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**EAGLEMOSS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



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**EAGLEMOSS LIMITED**

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**COMPANY INFORMATION**

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**Directors**

J G Bensoussan  
O Beressi  
M Doboin  
T Hinchliffe  
A Neal  
P Viala

**Registered number**

02226335

**Registered office**

Premier Place  
2 & A Half Devonshire Square  
London  
England  
EC2M 4UJ

**Independent auditor**

Nexia Smith & Williamson  
Chartered Accountants & Statutory Auditor  
25 Moorgate  
London  
EC2R 6AY

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## **EAGLEMOSS LIMITED**

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## EAGLEMOSS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Introduction

The directors present the Strategic Report for Eaglemoss Limited for the year ended 31 December 2020.

#### 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 30 countries with its major markets in the United Kingdom, USA, Germany and France.

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

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

#### 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.

2020 has been a crucial year in terms of reorganisation and restructuring of the group outside of the traditional newsagents' networks. This strategic shift of moving away from the historical partworks publishing industry has resulted in cancellation of new partworks activity and subsequently led to significant stock destruction and provisioning across the portfolio of partworks products.

The group has executed this reorganisation and restructuring in order to pivot the business to the growing direct-to-consumers channels (Eshops and Direct Marketing) and non-Press wholesalers, retailers and specialized stores.

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 36% and Gross Profit decreased by 72% compared to previous year due to £8,021,295 of stock destruction costs in 2020 and the reduced number of products released in traditional newsagents.
- The gross profit margin decreased to 22% from 51% for the prior 12 months.
- The operating loss before other items was £588,465 in 2020, compared to an operating profit of £1,446,656 in 2019.
- The operating loss was £10,504,086 in 2020 compared to an operating loss of £857,379 in 2019.

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## EAGLEMOSS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### Principal risks and uncertainties

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

- Foreign exchange risk resulting from international trade, although the risk has considerably reduced with the decrease of activity in volatile countries such as Russia, Ukraine, Japan and Brazil. Where possible the risk is reduced using 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. To mitigate this risk, extensive research and testing is undertaken to gauge consumer responses to products prior to any launch.

#### 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 minimized by evaluating the payment history and credit worthiness of companies.

##### Liquidity

Liquidity risk is managed to ensure that the Company can 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 recognized asset or liability such as future interest payments on a variable rate debt or payment for purchases. The group manages this risk, where significant, by use of 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 regarding financial risk management are given in the notes to the financial statements.

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

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**Directors' statement of compliance with duty to promote the success of the Company**

The directors of the Company must act in accordance with a set of general duties, detailed in section 172 of the UK Companies Act 2006 and which can be summarized as follows:

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

- the likely consequences of any decisions 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 between shareholders of the Company.

The following paragraphs summarize 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 gives 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.

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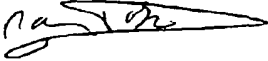
**EAGLEMOSS LIMITED**

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

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



**M Doboin**  
Director

Date: 08/05/2021

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## EAGLEMOSS LIMITED

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

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

#### Results and dividends

The loss for the year, after taxation, amounted to £12,803,729 (2019: £1,034,127).

During the year dividends of £Nil (2019: £Nil) were declared and paid.

#### Directors

The directors who served during the year were:

J G Bensoussan  
O Beressi  
M Calmels (resigned 9 December 2020)  
M Doboin  
T Hinchliffe  
A Neal  
P Viala

#### 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 auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

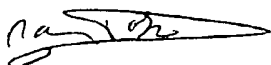
#### Post balance sheet events

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

#### Auditor

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

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



**M Doboin**  
Director

Date: 08/05/2021



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## **EAGLEMOSS LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

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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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements 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; 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 to 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.

