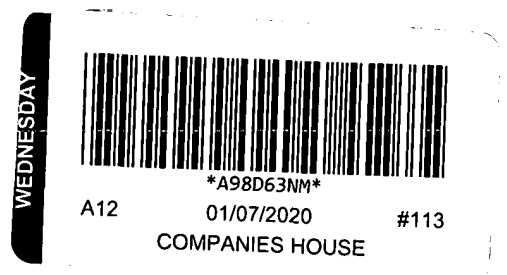


COMPANY NUMBER 02226335

EAGLEMOSS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



EAGLEMOSS LIMITED

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EAGLEMOSS LIMITED

DIRECTORS AND ADVISERS

DIRECTORS	JG Bensoussan O Beressi M Calmels M Doboin T Hinchliffe 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 & Statutory Auditors 25 Moorgate London EC2R 6AY

EAGLEMOSS LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION

The directors present the strategic report for Eaglemoss Limited for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Eaglemoss group, which includes Eaglemoss Limited, comprise of research, production and sale of collectibles. Core business includes high quality series of books or magazines and components (e.g. Build-ups collectibles, Figurines, Die-cast cars and Books), linked to a brand, a 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, USA, France and Germany.

Eaglemoss is a well-established independent global publisher which has successfully initiated its digital transformation and become a multi-channel group, selling across:

- Retail (newsagents, other retailers selling newspapers and magazines directly to the public, stationery and convenience stores, mass market retailers, toy, books and comics stores).
- Subscriptions (through direct marketing to consumers or derived from retail customers converted to subscribers).
- Wholly-owned Eshops.

BUSINESS REVIEW

Since the creation of the Eaglemoss Capital group (dated June 30, 2015), the strategy is based on international developments of Eshops, Direct Marketing and sales of collectibles to wholesalers, retailers and specialized stores outside of the traditional newsagents' networks.

Eaglemoss Limited is a central operating entity for the group and plays a key role in the group business strategies. The company's key financial performance indicators during the period were as follows:

- Turnover decreased by 19% and Gross Profit decreased by 20% compared to previous year due to the strategic move to reduce number of products released in traditional newsagents and focus on direct-to-consumer business models with lower volumes and better profitability.
- The gross profit margin remained at 51% for the prior 12 months.
- The operating profit before other items decreased from £3,072,427 in 2018 to £1,446,656 in 2019.
- The operating profit decreased from £1,830,635 in 2018 to £857,379 operating loss in 2019 due to non-recurring costs of £2,304,034 this year compared to £1,241,792 in the prior year.
- The operating profit before other items and gains on financial assets decreased by 52% between 2018 and 2019 from £3.03M to £1.4M.

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 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 forward contracts and currency options.
- Significant investment in the 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 2019

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- The full financial impact of COVID-19 on the company at this present time is uncertain, as noted in note 1 and note 25. The directors have taken actions as a consequence of the COVID-19 pandemic; restructuring its operations, reducing cost base and deferring discretionary expenditure, until such time as the crisis is over and steady state of operation is achieved.

The directors have assessed the current and future impact of the COVID-19 pandemic in relation to the going concern assessment of the business and conclude that this basis is appropriate (see note 1, Going concern). Due to the timing of the outbreak, the company has determined that these events are non-adjusting subsequent events (see note 25, Post balance sheet events).

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 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 have in place 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 company manages this risk, where significant, by use of FX hedging financial instruments as explained above and close management of its cash flow forecasts.

Details of the company's financial instruments and its policies with regard to financial risk management are given in note 1 to the financial statements.

DIRECTORS' DUTIES

The Directors of the company, as those of all UK companies must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 which is summarised as follows:

EAGLEMOSS LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' DUTIES (continued)

A director of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The following paragraphs summarise how directors fulfil their duties.

Decision making

The Board is responsible for the long-term success, strategic direction and delivery of operational objectives. It sets the group's strategic aims, ensures that the necessary resources are in place for it to meet its objectives and reviews management performance. The Board meet at least monthly to discuss the performance against budget and strategic operations of the business.

