

**Strategic Report, Directors' Report and  
Financial Statements for the Year Ended 31 December 2021**  
**for**  
**HM Acquisitions Company Limited**



## **HM Acquisitions Company Limited**

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**HM Acquisitions Company Limited**

**Company Information**

**DIRECTORS:**

D Arn  
J Franey  
T Rolt  
H Haupt

**SECRETARY:**

P Dixon

**REGISTERED OFFICE:**

Dawson Lane  
Bradford  
West Yorkshire  
BD4 6HN

**REGISTERED NUMBER:**

02849472 (England and Wales)

**AUDITOR:**

RSM UK Audit LLP  
Fifth Floor  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

**BANKER:**

JP Morgan Chase NA  
25 Bank Street  
London

**SOLICITOR:**

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

## **HM Acquisitions Company Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

#### **PRINCIPAL ACTIVITIES**

The company continues to be a non-trading entity.

#### **BUSINESS REVIEW AND RESULTS**

The company did not trade for the year ended 31 December 2021.

Following a review of the value in use of the fixed asset investments and intercompany receivables as at the 31 December 2021, an impairment was raised for £54.6m (2020: £108.3m) reducing the value of the investments to £nil, and the value of intercompany receivables to £61.5m (2020: £67.4m).

#### **FUTURE STRATEGIC INTENTION**

The company intends to continue in its capacity as a non-trading, holding company.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

Due to the nature of the business as a non-trading, holding company, there are no key performance indicators considered by the company.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Credit Risk**

The Company's principal financial assets are intercompany receivables and investments.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

#### **ON BEHALF OF THE BOARD:**



H Haupt - Director

Date: 28/09/2022

## **HM Acquisitions Company Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review continues to be the holding of investments.

#### **REVIEW OF BUSINESS**

The company did not trade for the year ended 31 December 2021, and therefore there was no movement in net liabilities which remained at £101.8m.

#### **FIXED ASSET INVESTMENTS**

Fixed asset investments are stated at cost less provision for impairment where appropriate.

#### **DIVIDENDS**

The directors have not declared a dividend (2020: £nil).

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

D Arn  
J Franey

During the period from 1 January 2021 to the date of this report, the following changes to directors occurred:

A Del Prete	Resigned 30 November 2021
M Critchlow	Appointed 30 November 2021, Resigned 3 June 2022
H Haupt	Appointed 22 July 2022
T Rolt	Appointed 22 July 2022

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties and future developments.


#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the directors are each aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **AUDITOR**

During the year, KPMG LLP resigned as audit and RSM UK Audit LLP were appointed. A resolution proposing their reappointment will be proposed at the AGM.

#### **ON BEHALF OF THE BOARD:**

  
.....  
H Haupt - Director

Date: 28/09/2022

## **HM Acquisitions Company Limited**

### **Statement of Directors' Responsibilities for the Year Ended 31 December 2021**

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. *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.

## **Independent Auditor's Report to the Members of HM Acquisitions Company Limited**

### **Opinion**

We have audited the financial statements of HM Acquisitions Company Limited (the 'company') for the year ended 31 December 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and 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 2021 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

## **Independent Auditor's Report to the Members of HM Acquisitions Company Limited**

### **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; or

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 9, 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. 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.



**Independent Auditor's Report to the Members of  
HM Acquisitions Company Limited**

**The extent to which the audit was considered capable of detecting irregularities, including fraud  
(continued)**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The audit engagement team identified the risk of management override of controls and the risk of fraud in revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed on the risk of fraud in revenue recognition included but were not limited to undertaking tests of control and detail, supplemented by data analysis techniques to ensure that revenue recognised was in agreement with underlying agreements and had been recorded in the correct period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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.