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

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**Opinion**

We have audited the financial statements of Eaglemoss Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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 2.4 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 continuing impact of the COVID-19 pandemic on the business remains significant, particularly in relation to the impact on suppliers, logistics, distributors and customers. The Company's status as a going concern is dependent upon achieving the projected future performance, including the timing of revenues and cash receipts and the pivot of the business to a digital model. Whilst the directors are confident that the Company will achieve its forecasts, the continuing impact of COVID-19 and the challenges around moving to a digital model means that the level of annual revenue is difficult to predict accurately.

The directors have considered the trading results since the year end along with forecasts for 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 and the ability to move cash around the group.

These conditions, along with other matters explained in note 2.4 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.

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

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### 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 contained within the Annual Report and financial statements. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions 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 in relation to which 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 6, 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.

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

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

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

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of relevant laws and regulations. We obtained an understanding of the entity's policies and procedures regarding compliance with laws and regulations. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with requirements of the framework through:

- Outsourcing payroll, accounts preparation and tax compliance to external experts.
- Subscribing to relevant updates from external experts and making changes to internal procedures and controls as necessary.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements, which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- CE markings on products denoting the applicable health, safety and environmental requirements outlined in the appropriate European product legislation.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of this discussion were with regards to the manipulation of the financial statements through manual journal entries, incorrect recognition of revenue and management bias in areas of estimation uncertainty.

The procedures carried out to gain evidence in the above areas included;

- Testing a sample of revenue transactions to underlying documentation.
- Testing manual journal entries, selected based on specific risk assessments applied for significant component based on the company's processes.
- Substantive sample testing of stock and trade debtors. Challenging management regarding the assumptions used in estimating the provisions required in these areas and using post-year-end data as appropriate.
- Assessment of discounted future cash flow analysis prepared by the company to evidence the recoverability of intercompany debtors amounts. Corroborative evidence and post year end performance considered to sensitize the forecasts accordingly.
- Substantive sample testing on costs classified as Other items. Obtaining corroborative evidence for such costs and considering the appropriate presentation in the financial statements.

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

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Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

*Nexia Smith & Williamson*

Nexia Smith & Williamson (May 8, 2021 01:09 GMT+1)

Stephen Drew (Senior Statutory Auditor)

for and on behalf of

**Nexia Smith & Williamson**

Chartered Accountants

Statutory Auditor

25 Moorgate

London

EC2R 6AY

Date: 08/05/2021

# EAGLEMOSS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover		31,644,280	49,428,378
Cost of sales		(16,514,432)	(24,196,138)
Cost of sales - Other items	5	(8,021,295)	-
<b>Gross profit</b>		<b>7,108,553</b>	<b>25,232,240</b>
Administrative expenses		(15,365,366)	(21,007,858)
Marketing expenses		(1,560,899)	(4,450,444)
Other items	5	(1,894,326)	(2,304,034)
Joint arrangement partners' share of profits		1,128,784	1,672,717
Government grants receivable		79,168	-
<b>Operating loss</b>	6	<b>(10,504,086)</b>	<b>(857,379)</b>
Interest receivable and similar income	9	3,837	1,536,499
Interest payable and similar charges	10	(2,303,480)	(1,713,247)
<b>Loss before tax</b>		<b>(12,803,729)</b>	<b>(1,034,127)</b>
Tax on loss	11	-	-
<b>Loss for the financial year</b>		<b>(12,803,729)</b>	<b>(1,034,127)</b>

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 15 to 36 form part of these financial statements.

