

COMPANY NUMBER 02226335

EAGLEMOSS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014



EAGLEMOSS LIMITED

CONTENTS	PAGE(S)
Directors and advisers	2
Strategic Report	3 - 5
Directors' report	6 - 7
Independent auditors' report	8 - 9
Profit and loss account	10
Balance sheet	11
Notes to the financial statements	12 - 27

EAGLEMOSS LIMITED

DIRECTORS AND ADVISERS

DIRECTORS	JF Cecillon M Altarriba Fabien Redon Cecile Marret
COMPANY NUMBER	02226335
REGISTERED OFFICE	1 st Floor Beaumont House Avonmore Road London W14 8TS
BANKERS	NatWest Bank PLC 34 Henrietta Street London WC2E 8NN
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

EAGLEMOSS LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity continues to be the research, production and sale of partworks which are high quality magazines often including a collectible element (for example DVDs, CD Roms, make-up, clothing for dolls) and linked to a character or brand. The company's major markets are in Russia and the UK, followed by other English speaking markets, but the company has expanded into other countries in recent years. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

The loss for the year was £14,681,313 compared to a profit of £6,839,417 for the period ended 31 December 2013.

FUTURE DEVELOPMENTS

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

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

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

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

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

FINANCIAL RISK MANAGEMENT

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

Foreign currency risk

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

Credit risk

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

Liquidity

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

Price risk

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

RESULTS AND DIVIDENDS

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

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

The directors do not recommend a dividend (2013:nil).

EAGLEMOSS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

KPIs

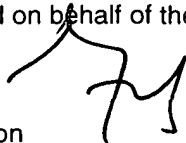
The company's key financial performance indicators during the period were as follows:

- Company turnover was £42,688,183 for the year against £72,619,506 for the previous 18 months ended 31 December 2013. Turnover reduced slightly versus the prior 12 months due to the reduced number of launches in 2014.
- The company incurred an operating loss of £14,485,960 in the year against a profit of £7,202,791 for the previous 18 months. The loss for the period is due to reduced launches in 2014, as well as exceptional costs for redundancies, German VAT provisions, provisions against intercompany debt and stock write offs.

OTHER

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

Signed on behalf of the board of directors by



F Redon
Director

Date: 29 June 2015

EAGLEMOSS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in presenting the Annual Report and the audited financial statements in accordance with applicable laws and regulations for the year ended 31 December 2014.

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
A Jarvis (resigned 3 September 2014)
A Westphalen (resigned 15 September 2014)
G Bensoussan (resigned 11 March 2014)
O Beressi (resigned 11 March 2014)
JF Cecillon (appointed 11 March 2014)
Fabien Redon (appointed 15 September 2014)
Cecile Marret (appointed 15 September 2014)

GOING CONCERN

Please refer to the future developments in the Strategic Report and Note 1 to these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

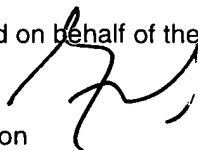
DISCLOSURE OF INFORMATION TO THE AUDITORS

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

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

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

Signed on behalf of the board of directors by



F Redon

Director

EAGLEMOSS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAGLEMOSS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2014

Report on the financial statements

Our opinion

In our opinion, Eaglemoss Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

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

What we have audited

Eaglemoss Limited's financial statements comprise:

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

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

EAGLEMOSS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAGLEMOSS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2014