Interests in the company's employees

The company values employee commitment and understands the importance of employee contribution to the long-term strategic operations. The company undertakes employee performance reviews and give employees the opportunity to discuss their roles in detail. Employee engagement surveys are done regularly. Since the COVID-19 outbreak, the safety of the company's employees is important and working from home was encouraged before the requirement from the local governments became mandatory. Moreover, employees were offered flexible working hours and arrangements to transition into working from home.

Fostering business relationships

The Board understand the importance of developing and maintaining strong client relationships. There is a dedicated customer service team who attend to any customer complaints or issues to ensure customer satisfaction. The company has multi-year contracts with large suppliers and royalty licences.

Impact on community and environment

The company strives to create positive change for the people and communities that it interacts with.

Reputation

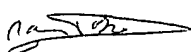
The Board sets out the values and standards required by all employees.

Acting fairly to shareholders

The Board is committed to openly engaging with our shareholders to understand their views, and to also act fairly between different shareholders. It is important that shareholders understand the company's strategy which must be explained clearly, and any issues or questions are properly considered by the Board.

Approved by the board of directors and signed on behalf of the board.

M Doboin
Director



Date: 11 May 2020

EAGLEMOSS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements in accordance with applicable laws and regulations for the year ended 31 December 2019.

PRINCIPAL PLACE OF BUSINESS

Eaglemoss 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 loss before taxation is shown on page 12 of these financial statements.

The directors do not recommend a dividend (2018: 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:

JG Bensoussan
O Beressi
M Calmels
M Doboin
T Hinchliffe
A Neal
P Viala

GOING CONCERN

After making enquiries the directors have a reasonable expectation that the group and company will have adequate resources to continue in operational existence for the foreseeable future.

Further details regarding the adoption of the going concern basis can be found within the Going concern section of note 1.

POST BALANCE SHEET EVENTS

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The COVID-19 worldwide pandemic is affecting companies in a number of industries including the retail market in which the company operates. At the date of the approval of these financial statements, the Directors believe it difficult to estimate the total impact that COVID-19 will have on the company but the pandemic is expected to impact suppliers, logistics, distributors and customers.

EAGLEMOSS LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

POST BALANCE SHEET EVENTS (continued)

Whilst it is too early to accurately assess the full financial impact of COVID-19 on the company, a decline in revenue and profit may give rise to future impairment of assets and may create additional liabilities which cannot be reliability quantified at this stage. Due to the timing of the outbreak being after the balance sheet date, COVID-19 has been treated as a non-adjusting post balance sheet event. Accordingly, the assessment of carrying values in the balance sheet at 31 December 2019 has not been adjusted to reflect the consequences of the virus on expected cash flows subsequent to that date.

There are no other post balance events.

FUTURE DEVELOPMENTS

The directors will continue to develop new products and market them under a multi-channel strategy. The directors are not aware at the date of this report, of any likely changes in the company's activities in the forthcoming year.

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

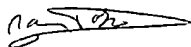
- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish 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: 11 May 2020

EAGLEMOSS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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.

The directors are responsible for maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS LIMITED

Opinion

We have audited the financial statements of Eaglemoss Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in these financial statements concerning the company's ability to continue as a going concern. On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation.

The impact of the COVID-19 pandemic on the business remains unquantifiable at this stage, particularly in relation to the impact on suppliers, logistics, distributors and customers.

The Directors have considered the trading results since the year end along with forecasts for at least the 18 month period from the date of signing and assessed that additional funding is not required to enable the company to continue to meet its obligations as they fall due although, the Company will need the continued support of the group's bankers and ultimate parent company, Eaglemoss Capital Limited, under the existing facilities.

These conditions, along with 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 were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS
LIMITED (CONTINUED)**


Auditor's responsibilities for the audit of the financial statements (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Drew
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 12/05/2020

EAGLEMOSS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	3	49,428,378	61,148,899
Cost of sales		(24,196,138)	(29,671,577)
Gross profit		25,232,240	31,477,322
Administrative expenses		(21,007,857)	(21,944,817)
Marketing expenses		(4,450,444)	(6,756,623)
Joint arrangement partners' share of profits		1,672,717	259,020
Gain on financial assets at fair value through profit & loss account		-	37,525
Other items	4	(2,304,034)	(1,241,792)
Operating (loss)/profit		(857,379)	1,830,635
Interest receivable and similar income	5	1,536,499	18,171
Interest payable and similar charges	6	(1,713,247)	(2,328,615)
Loss before taxation	7	(1,034,127)	(479,809)
Taxation	11	-	(899)
Loss for the year		(1,034,127)	(480,708)
Other Comprehensive Income for the year		-	-
Total Comprehensive Loss for the year		(1,034,127)	(480,708)

The notes on pages 15 to 34 form part of these financial statements.