**EAGLEMOSS LIMITED**  
**REGISTERED NUMBER:02226335**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	As restated 2019 £
<b>Fixed assets</b>			
Intangible assets	12	1,311,354	1,188,991
Tangible assets	13	40,899	120,631
Investments	14	3,755,330	3,755,330
		<u>5,107,583</u>	<u>5,064,952</u>
<b>Current assets</b>			
Stocks	15	6,232,934	14,074,439
Debtors: amounts falling due after more than one year	16	-	195,000
Debtors: amounts falling due within one year	16	9,365,769	15,194,634
Cash at bank and in hand		3,216,070	1,216,379
		<u>18,814,773</u>	<u>30,680,452</u>
Creditors: amounts falling due within one year	17	(49,258,090)	(48,835,509)
<b>Net current liabilities</b>		<u>(30,443,317)</u>	<u>(18,155,057)</u>
<b>Total assets less current liabilities</b>		<u>(25,335,734)</u>	<u>(13,090,105)</u>
<b>Provisions for liabilities</b>			
Provisions	18	(1,807,872)	(1,249,772)
		<u>(1,807,872)</u>	<u>(1,249,772)</u>
<b>Net liabilities</b>		<u>(27,143,606)</u>	<u>(14,339,877)</u>
<b>Capital and reserves</b>			
Called up share capital	19	685,033	685,033
Capital contribution reserve	20	9,960	9,960
Retained earnings	20	(27,838,599)	(15,034,870)
<b>Shareholders' deficit</b>		<u>(27,143,606)</u>	<u>(14,339,877)</u>

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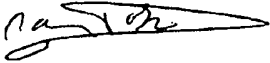
**EAGLEMOSS LIMITED**  
**REGISTERED NUMBER:02226335**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**M Doboin**  
Director

Date: 08/05/2021

The notes on pages 15 to 36 form part of these financial statements.



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**EAGLEMOSS LIMITED**

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

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	Called up share capital £	Capital contribution reserve £	Retained earnings £	Total equity £
<b>At 1 January 2019</b>	<b>685,033</b>	<b>9,960</b>	<b>(14,000,743)</b>	<b>(13,305,750)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,034,127)	(1,034,127)
<b>At 1 January 2020</b>	<b>685,033</b>	<b>9,960</b>	<b>(15,034,870)</b>	<b>(14,339,877)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(12,803,729)	(12,803,729)
<b>At 31 December 2020</b>	<b>685,033</b>	<b>9,960</b>	<b>(27,838,599)</b>	<b>(27,143,606)</b>

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## **EAGLEMOSS LIMITED**

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

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#### **1. General information**

Eaglemoss Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number 02226335). The address of the registered office is Premier Place, 2 & A Half Devonshire Square, London, England, EC2M 4UJ.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Eaglemoss Capital Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

##### **2.3 Exemption from preparing consolidated financial statements**

The Company is a Parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

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## EAGLEMOSS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.4 Going concern

The directors have reviewed cashflow forecasts for the 18 month period from the date of signing these financial statements and assessed the current and continuing impact of the COVID-19 pandemic, to ensure the Company can maintain its day-to-day services, fulfil its statutory obligations and meet future obligations to funders, suppliers, logistics, distributors and customers.

The directors' forecasts reflect the continuing impact of COVID-19 and the effect of the strategic shift of moving away from the historical partworks publishing channel and pivot of the business to the growing direct-to-consumers channels. The forecasts reflect a continuing reduction in the cost base and deferral of discretionary expenditure, until a steady state of operations is achieved.

The Eaglemoss Capital Limited group ('group') has utilised government support from the Coronavirus Large Business Interruption Loan Scheme (CLBILS) which has been used to financially support the Company during this period.

The directors are confident that the measures adopted to combat negative impacts stand the Company in good stead going forward as a leaner operation, as a result of the savings made through the restructuring of the business.

The Company made an operating loss in the year ended 31 December 2020 of £10,504,086 (2019: £857,379). Included within debtors due within one year is £1,896,280 (2019: £1,541,653) that relates to amounts due from group undertakings that will be settled from future trading activity.

The Company had net liabilities at 31 December 2020 of £27,143,606 (2019: £14,339,877). £38,473,255 (2019: £30,854,627) is included within creditors due within a 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 and have assessed their ability to comply with the financial covenants. Compliance with covenants is sensitive to the timing of cashflow, therefore compliance is not wholly within management's control. 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.