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

29 June 2015

EAGLEMOSS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

		12 months to 31 December 2014 £	18 months to 31 December 2013 £
	Note		
Turnover	2	42,688,183	72,619,506
Cost of sales		(25,932,039)	(37,799,167)
Gross profit		16,756,144	34,820,339
Distribution costs		(7,180,627)	(11,363,332)
Marketing and promotion		(2,680,977)	(6,655,313)
Administrative expenses		(2,100,244)	(8,419,470)
Loss from participating interests	3	(943,334)	(310,125)
Exceptional item – write off of bad debt		(169,643)	(96,411)
Exceptional item – disposal of Hungarian branch		-	(102,179)
Exceptional item – German VAT	4	(342,006)	(575,600)
Exceptional item – Prior years PSA		-	(38,082)
Exceptional item – Polish VAT		-	(34,421)
Exceptional item – professional fees		(34,982)	(22,615)
Exceptional item – provision against intercompany debt	4	(14,984,421)	-
Exceptional item – stock write down	4	(2,247,246)	-
Exceptional item – investment impairment	7	(222,389)	-
Exceptional item – redundancy costs	4	(336,235)	-
Operating (loss)/profit		(14,485,960)	7,202,791
Restructuring costs	4	14,893	(221,980)
(Loss)/profit on ordinary activities before interest		(14,471,067)	6,980,811
Interest receivable and similar income	5	14,003	106,793
Interest payable and similar charges	6	(208,712)	(310,778)
(Loss)/Income from sale of fixed asset	7	(2,245)	49
Loss from impairment of fixed asset investments	7	-	(32,425)
Other finance income		-	94,967
(Loss)/Profit on ordinary activities before taxation	8	(14,668,021)	6,839,417
Tax on (loss)/profit on ordinary activities	11	(13,292)	-
(Loss)/Profit for the financial year/period	22	(14,681,313)	6,839,417

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

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

There are no material differences between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial year/period and their historical cost equivalents.


EAGLEMOSS LIMITED
COMPANY REGISTRATION NUMBER 02226335

BALANCE SHEET

AS AT 31 DECEMBER 2014

		2014	2013
	Note	£	£
Non-current assets			
Intangible assets	12	46,200	63,000
Tangible assets	13	126,909	70,151
Investments	14	157,358	342,778
		<hr/> 330,467	<hr/> 475,929
Current assets			
Stocks	15	4,420,148	5,163,531
Debtors: Amounts falling due within one year	16	19,991,771	40,833,250
Debtors: Amounts falling due after more than one year	17	-	664,974
Cash at bank and in hand		322,697	4,057,072
		<hr/> 24,734,616	<hr/> 50,718,827
Creditors: Amounts falling due within one year	19	(26,306,003)	(37,752,929)
		<hr/> (1,571,387)	<hr/> 12,965,898
Net current (liabilities)/assets			
		<hr/> (1,240,920)	<hr/> 13,441,827
Total assets less current (liabilities)/assets			
		<hr/> (233,648)	<hr/> (235,082)
Creditors: Amounts falling due after more than one year	20		
		<hr/> (1,474,568)	<hr/> 13,206,745
Net (Liabilities)/Assets			
		<hr/> (1,474,568)	<hr/> 13,206,745
Capital and reserves			
Called up share capital	21	685,033	685,033
Profit and loss account	22	(2,159,601)	12,521,712
		<hr/> (1,474,568)	<hr/> 13,206,745
Total shareholders' (deficit)/funds	23		
		<hr/> (1,474,568)	<hr/> 13,206,745

These financial statements on pages 10 to 27 were authorised and approved by the board of directors on 29 June 2015 and are signed on their behalf by:


F Redon
Director

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable UK Generally Accepted Accounting Practices.

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

Going concern

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

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

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

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

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (continued)

Going concern (continued)

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

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, Topco SAS ('Topco').

Cash flow statement

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

Related party transactions

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

Turnover

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

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

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (continued)

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

Leases

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

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.

Joint arrangements

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

Stocks

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

Work in progress

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

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies (continued)

Deferred taxation

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the profit and loss account. The assets and liabilities of foreign branches are translated into sterling at the rate of exchange ruling at reporting date and their income statement is translated at average rate for the period. Exchange differences arising are dealt with in the statement of total recognised gains and losses.

Pension costs

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

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

2 Turnover

An analysis of turnover is given by geographical market:

	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Continental Europe	12,456,246	26,158,893
United Kingdom	18,140,270	19,598,980
Japan	1,922,069	14,117,682
Australia	5,364,549	6,161,938
Rest of world	4,805,049	6,582,013
	<hr/> 42,688,183 <hr/>	<hr/> 72,619,506 <hr/>

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

3 Loss from participating interests

	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Share of joint arrangement losses	(943,334)	(310,125)
	<hr/> (943,334) <hr/>	<hr/> (310,125) <hr/>

4 Exceptional items

Exceptional items incurred in the current year relate to a German VAT provision for an ongoing audit review plus stock write offs associated with the Russia/Ukraine economic downturn and management change in strategic direction and provisions against Russian/Ukraine intercompany debt. In addition, there were residual restructuring costs and professional fees & redundancy costs linked to the change in management in 2014. Exceptional items incurred in the prior period relate to the late submission of German VAT returns for 2010, 2011 and 2012 as well as the associated fines and interest penalties for these late submissions.