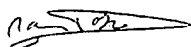
EAGLEMOSS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2019

		2019	2018
	Note	£	£
Non-current assets			
Tangible assets	12	1,296,867	659,659
Intangible assets	13	12,755	35,030
Investments	14	3,755,330	3,755,330
		<hr/> 5,064,952	<hr/> 4,450,019
Current assets			
Stocks	16	14,074,439	11,872,287
Debtors: Amounts falling due within one year	17	15,194,634	23,302,618
Debtors: Amounts falling due after one year	15	195,000	195,000
Cash at bank and in hand		1,216,379	2,895,853
		<hr/> 30,680,452	<hr/> 38,265,758
Creditors: Amounts falling due within one year	18	(48,835,509)	(54,667,456)
Net current liabilities		<hr/> (18,155,057)	<hr/> (16,401,698)
Total assets less current liabilities		<hr/> (13,090,105)	<hr/> (11,951,679)
Provisions for liabilities	19	<hr/> (1,249,772)	<hr/> (1,354,071)
Net liabilities		<hr/> (14,339,877)	<hr/> (13,305,750)
Capital and reserves			
Called up share capital	20	685,033	685,033
Capital contribution reserve	21	9,960	9,960
Retained earnings	21	(15,034,870)	(14,000,743)
Total shareholders' deficit		<hr/> (14,339,877)	<hr/> (13,305,750)

The notes on pages 15 to 34 form part of these financial statements.

These financial statements were authorised and approved by the board of directors on 11 May 2020 and are signed on their behalf by:



M Doboin
Director

Registered number 02226335

EAGLEMOSS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share Capital £	Capital Contribution Reserve £	Retained Earnings £	Total Equity £
At 1 January 2018	685,033	9,960	(13,520,035)	(12,825,042)
Comprehensive income for the year				
Loss for the year	-	-	(480,708)	(480,708)
At 31 December 2018	685,033	9,960	(14,000,743)	(13,305,750)
Comprehensive income for the year				
Loss for the year	-	-	(1,034,127)	(1,034,127)
At 31 December 2019	685,033	9,960	(15,034,870)	(14,339,877)

The notes on pages 15 to 34 form part of these financial statements.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

Basis of preparation

Eaglemoss Limited is a private limited company, limited by shares, incorporated in England and Wales. The address of the registered office is given on page 2. 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 in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the company's accounting policies.

Going concern

The company is reliant upon the continued support of the parent company, Eaglemoss Capital Limited.

The directors have reviewed cashflow forecasts for at least the 18 month period from the date of signing and have assessed to the best of their abilities, the current and potential future impact of the COVID-19 pandemic within the forecasts, to ensure the parent company can continue to support the company and that the company can continue in maintaining its day-to-day services to its customers, fulfil its statutory obligations and meet future obligations to funders and other stakeholders.

The directors' forecasts reflect an objective assessment of the impact of COVID-19, with a number of actions taken as a consequence, including restructuring its operation, reducing cost base and deferring discretionary expenditure, until such time as the crisis is over and steady state of operation is achieved.

The directors feel that the measures adopted to combat negative impacts stand the company in good stead going forward as a leaner operation, with the savings through the restructuring of the business.

The company made an operating loss in the year ended 31 December 2019 of £857,379 (2018: operating profit £1,830,635). Included within debtors due within one year is £1,541,653 (2018: £1,646,921) that relates to amounts due from group undertakings that will be settled from future trading activity.

The company had net liabilities at 31 December 2019 of £14,339,877 (2018: £13,305,750). £30,854,627 (2018: £28,719,524) is included within creditors due within year in respect of amounts owed to group undertakings. The directors have received assurances that these balances will not be called upon to be repaid within 12 months of approval of these financial statements and only when the company is in a position to start repayments.