There remains a material uncertainty which could cast significant doubt upon the group's continued ability to operate as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

After making enquiries and considering the uncertainties described above the directors have a reasonable expectation that the group and Company will have adequate resources to continue in operational existence for the foreseeable future. Whilst the directors are confident that the group and company will achieve its forecasts, the potential impact of COVID-19 and the challenges around moving to a digital model means that the level of annual revenue is difficult to quantify. The company's status as a going concern is dependent upon achieving the projected future performance, including the timing of revenues and cash receipts and the ability to move cash around the group.

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## **EAGLEMOSS LIMITED**

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

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#### **2. Accounting policies (continued)**

##### **2.4 Going concern (continued)**

The directors have received written confirmation from the parent company that the amounts owed to it by the Company will not be required to be repaid, if by so doing this would result in the Company being unable to continue to trade for at least twelve months from the date of the signing of these financial statements. 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.

##### **2.5 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

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## EAGLEMOSS LIMITED

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

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## 2. Accounting policies (continued)

### 2.6 Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

#### Sale of goods

Turnover 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 turnover 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

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

### 2.7 Government grants receivable

Government grants relate to income received in respect of the Coronavirus Job Retention Scheme ("CJRS") which was provided by the government to businesses in the UK to help alleviate the financial impact of COVID-19 by placing staff on temporary leave. Grants are recognised under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit and loss in the same period as the related expenditure when reasonable assurance is gained that the Company will comply with the conditions attached to the grant and the grant will be received.

### 2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

### 2.9 Finance costs

Finance costs are charged to profit or loss 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.

### 2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

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## EAGLEMOSS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Intellectual property	-	Over 3 years
Software	-	Over 3 years

##### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

Depreciation is provided on the following basis:

Fixtures and fittings	- Over 3 - 5 years
Computer equipment	- Over 3 years
Leasehold improvements	- Over 10 years or the remaining life of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

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## **EAGLEMOSS LIMITED**

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

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#### **2. Accounting policies (continued)**

##### **2.14 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **2.15 Pensions**

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.

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## **EAGLEMOSS LIMITED**

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

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#### **2. Accounting policies (continued)**

##### **2.16 Financial instruments**

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. 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 are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

##### **2.17 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.



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## EAGLEMOSS LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.18 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2019 to continue to be charged over the period to the first market rent review rather than the term of the lease.

##### 2.19 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.

##### 2.20 Provisions for liabilities

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.

##### 2.21 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.

##### 2.22 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, write off due to defaulting overseas distributors and unforeseen prior period overheads. Refer to note 5 for information on Other items.

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

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**2. Accounting policies (continued)**

**2.23 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted. Withholding tax on royalty income is expensed to the profit and loss account.

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

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

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

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

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

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

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 £1,807,872 (2019: £1,249,772) 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 £6,232,934 (2019: £14,074,439) 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 £5,840,022 (2019: £1,151,477), in order to value the stock at the lower of cost and net realisable value.

*Bad debt provisions*

The trade debtors balances of £2,485,510 (2019: £6,787,007) 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 £1,928,219 (2019: £1,826,731), 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.

*Impairment of intercompany notes*

The amounts owed by group undertakings of £1,896,280 (2019: £1,541,653) are net of provisions to write down the amounts receivable. The Company have estimated the impairment provision at the year end to be £2,973,016 (2019: £8,267,142), 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.

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**EAGLEMOSS LIMITED**

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

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**4. Turnover**

An analysis of turnover by geographical market:

	2020 £	2019 £
United Kingdom	13,611,468	16,227,375
Continental Europe	13,151,362	24,483,822
Australia	1,864,705	2,612,113
Japan	105,798	398,376
Rest of world	2,910,947	5,706,692
	<u>31,644,280</u>	<u>49,428,378</u>

Analysis of turnover by activity:

	2020 £	2019 £
Sales of goods	30,553,632	47,566,812
Services rendered	1,090,648	1,861,566
	<u>31,644,280</u>	<u>49,428,378</u>

**5. Other items**

Other items during the year includes reorganisation and restructuring costs of £503,026 (2019: £1,009,674), costs related to change of overseas distribution of £1,047,791 (2019: £Nil), provisions for risks in foreign countries of £465,811 (2019: £11,926) and unforeseen expenses relating to prior periods of £59,629 (2019: £959,238). Also included are amounts received from a prior period commercial dispute of £181,931 (2019: £13,032 expense).