*Andrew Allchin*

**ANDREW ALLCHIN FCA (Senior Statutory Auditor)**  
**For and on behalf of RSM UK Audit LLP, Statutory Auditor**  
Fifth Floor, Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

**29/09/22**  
Date: .....

**HM Acquisitions Company Limited**

**Statement of Comprehensive Income  
for the Year Ended 31 December 2021**

	Notes	31.12.21 £'000	31.12.20 £'000
<b>TURNOVER</b>		<u>-</u>	<u>-</u>
<b>OPERATING PROFIT</b>	4	-	-
Amounts written off investments	5	<u>(54,601)</u>	<u>(108,292)</u>
<b>LOSS BEFORE TAXATION</b>		(54,601)	(108,292)
Tax on loss	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		(54,601)	(108,292)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u>(54,601)</u>	<u>(108,292)</u>

HM Acquisitions Company Limited (Registered number: 02849472)

Statement of Financial Position  
31 December 2021

	Notes	31.12.21 £'000	31.12.20 £'000
<b>FIXED ASSETS</b>			
Investments	7	-	48,708
<b>CURRENT ASSETS</b>			
Debtors	8	61,499	67,392
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>(217,878)</u>	<u>(217,878)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(156,379)</u>	<u>(150,486)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(156,379)</u>	<u>(101,778)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	-	-
Share premium		35,105	35,105
Accumulated losses		<u>(191,484)</u>	<u>(136,883)</u>
<b>SHAREHOLDERS' DEFICIT</b>		<u>(156,379)</u>	<u>(101,778)</u>

The financial statements were approved by the Board of Directors on 28/09/2022 and were signed on its behalf by:



H Haupt - Director

**HM Acquisitions Company Limited**

**Statement of Changes in Equity  
for the Year Ended 31 December 2021**

	<b>Accumulated losses £'000</b>	<b>Share premium £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2020</b>	(28,591)	35,105	6,514
<b>Changes in equity</b>			
Total comprehensive loss	<u>(108,292)</u>	<u>-</u>	<u>(108,292)</u>
<b>Balance at 31 December 2020</b>	<u>(136,883)</u>	<u>35,105</u>	<u>(101,778)</u>
<b>Changes in equity</b>			
Total comprehensive loss	<u>(54,601)</u>	<u>-</u>	<u>(54,601)</u>
<b>Balance at 31 December 2021</b>	<u><u>(191,484)</u></u>	<u><u>35,105</u></u>	<u><u>(156,379)</u></u>

## HM Acquisitions Company Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021

#### 1. STATUTORY INFORMATION

HM Acquisitions Company Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is Dawson Lane, Bradford, West Yorkshire, England, BD4 6HN. The company's principal activities and nature of its operations are disclosed in the Strategic Report.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

##### **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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

##### **Going Concern**

Notwithstanding net current liabilities of £150.5m as at 31 December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements. The company does not trade and it not expected to incur any expenditure or cash outflows over the 12 month period.

The going concern assessment is dependent on the company's intermediate parent company, Hallmark Cards (Holdings) Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £217.9m. Hallmark Cards (Holdings) Limited has indicated that it does not intend to seek repayment of these amounts during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

##### **Financial instruments**

###### *Classification of financial instruments issued by the Company*

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

## **HM Acquisitions Company Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31 December 2021**

#### **2. ACCOUNTING POLICIES CONTINUED**

##### *Financial instruments continued*

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

##### **Basic financial instruments**

###### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

###### *Investments in subsidiaries*

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

##### **Other financial instruments**

###### *Financial instruments not considered to be Basic Financial Instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- Investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

##### **Impairment excluding stocks and deferred tax assets**

###### *Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

###### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

## HM Acquisitions Company Limited

### Notes to the Financial Statements - continued for the Year Ended 31 December 2021

#### 2. ACCOUNTING POLICIES CONTINUED

##### *Non-financial assets continued*

The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### *Carrying amount of investments in subsidiaries and amounts owed by subsidiary undertakings*