In addition, the directors have considered the financial covenant requirements under the group's borrowing arrangements, in light of COVID-19 and have assessed their ability to comply with the financial covenants. Compliance with covenants is sensitive to the timing of cashflow, however the directors expect that compliance will be maintained, and if issues were expected to materialise, that the borrower would be amenable to a waiver.

After making enquiries the directors have a reasonable expectation that the group and company will have adequate resources to continue in operational existence for the foreseeable future.

The parent company has given its assurance to continue to support the company in writing and therefore the financial statements have been prepared on a going concern basis.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

Exemptions

Eagle Moss 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;
- The non-disclosure of key management personnel compensation;
- Certain financial instruments disclosures, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- Certain disclosure requirements of Section 26 in respect of sharebased payments, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Details regarding the consolidated financial statements of the group in which the entity is consolidated are provided within the preparation of group financial statements note (below).

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 Eagle Moss 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, Eagle Moss Capital Limited. The consolidated accounts can be found at Companies House.

Related party transactions

The company is a wholly owned subsidiary company of Eagle Moss Capital Limited and is included in its consolidated financial statements. Consequently, it does not disclose transactions with related parties which are 100% subsidiaries of Eagle Moss Capital Limited 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 collectibles. 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.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

Revenue recognition (continued)

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 measured reliably
- It is probable that the company will receive the consideration due under the transaction, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 within administrative expenses. The company's functional and presentational currency is British pound 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.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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 Limited, 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 Limited. 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.

Other items

The company is disclosing significant transactions within other items to separate normal business operations from unusual transactions. Other items include costs in relation of restructuring its debt, staff redundancies and unforeseen prior period overheads. Refer to note 4 for information on other items.

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:

Intellectual property	Over 3 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 3 – 5 years
Computer equipment	Over 3 years
Leasehold improvements	Over 10 years or the remaining life of the lease

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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.

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 purchase price. 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. Withholding tax on royalty income is expensed to the profit and loss account.

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 year 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.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

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.

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 2019

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.

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.

Financial Instruments

The classification of financial instruments as “basic” or “other” requires judgement as to whether all applicable conditions for classification as basic are met. This requires consideration of the form of the instrument and its return.

Tax provisions

The accruals amount recorded in the company's balance sheet includes a provision for a potential tax liability of £1.25M (2018: £1.35M) 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 company inventory balance of £14,074,439 (2018: £11,827,287) is net of impairment provisions booked to write down the finished goods stock. The company have estimated the impairment provision at the year end to be £1,151,477 (2018: £361,269), in order to value the stock at the lower of cost and net realisable value.

Bad debt provisions

The trade debtors balances of £6,787,007 (2018: £11,314,896) are recorded in the balance sheet net of bad debt provisions. The company have estimated the bad debt provision at the year end to be £1,826,731 (2018: £1,327,195), in order to impair trade debtors to the expected recoverable amount. The company undertakes a full line by line review of trade debtors at the end of each month. Whilst every attempt is made to ensure that the bad debt provision is as accurate as possible, there remains a risk that the provisions do not match the level of debts which may ultimately prove to be uncollectible.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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

Impairment of intercompany notes

The amounts owed by group undertakings of £1,541,653 (2018: £1,646,921) are net of provisions to write down the amounts receivable. The company have estimated the impairment provision at the year end to be £8,267,142 (2018: £9,250,488), in order to impair amounts owed by group undertakings to the expected recoverable amount. The provisions booked are based on the future cash flow 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:

	2019 £	2018 £
Continental Europe	24,483,822	32,470,591
United Kingdom	16,227,375	17,213,206
Australia	2,612,113	4,040,181
Japan	398,376	109,373
Rest of world	5,706,692	7,315,548
	<hr/> 49,428,378	<hr/> 61,148,899

Turnover by activity is as follows:

	2019 £	2018 £
Sales of goods	47,566,812	58,867,583
Services rendered	1,861,566	2,281,316
	<hr/> 49,428,378	<hr/> 61,148,899

4 Other items

Other items during the year includes reorganisation and restructuring costs of £1,320,000 (2018: £462,000), unforeseen expenses relating to prior periods of £959,000 (2018: £415,000), costs related to change of overseas distribution of £12,000 (2018: £189,000), as well as a commercial dispute of £13,000 (2018: £176,000).