5 Interest receivable and similar income

	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Bank interest	2,780	7,483
Interest on loans to group undertakings	10,274	80,678
Other interest	949	18,632
	<hr/> 14,003 <hr/>	<hr/> 106,793 <hr/>

Eagle Moss Limited had a loan receivable balances with Eagle Moss do Brazil Limited, with interest of 3% p.a. and repayable on demand.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

6 Interest payable and similar charges	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Interest on loan from group undertaking	68,990	80,036
Interest on loan from former group undertaking	1,166	23,389
Bank interest	786	301
Other interest charges	-	5,672
Interest on drawdown facility	137,770	201,380
	<hr/>	<hr/>
	208,712	310,778
	<hr/>	<hr/>
 7 (Loss)/Income from sale of fixed asset investment	 12 months to 31 December 2014 £	 18 months to 31 December 2013 £
(Loss)/Profit on sale of investment	(2,245)	49
Loss on impairment of investment	(222,389)	(32,425)
	<hr/>	<hr/>
 8 (Loss)/profit on ordinary activities before taxation	 12 months to 31 December 2014 £	 18 months to 31 December 2013 £
Operating (loss)/profit is stated after charging/(crediting):		
Unrealised exchange losses	1,440,477	102,309
Realised exchange (gains)/losses	(103,050)	2,645,491
Depreciation	44,602	128,175
Profit on disposal of fixed assets	-	49
Amortisation of intangible assets	16,800	14,000
Auditors' remuneration – audit services	20,563	103,763
Operating lease rentals – land and buildings	209,989	400,109
	<hr/>	<hr/>

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

9 Staff costs

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

	12 months to 31 December 2014	18 months to 31 December 2013
	Number	Number
Production	11	10
Editorial	13	10
Administration	27	22
	<hr/>	<hr/>
	52	42
	<hr/>	<hr/>
	12 months to 31 December 2014	18 months to 31 December 2013
	£	£
The aggregate payroll costs of the above:		
Wages and salaries	2,182,450	3,015,532
Social security costs	275,695	387,289
Pension costs	56,061	130,055
	<hr/>	<hr/>
	2,514,206	3,532,876
	<hr/>	<hr/>

Number of directors with amounts accruing under a money purchase scheme is 3 (2013: 2). Pension contributions during the year were £56,061 (18 months to 31 December 2013: £130,055), which were charged to the profit and loss account.

10 Directors' emoluments

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

	12 months to 31 December 2014	18 months to 31 December 2013
	£	£
Aggregate emoluments	541,875	762,839
Pension contributions	2,188	21,342
	<hr/>	<hr/>
	544,062	784,181
	<hr/>	<hr/>

The Directors emoluments disclosed above relate to 4 of the directors. The other directors are remunerated by fellow Group entities. Included in the emoluments above are payments of £117,934 made to directors for compensation for loss of office during the year.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Directors' emoluments (continued)

	12 months to 31 December 2014	18 months to 31 December 2013
	£	£
Emoluments of highest paid director:		
Aggregate emoluments	300,417	296,587
Pension contributions	-	11,398
	<hr/>	<hr/>
	300,417	307,985
	<hr/>	<hr/>

11 Tax on (loss)/profit on ordinary activities

	12 months to 31 December 2014 £	18 months to 31 December 2013 £
Current tax:		
Foreign Tax	13,292	-
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	13,292	-
	<hr/>	<hr/>