In the current year the company incurred £8,021,295 of costs relating to stock destruction, presented within Cost of sales (2019: £310,164 presented within Other items).

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**EAGLEMOSS LIMITED**

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

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**6. Operating loss**

The operating loss is stated after charging/(crediting):

	2020 £	2019 £
Other items	1,894,326	2,304,034
Net foreign exchange losses	53,351	211,940
Depreciation	77,606	142,470
Amortisation of intangible assets	643,537	321,192
Impairments of trade debtors	22,909	(795,895)
Cost of stock recognised as an expense	24,525,727	24,196,138
Operating lease rentals - land and buildings	254,058	628,390
Operating lease rentals - equipment	19,191	17,924
	<u>          </u>	<u>          </u>

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

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

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	4,309,665	5,051,905
Social security costs	463,716	656,918
Cost of defined contribution scheme	228,129	224,780
	<u>5,001,510</u>	<u>5,933,603</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Production	18	27
Editorial	15	21
Administration	51	64
	<u>84</u>	<u>112</u>

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**EAGLEMOSS LIMITED**

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

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**8. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	1,031,028	1,119,690
Company contributions to defined contribution pension schemes	36,260	30,775
	<u>1,067,288</u>	<u>1,150,465</u>

During the year retirement benefits were accruing to 4 directors (2019: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £341,046 (2019: £353,061).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £Nil (2019: £Nil).

**9. Interest receivable and similar income**

	2020 £	2019 £
Bank interest receivable	3,837	2,757
Net foreign exchange gain on monetary assets & liabilities	-	1,524,890
Other interest receivable	-	8,852
	<u>3,837</u>	<u>1,536,499</u>

**10. Interest payable and similar charges**

	2020 £	2019 £
Net foreign exchange loss on monetary assets & liabilities	791,211	-
Interest on loans from group undertakings	1,255,943	1,371,060
Other charges	256,326	342,187
	<u>2,303,480</u>	<u>1,713,247</u>

# EAGLEMOSS LIMITED

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

### 11. Taxation

	2020 £	2019 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on profit on ordinary activities</b>	-	-

#### Factors affecting tax charge for the year

The tax assessed for the year is equal to (2019: *equal to*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(12,803,729)	(1,034,127)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(2,432,709)	(196,483)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	99,138	282,520
Capital allowances for year in excess of depreciation	(135,373)	454
Adjustments to tax charge in respect of prior periods	(49,153)	(227,089)
Non-taxable income	-	(146,102)
Remeasurement of deferred tax for changes in tax rates	(449,855)	-
Deferred tax not recognised	2,910,848	250,055
Effects of changes in tax rate	(1)	2,702
Group relief	57,105	33,943
<b>Total tax charge for the year</b>	-	-

Subject to the UK tax authority's agreement, the Company has tax trading losses of £32,212,643 (2019: £18,800,227) available for carry forward and offset against future trading profits. The Company has a potential deferred tax asset on these losses of £6,685,466 (2019: £3,774,618), which has not been recognised. The Company also has unrecognised deferred tax assets on other timing differences totalling £2,910,848 (2019: £250,055).