5 Interest receivable and similar income

	2019 £	2018 £
Bank interest	2,757	8,502
Interest on loans to group undertakings	-	1,737
Other interest	8,852	7,932
Net foreign exchange gain on monetary assets & liabilities	1,524,890	-
	<hr/> 1,536,499	<hr/> 18,171

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

6	Interest payable and similar charges	2019	2018
		£	£
	Interest on loans from group undertaking	1,371,060	1,705,473
	Bank interest	-	-
	Other charges	342,187	133,326
	Interest on drawdown facility	-	189,726
	Net foreign exchange loss on monetary assets & liabilities	-	300,090
		<hr/>	<hr/>
		1,713,247	2,328,615
		<hr/>	<hr/>
7	Loss before taxation	2019	2018
		£	£
	Operating loss is stated after charging:		
	Other items	2,304,034	1,241,792
	Net foreign exchange losses	211,940	52,998
	Depreciation	441,387	319,002
	Amortisation of intangible assets	22,275	22,275
	Impairment of trade debtors	426,133	281,947
	Cost of stock recognised as an expense	24,196,138	29,671,577
	Operating lease rentals - land and buildings	628,390	823,911
	Operating lease rentals - equipment	17,924	77,198
		<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 2019

8 Staff costs

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

	2019 Number	2018 Number
Production	27	27
Editorial	21	20
Administration	64	57
	112	104

	2019 £	2018 £
The aggregate payroll costs of the above:		
Wages and salaries	5,051,905	5,052,374
Social security costs	656,918	617,589
Pension costs	224,780	193,776
	5,933,603	5,863,739

9 Directors' emoluments

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

	2019 £	2018 £
Aggregate emoluments	1,119,690	1,544,566
Pension contributions	30,775	20,329
	1,150,466	1,564,895

The Directors emoluments disclosed above relate to six directors.

No share-based payments were made during the year ended 31 December 2019 (2018: £nil).

The number of directors with amounts accruing under a defined contribution pension arrangement is 4 (2018: 3).

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Directors' emoluments (continued)

	2019	2018
	£	£
Emoluments of highest paid director:		
Aggregate emoluments	353,061	418,848

No share options were exercised in the year by the highest paid director (2018: £nil).

Pension payments were made during the year ended 31 December 2019 of £nil (2018: £nil).

10 Share-based payments

No share-based payments were made during the year ended 31 December 2019 (2018: £nil).

11 Tax on loss on ordinary activities

	2019 £	2018 £
Corporation tax:		
Foreign Tax	-	899
Tax on loss on ordinary activities	-	899

The tax assessed for the period is equal (2018: equal) to the standard rate of corporation tax in the UK of 19% (2018: 19%).

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Tax on loss on ordinary activities (continued)

Tax reconciliation	2019 £	2018 £
Loss on ordinary activities before taxation	(1,034,127)	(479,809)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(196,483)	(91,164)
Effects of:		
Fixed asset differences	454	-
Income not taxable for tax purposes	(146,102)	(114,165)
Expenses not deductible for tax purposes	282,520	125,265
Other permanent differences	-	(66)
Group relief claimed	33,943	147,932
Foreign Tax	-	899
Adjustments to tax charge in respect of previous periods	(227,089)	69,070
Effect of changes in tax rate	2,702	(14,408)
Deferred tax not recognised	250,055	(122,464)
Total tax charge	-	899

Subject to the UK tax authority's agreement, the company has tax trading losses of £18,800,227 (2018: £20,307,548) available for carry forward and offset against future trading profits. The company has a potential deferred tax asset on these losses of £3,774,618 (2018: £3,524,563), which has not been recognised. The company also has unrecognised deferred tax assets on other timing differences totalling £250,055 (2018: £65,357).