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

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

11 Tax on (loss)/profit on ordinary activities (continued)

Tax reconciliation	£	£
(Loss)/Profit on ordinary activities before taxation	(14,668,021)	6,839,417
	<hr/>	<hr/>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23.5%)	(3,152,620)	1,607,263
Effects of:		
Fixed asset differences	-	1,386
Income not taxable for tax purposes	(3,202)	(22,316)
Expenses not deductible for tax purposes	3,331,914	223,814
Other permanent differences	(2,857)	(150,735)
Transfer pricing adjustments	74,644	11,538
Group relief claimed	(137,863)	(51,874)
Foreign Tax	13,292	-
Capital allowances in excess of depreciation	(34,642)	(36,541)
Other short term timing differences	-	(88)
Utilisation of tax losses and other deductions	(75,374)	(1,582,447)
	<hr/>	<hr/>
Total current tax charge	13,292	-
	<hr/>	<hr/>

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

Subject to the UK tax authority's agreement, the company has tax losses of approximately £240k (2013: £591k) available for carry forward and offset against future non-trading profits. The company has a potential deferred tax asset on these losses of £48k (2013: £118k), which has not been recognised. The company also has unrecognised deferred tax assets on other timing differences totalling £136k (2013: £168k).

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

12 Intangible fixed assets

	£
Cost	
At 1 January 2014 and 31 December 2014	77,000
Accumulated amortisation	
At 1 January 2014	14,000
Amortisation – publishing licence	16,800
At 31 December 2014	30,800
Net book value	
At 31 December 2014	46,200
At 31 December 2013	63,000

13 Tangible fixed assets

	Computer equipment	Fixtures and fittings	Leasehold improvements	Total
	£	£	£	£
Cost				
At 1 January 2014	390,765	16,196	-	406,961
Additions	86,842	-	14,517	101,359
At 31 December 2014	477,607	16,196	14,517	508,320
Accumulated depreciation				
At 1 January 2014	333,775	3,035	-	336,810
Charge for the period	40,552	4,049	-	44,601
At 31 December 2014	374,327	7,084	-	381,411
Net book value				
At 31 December 2014	103,280	9,112	14,517	126,909
At 31 December 2013	56,990	13,161	-	70,151

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

14 Fixed asset investments

	Subsidiary undertakings £	Associated undertakings £	Total £
Cost			
At 1 January 2014	217,845	157,358	375,203
Additions	41,187	-	41,187
Disposals	(4,219)	-	(4,219)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	254,813	157,358	412,171
	<hr/>	<hr/>	<hr/>
Impairment			
At 1 January 2014	(32,425)	-	(32,425)
Impairment charge for the year	(222,388)	-	(222,388)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	254,813	-	254,813
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2014	-	157,357	157,358
	<hr/>	<hr/>	<hr/>
At 31 December 2013	185,421	157,357	342,778
	<hr/>	<hr/>	<hr/>

During the year the director's disposed of their investment in GEF Editions Bulgaria and GE Eaglemoss IP, as well as 99% of their investment in GEF Editions Ukraine as part of a group re-structure. The directors chose to fully impair the remaining investments during 2014 as they do not consider the carrying value of the investment to be supported by its underlying net assets.

Subsidiary undertakings

	Interest in ordinary shares	Country of incorporation	Principal Activity
Eaglemoss Editions Ukraine LLC	1%	Ukraine	Publishing
Eaglemoss Japan KK	100%	Japan	Publishing
Eaglemoss Editions Russia LLC	100%	Russia	Publishing
Eaglemoss Inc	100%	USA	Publishing
Eaglemoss do Brazil Limited	100%	Brazil	Publishing
GE Eaglemoss Limited	50%	England & Wales	Publishing

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

14 Fixed asset investments (continued)

Associated undertakings

	Interest in ordinary shares	Country of incorporation	Principal Activity
Data Base Factory Limited	20%	England & Wales	Fulfilment

15 Stocks

	2014	2013
	£	£
Raw materials	19,662	23,996
Work in progress	3,132,253	2,854,415
Finished goods	1,268,233	2,285,120
	<hr/>	<hr/>
	4,420,148	5,163,531
	<hr/>	<hr/>

16 Debtors: Amounts falling due within one year

	2014	2013
	£	£
Trade debtors	3,185,797	7,746,671
Amounts owed by group undertakings	14,194,685	30,165,575
Amounts owed by joint arrangement partners	557,876	210,472
Other debtors	1,140,463	1,684,295
Prepayments and accrued income	345,149	498,771
Amounts owed from former parent – RCS	567,801	527,466
	<hr/>	<hr/>
	19,991,771	40,833,250
	<hr/>	<hr/>

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

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

17 Debtors: Amounts falling due after more than one year	2014 £	2013 £
Loans to group undertakings	-	664,974

The loan receivable balance with Eaglemoss do Brazil Limited was repaid during the year. Interest of 3% p.a. was charged on the loan.