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount is considered to be the value in use of the underlying Group. Where the aggregate carrying amount of investments in subsidiaries and amounts owed by subsidiaries exceeds the recoverable amount, an impairment charge is recognised. The impairment is first allocated against the investment, with any residual impairment recognised against the amounts owed by subsidiaries. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from management forecasts for the next five years, with reference to the Board approved budget for 2021 and growth assumptions aligned to long term business growth expectations. The recoverable amount is most sensitive to the sales growth assumptions and the discount rate. Leaving all other assumptions unchanged, a 1% increase in the discount rate used in the value in use calculation of 10% would result in an increase in the provision against investments by £7.8m. Leaving all other assumptions unchanged, a 1% decrease in the long term growth rate used in the value in use calculation of 2% would result in an increase in the provision against investments by £6.2m.

##### **Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### *Judgements*

The directors consider there to be no judgements which have a material impact on the financial statements.

##### *Key sources of estimation uncertainty*

The directors consider there to be no key sources of estimation uncertainty which have a material impact on the financial statements.

## HM Acquisitions Company Limited

### Notes to the Financial Statements - continued for the Year Ended 31 December 2021

#### 3. EMPLOYEES AND DIRECTORS

The company did not employ any staff in either the current or prior year. There were no employees of the company and no directors emoluments were paid or accrued during the current or prior year.

#### 4. OPERATING PROFIT

##### Auditor's remuneration

Audit fees in respect of the audit of these financial statements are borne by Hallmark Cards PLC.

#### 5. AMOUNTS WRITTEN OFF INVESTMENTS

	31.12.21 £'000	31.12.20 £'000
Impairment of investments	54,601	108,292
	<u>          </u>	<u>          </u>

#### 6. TAXATION

##### Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2021 nor for the year ended 31 December 2020.

#### 7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2021	
and 31 December 2021	<u>185,591</u>
<b>AMORTISATION AND IMPAIRMENT</b>	
At 1 January 2021	136,883
Impairments	48,708
At 31 December 2021	<u>185,591</u>
<b>NET BOOK VALUE</b>	
At 31 December 2021	<u>          </u>
At 31 December 2020	<u>48,708</u>

The company has investments in the following subsidiary undertakings, all of which are 100% owned:

Subsidiary undertakings	Country of incorporation	Principal activity
Hallmark Cards UK Limited	England & Wales	Holding company

The registered address of the above company is: Dawson Lane, Bradford, West Yorkshire, BD4 6HN. The Company has not prepared group financial statements as it is exempt from the requirement to do so by Section 400 of the Companies Act 2006. These financial statements present information about the company and not about its group. In the opinion of the Directors, the aggregate value of the shareholdings is not less than the amount at which they are shown in the statement of financial position.



**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.21	31.12.20
	£'000	£'000
Amounts owed by group undertakings	<u>61,499</u>	<u>67,392</u>

All amounts owed by group undertakings are interest free and repayable on demand.

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.21	31.12.20
	£'000	£'000
Amounts owed to group undertakings	217,877	217,877
Other creditors	<u>1</u>	<u>1</u>
	<u>217,878</u>	<u>217,878</u>

All amounts owed to group undertakings are interest free and repayable on demand.

**10. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.21	31.12.20
			£	£
102	Ordinary	£1	<u>102</u>	<u>102</u>

**11. RESERVES**

Reserves of the Company represent the following:

**Accumulated Losses**

Accumulated profits and losses net of distributions made to owners, after including movements for items arising on items charged directly to equity owners

**12. ULTIMATE PARENT COMPANY**

The company is a subsidiary undertaking of Hallmark Cards Inc, which is incorporated in the state of Missouri, United States of America.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent company. The consolidated accounts of this company are not available to the public. The smallest group in which they are consolidated is that headed by Hallmark Cards (Holdings) Limited. The consolidated accounts of this group are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3HZ.

**13. CONTINGENT LIABILITIES**

**Group VAT registration**

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result it has jointly guaranteed the VAT liability of the group, and failure by all other members of the group would give rise to a maximum additional liability for the company of £3,807k (2020: £7,810k).