & Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial Statements is Eaglemoss Capital Ltd. Copies of the Eaglemoss Capital Ltd consolidated financial statements can be obtained from the Companies House.

The ultimate controlling party of the group is Verdoso S.A., a company registered in Luxembourg, holding 25% of the issued share capital of the company. The remaining shares are owned by private shareholders and companies, none of whom own more than 20% of the issued share capital of the company.