18 Joint arrangements

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

Joint arrangement partner	Publication	Country of sale	Interest in joint arrangement
Hearst Magazines	Best Baking	UK, SA, Malta	50%
TF1 Enterprises	Marvel Fact Files	UK, Australia, SA, USA	60%
	Marvel Chess	UK, USA	60%
	DC Chess	UK, Australia, NZ, SA	75%
	Dora Little Cook	UK, Australia, NZ, SA	75%
	Laurel & Hardy	Germany, Austria	75%
	Batmobilia	UK, Australia, NZ	75%
	Military Watches	UK	60%
De Agostini	Star Trek Model Ships	UK	70%
SEP Gesep	Little House on the Prairie	France	50%

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

18 Joint arrangements (continued)

	2014 £	2013 £
Share of joint arrangement profits:		
Turnover	8,524,758	1,998,832
	<hr/>	<hr/>
Profit/(loss) for the financial year/period	943,334	(310,125)
	<hr/>	<hr/>
	2014 £	2013 £
Current assets	557,876	210,472
Liabilities falling due within one year	(843,678)	(37,679)
	<hr/>	<hr/>
	(285,802)	172,793
	<hr/>	<hr/>

19 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	6,245,005	6,565,299
Amount owed to group undertakings	8,387,895	13,044,183
Amounts owed to joint arrangement partners	843,678	37,679
Loan from group undertaking	3,017,433	5,422,036
Other creditors	1,862,997	5,457,300
Foreign tax	13,292	-
Drawdown facility	2,726,069	2,917,882
Accruals and deferred income	3,209,634	4,308,550
	<hr/>	<hr/>
	26,306,003	37,752,929
	<hr/>	<hr/>

Amounts owed to group undertakings are unsecured and interest free.

The loans from group undertaking has been provided by Financiere Aurénis SAS. Interest of 3% p.a. is charged. It is repayable within the next 12 months.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

20	Creditors: amounts falling due after more than one year	2014	2013
		£	£
	Advances from partner – TF1	233,648	235,082

Eaglemoss Limited and TF1, a French media group, entered into a partnership arrangement in December 2011 whereby TF1 contributes to the financing of certain projects. Advances due to TF1 as at 31 December 2014 total £1,214,254 (£980,606 allocated to other creditors and the remaining £233,648 allocated to creditors falling due in more than one year).

21	Called up share capital	2014	2013
		£	£
	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

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	Profit and loss account
		£
	At 1 January 2014	12,521,712
	Loss for the year	(14,681,313)
		(2,159,601)
	At 31 December 2014	(2,159,601)

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

23 Reconciliation of movements in shareholders' (deficit)/funds	2014 £	2013 £
Opening shareholders' funds	13,206,745	6,367,328
Loss for the financial year/period	(14,681,313)	(3,925,208)
Exchange differences on retranslation of Hungarian branch	-	43,638
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(1,474,568)	13,206,745
	<hr/>	<hr/>

24 Operating lease commitments

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

	Computer Equipment	
	2014	2013
For leases expiring:		
Within two to five years	46,298	29,513
	<hr/>	<hr/>

25 Related Parties

The husband of Ms Calmels, Director of Eaglemoss Publications Ltd and Eaglemoss Holdings (UK) Ltd, designed parts of the Solar System – Tellurion collection. This contract was entered into on an arm's length basis. During the year, his company, Calmels Design and Construction Ltd, invoiced £49,432 plus VAT in royalties to Eaglemoss Ltd.

26 Ultimate parent and controlling party

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