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EAGLEMOSS LIMITED

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

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11. Taxation (continued)

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

12. Intangible assets

	Intellectual property £	Software £	Total £
<b>Cost</b>			
At 1 January 2020 (as previously stated)	66,643	-	66,643
Prior Year Adjustment	-	2,050,295	2,050,295
At 1 January 2020 (as restated)	66,643	2,050,295	2,116,938
Additions	-	765,900	765,900
At 31 December 2020	66,643	2,816,195	2,882,838
<b>Amortisation</b>			
At 1 January 2020 (as previously stated)	53,888	-	53,888
Prior Year Adjustment	-	874,059	874,059
At 1 January 2020 (as restated)	53,888	874,059	927,947
Charge for the year	12,755	630,782	643,537
At 31 December 2020	66,643	1,504,841	1,571,484
<b>Net book value</b>			
At 31 December 2020	-	1,311,354	1,311,354
At 31 December 2019 (as restated)	12,755	1,176,236	1,188,991



**EAGLEMOSS LIMITED**

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

**13. Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Leasehold improvements £	Total £
<b>Cost</b>				
At 1 January 2020 (as previously stated)	140,062	2,785,119	94,284	3,019,465
Prior Year Adjustment	-	(2,050,295)	-	(2,050,295)
At 1 January 2020 (as restated)	140,062	734,824	94,284	969,170
Additions	-	2,520	-	2,520
Disposals	(140,062)	-	(94,284)	(234,346)
At 31 December 2020	-	737,344	-	737,344
<b>Depreciation</b>				
At 1 January 2020 (as previously stated)	132,431	1,497,029	93,138	1,722,598
Prior Year Adjustment	-	(874,059)	-	(874,059)
At 1 January 2020 (as restated)	132,431	622,970	93,138	848,539
Charge for the year	2,985	73,475	1,146	77,606
Disposals	(135,416)	-	(94,284)	(229,700)
At 31 December 2020	-	696,445	-	696,445
<b>Net book value</b>				
At 31 December 2020	-	40,899	-	40,899
At 31 December 2019 (as restated)	7,631	111,854	1,146	120,631

In the prior year £2,050,295 of Software assets, with a net book value of £1,176,236, were recognised within tangible fixed assets Computer Equipment. A prior year representation adjustment has been recognised in these financial statements to accurately reflect the nature of these Software assets that the Company has in place under FRS 102 Section 18, Intangibles.

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EAGLEMOSS LIMITED

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

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14. Investments

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2020	4,010,143
At 31 December 2020	<u>4,010,143</u>
<b>Impairment</b>	
At 1 January 2020	254,813
At 31 December 2020	<u>254,813</u>
<b>Net book value</b>	
At 31 December 2020	<u>3,755,330</u>
At 31 December 2019	<u>3,755,330</u>

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**EAGLEMOSS LIMITED**

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

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**14. Investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Eaglemoss Polska sp. z.o.o.	ul. Broniewskiego 3, 01-785 Warszawa, Akacjowy Park lok. 3.2b	Sale of partworks and central warehouse	Ordinary	100%
Eaglemoss Editions Russia LLC	26, Nikoloyamskayastr., b. 1-1a, 109004 Moscow, Russia	Sale of partworks	Ordinary	100%
Eaglemoss Editions Ukraine LLC	38 Turgenivska Str.,Kyiv, 01054 Ukraine	Sale of partworks	Ordinary	100%
Eaglemoss Japan Co Ltd	6 – 19 – 19 Shimbashi, Minatoku,Tokyo 105-004Japan	Sale of partworks	Ordinary	100%
Eaglemoss do Brasil Publicações e Distribuição LTDA	São Paulo, State of São Paulo, São Gualter avenue,1296, 1st floor, Room 11, Zip code 05455-002, Brazil	Sale of partworks	Ordinary	100%
Eaglemoss Inc	1017 Putnam Blvd, Wallingford, PA 1, 9086-6754, USA	Sale of partworks	Ordinary	100%

**15. Stocks**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Raw materials	<b>17,011</b>	66,521
Work in progress	<b>2,719,471</b>	3,685,190
Finished goods	<b>3,496,452</b>	10,322,728
	<b><u>6,232,934</u></b>	<b><u>14,074,439</u></b>

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**EAGLEMOSS LIMITED**

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

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**16. Debtors**

	2020 £	2019 £
<b>Due after more than one year</b>		
Other debtors	-	195,000
	<u>-</u>	<u>195,000</u>

On 9 October 2020 the Company reached a settlement with its landlord to early terminate the lease agreement for the office at Beaumont House, and subsequently recovered the £195,000 rental deposit prior to the balance sheet date.