Factors that may affect future tax charges

The main rate of corporation tax was 19% (2018:19%) from 1 April 2019. In March 2016 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 2019**

12	Tangible fixed assets	Computer equipment	Fixtures and fittings	Leasehold improvements	Total
		£	£	£	£
	Cost				
	At 1 January 2019	1,706,524	140,062	94,284	1,940,870
	Additions	1,078,595	-	-	1,078,595
		<hr/>	<hr/>	<hr/>	<hr/>
	At 31 December 2019	2,785,119	140,062	94,284	3,019,465
		<hr/>	<hr/>	<hr/>	<hr/>
	Accumulated depreciation				
	At 1 January 2019	1,064,272	128,297	88,642	1,281,211
	Charge for the year	432,757	4,134	4,496	441,387
		<hr/>	<hr/>	<hr/>	<hr/>
	At 31 December 2019	1,497,029	132,431	93,139	1,722,599
		<hr/>	<hr/>	<hr/>	<hr/>
	Net book value				
	At 31 December 2019	1,288,090	7,631	1,146	1,296,867
		<hr/>	<hr/>	<hr/>	<hr/>
	At 31 December 2018	642,252	11,765	5,642	659,659
		<hr/>	<hr/>	<hr/>	<hr/>
13	Intangible fixed assets				Intellectual property £
	Cost				
	At 1 January 2019				66,643
	Additions				-
					<hr/>
	At 31 December 2019				66,643
					<hr/>
	Accumulated amortisation				
	At 1 January 2019				31,613
	Amortisation				22,275
					<hr/>
	At 31 December 2019				53,888
					<hr/>
	Net book value				
	At 31 December 2019				12,755
					<hr/>
	At 31 December 2018				35,030
					<hr/>

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

14	Fixed asset investments	Subsidiary undertakings £
	Cost	
	At 1 January 2019	4,010,143
	Additions	-
		<hr/>
	At 31 December 2019	4,010,143
		<hr/>
	Impairment	
	At 1 January 2019	254,813
	Charge	-
		<hr/>
	At 31 December 2019	254,813
		<hr/>
	Net book value	
	At 31 December 2019	3,755,330
		<hr/>
	At 31 December 2018	3,755,330
		<hr/>

There was no disposal of fixed asset investments during the year ended 31 December 2019 (2018: £nil).

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments (continued)

Subsidiary undertakings

Name of company	Country of incorporation	Nature of business	Registered office	% voting rights and shares held	Capital and reserves £'000	Profit/(loss) for the year £'000
Eaglemoss Polska sp. z.o.o	Poland	<i>Sale of partworks and central warehouse</i>	ul. Broniewskiego 3, 01-785 Warszawa Akacjowy Park lok. 3.2b	100% of ordinary shares	689	11
Eaglemoss Editions Russia LLC	Russia	<i>Sale of partworks</i>	26, Nikoloyamskaya str., b. 1-1a 109004 Moscow, Russia	100% of ordinary shares	1,863	677
Eaglemoss Editions Ukraine LLC	Ukraine	<i>Sale of partworks</i>	38 Turgenevskaya Str., Kyiv, 01054 Ukraine	100% of ordinary shares	(2,752)	434
Eaglemoss Japan Co Ltd	Japan	<i>Sale of partworks</i>	6 – 19 – 19 Shimbashi, Minato-ku, Tokyo 105-004 Japan	100% of ordinary shares	(301)	(2)
Eaglemoss do Brasil Publicações e Distribuição LTDA	Brazil	<i>Sale of partworks</i>	São Paulo, State of São Paulo São Gualter avenue, 1296, 1st floor, room 11 Zip code 05455-002, Brazil	100% of ordinary shares	(3,580)	333
Eaglemoss Inc	USA	<i>Sale of partworks</i>	1017 Putnam Blvd, Wallingford PA 19086-6754, USA	100% of ordinary shares	3,196	356

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
15 Debtors: Amounts falling due after one year		
Rent deposit for the office recoverable 12 January 2028	195,000	195,000
	2019 £	2018 £
16 Stocks		
Raw materials	66,521	31,662
Work in progress	3,685,190	5,086,848
Finished goods	10,322,728	6,753,776
	14,074,439	11,872,287
17 Debtors: Amounts falling due within one year	2019 £	2018 £
Trade debtors	6,787,007	11,314,896
Amounts owed by group undertakings	1,541,653	1,646,921
Amounts owed by joint arrangement partners	435,957	2,729,019
Other debtors	3,353,117	3,858,586
Prepayments and accrued income	3,076,900	3,498,232
Financial asset – option contracts	-	254,964
	15,194,634	23,302,618