	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors	2,485,510	6,787,007
Amounts owed by group undertakings	1,896,280	1,541,653
Amounts owed by joint arrangement partners	475,273	435,957
Other debtors	2,853,956	3,353,117
Prepayments and accrued income	1,654,750	3,076,900
	<u>9,365,769</u>	<u>15,194,634</u>

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

**17. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	5,834,133	10,891,299
Amounts owed to group undertakings	38,473,255	30,854,627
Amounts owed to joint ventures	726,438	531,932
Other creditors	1,930,308	3,402,561
Accruals and deferred income	2,293,956	3,155,090
	<u>49,258,090</u>	<u>48,835,509</u>

Included within Amounts owed to group undertakings is £35.5m owed to the Company's ultimate parent, which is unsecured, interest bearing at 3.5% and repayable on demand.

The company has offset agreements in place with group companies such that the remaining balance included within amount owed to group undertakings relates to net creditor amounts, which are interest free, unsecured and repayable on demand.

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**EAGLEMOSS LIMITED**

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

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**18. Provisions**

	£
At 1 January 2020	1,249,772
Charged to profit or loss	558,100
<b>At 31 December 2020</b>	<b>1,807,872</b>

The Company has booked a provision for a potential foreign tax liability following a tax audit assessment. The final payment is contingent of 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.

**19. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
684,932 Ordinary shares of £1.00 each	684,932	684,932
100 'A' Preference shares of £1.00 each	100	100
1 'B' Preference share of £1.00	1	1
	<b>685,033</b>	<b>685,033</b>

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.

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## EAGLEMOSS LIMITED

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

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#### 20. 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.

#### 21. Contingent liabilities

Eaglemoss Capital, parent company of Eaglemoss Limited, secured a €4,000,000 revolving credit facility on 2 October 2018, a £2,000,000 loan on 14 November 2019 and a Coronavirus Large Business Interruption Loan Scheme (CLBILS) of £10,000,000 on 23 June 2020 from Santander Bank Plc, all maturing 26 June 2023. Under this agreement it is secured by way of a fixed and floating charge over the assets of Eaglemoss Limited and the parent company. Interest is payable on the balance drawdown under the revolving bank credit facility at a variable rate of EURIBOR + 3 %, term loan at a variable rate of LIBOR + 3%, CLBILS at a variable rate of LIBOR + 2.50% before June 24, 2021 and LIBOR + 3.00% thereafter.

#### 22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £228,129 (2019: £224,780). Contributions totalling £36,017 (2019: £30,000) were payable to the fund at the balance sheet date and are included in creditors.

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## EAGLEMOSS LIMITED

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

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#### 23. Commitments under operating leases and hire purchase contracts

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	19,191	632,530
Later than 1 year and not later than 5 years	3,047	1,204,585
	<u>22,238</u>	<u>1,837,115</u>

On 9 October 2020 the Company reached a settlement with its landlord to early terminate the lease agreement for the office at Beaumont House. At the balance sheet date the Company had no commitments in respect of this terminated lease agreement.

#### 24. Related party transactions

The Company paid royalty fees of £1,812 (2019: £8,742) to Calmels Design and Construction Ltd, a company controlled by the spouse of a director. As at 31 December 2020, there was £Nil (2019: £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 £288,932 (2019: £280,517) was outstanding at the end of 2020, included within other debtors.

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

#### 25. Post balance sheet events

There are no post balance sheet events.

#### 26. Ultimate parent and controlling party

The Company's immediate and ultimate parent undertaking is Eaglemoss Capital Limited, a company incorporated in England and Wales.

The largest and smallest group of undertakings for which group accounts for the year ended 31 December 2020 have been drawn up is that headed by Eaglemoss Capital Limited. Copies of the group accounts are available 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.