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

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

18 Creditors: Amounts falling due within one year	2019 £	2018 £
Trade creditors	10,891,299	15,075,292
Amounts owed to group undertakings	30,854,627	28,719,524
Amounts owed to joint arrangement partners	531,932	2,483,090
Other creditors	3,402,561	4,881,914
Accruals and deferred income	<u>3,155,090</u>	<u>3,507,636</u>
	<u>48,835,509</u>	<u>54,667,456</u>

Included within amounts owed to group undertakings is £28.8M unsecured, interest bearing between 3-7% and repayable on demand.

The remaining amounts owed to group undertakings are interest free, unsecured and repayable on demand.

19 Provisions for liabilities

	£
At 31 December 2018	1,354,071
Movement	<u>(104,299)</u>
At 31 December 2019	<u>1,249,772</u>

The company has booked a provision for a potential foreign tax liability following a tax audit assessment. The final payment is contingent on the final outcome of the audit, which is currently being challenged by the company. The directors expect the authorities to reach a conclusion within the next year.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

20	Called up share capital	2019 £	2018 £
	Allotted and fully paid:		
	684,932 (2018: 684,932) ordinary shares of £1 each	684,932	684,932
	100 (2018: 100) 'A' preference shares of £1 each	100	100
	1 (2018:1) '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.

21 Reserves

Capital contribution reserve

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

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 2019

22 Obligations under leases and hire purchase contracts

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

	2019	2018
For leases expiring:		
Within one year	632,530	875,329
After one year but within five years	1,204,585	1,856,620
After five years	-	-

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

	2019	2018
For leases expiring:		
Within one year	-	18,204
After one year but within five years	-	-

23 Related party transactions

The company paid royalty fees of £8,742 (2018: £4,883) to Calmels Design and Construction Ltd, a company controlled by the spouse of a director. As at 31 December 2019, there was £nil (2018: £nil) owing to this company.

The company also has loans payable by three directors as a result of the acquisition of the assets of Eaglemoss Publications Limited. The loans have an interest rate of 3% p.a. and £280,517 (2018: £272,346) was outstanding at the end of 2019, included within other debtors.

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

24 Ultimate parent and controlling party

The company's immediate parent is Eaglemoss Capital 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 Limited. Copies of the Eaglemoss Capital Limited consolidated financial statements and the registered office can be obtained from Companies House.

The ultimate controlling party of the group is Verdoso S.A., a company registered in Luxembourg, holding 27% 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.

EAGLEMOSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

25 Post balance sheet events

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The COVID-19 worldwide pandemic is affecting companies in a number of industries including the retail market in which the company operates. At the date of the approval of these financial statements, the Directors believe it difficult to estimate the total impact that COVID-19 will have on the company but the pandemic is expected to impact suppliers, logistics, distributors and customers.

Whilst it is too early to accurately assess the full financial impact of COVID-19 on the company, a decline in revenue and profit may give rise to future impairment of assets and may create additional liabilities which cannot be reliability quantified at this stage. Due to the timing of the outbreak being after the balance sheet date, COVID-19 has been treated as a non-adjusting post balance sheet event. Accordingly, the assessment of carrying values in the balance sheet at 31 December 2019 has not been adjusted to reflect the consequences of the virus on expected cash flows subsequent to that date.

There are no other post balance events.

26 Contingent liabilities

Eaglemoss Capital, parent company of Eaglemoss Limited, secured a €4,000,000 revolving credit facility on 2 October 2018 and a £2,000,000 loan and 14 November 2019 from Santander Bank Plc, both maturing 14 November 2022. Under this agreement it is secured by way of a fixed and floating charge over the assets of the Eaglemoss Limited and the parent company. Interest is calculated and payable on the balance drawdown under the revolving bank credit facility and loan at a variable rate of EURIBOR + 3 % and LIBOR + 3%, respectively.