Flair Leisure Products Plc

Annual Report and Financial Statements

Registered number 3699727

Year ended 31 December 2021

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Strategic report

The directors present their strategic report and the audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company is the sale and marketing of children's toys and associated products.

Business review and future developments

The Company made a pre-tax loss of £497,000 for the year (31 December 2020: pre-tax loss of £3,193,000) on a turnover of £15,612,000 (31 December 2020: £30,512,000). As at 31 December 2021, the Company had net assets of £4,052,000 (31 December 2020: £4,549,000).

Performance is in line with the expectation of the Directors.

Key Business Risks

The key business risks to the company are as follows:

a) Reliance on performance of key product suppliers and the detrimental effect on our business of any failure to agree within agreed lead times or to agreed safety standards.
b) Timetables on new product development not being met.
c) Financial failure of key customers.
d) Reduced consumer demand due to a downturn in UK market.

With regard to [a], the directors monitor performance on a regular basis and liaise with our key vendors and undertake factory visits.

With regard to [b], this is largely controlled by the company and is reviewed on a regular basis with resources being allocated to meet the timetables set.

With regard to [c], the company takes out credit insurance on its customers. No individual customer represents more than 17% of the company's turnover.

With regard to [d], the nature of Flair's product portfolio is that our products traditionally are those that are less affected by economic slowdown and changes in disposable income.

Key Performance Indicators

The key performance indicators include turnover and gross profit. The impact of Covid-19 in the first half of 2021 saw an impact on the company performance due to the government restrictions during lockdown, resulting in all non-essential retailers being required to close, however most retailers were able to respond through online and click and collect.

This performance is in line with the expectations of the Directors.

	2021	2020
	£'000	£'000
Turnover	**15,612**	30,512
Gross Profit	**4,935**	7,370
Gross Profit %	**31.6%**	24.2%

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

In discharging section 172 duties, the directors are required to have regard, among 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 desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly between members of the Company.

In addition to the above, the Directors also have regarded other factors, which are considered relevant to the decisions being made. These factors include the interests and views of the Company's stakeholders and the Directors' relationship with regulators.

By order of the board

Julia Cake

Julia Cake
Director

Date: 28/09/2022

Directors' report

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

Directors

The directors who held office during the year were as follows:

J Cake
P Brown
P Bertotto
M Rougeot
A Robaldo

Dividends

No dividend was paid during the year to December 2021 (31 December 2020: £Nil).

Creditor Payment Policy

The company's current policy concerning the payment of trade creditors is to:

a) Settle the terms of payment with suppliers when agreeing the terms of each transaction;
b) Ensure that the suppliers are made aware of the terms of payment by inclusion of the relevant terms in the contracts;
c) Pay in accordance with the company's legal and contractual obligations.
d) As at 31st December 2021, Flair Leisure Products plc had an average days payable outstanding (DPO) of 58.1 days (31 December 2020: 43.1 days).

Charitable contributions

During the year the company made charitable donations of £633 (31 December 2020: £556). Included in this amount is £500 (31 December 2020: £418) donated to The Toy Trust.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

Julia Cake.

Julia Cake
Director
28/09/2022

Registered Office:
The Kirkgate
19–31 Church Street
Epsom
Surrey
KT17 4PF

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Flair Leisure Products Plc

Opinion

We have audited the financial statements of Flair Leisure Products Plc ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users outside of the finance function or those posted to unusual accounts.
- Assessing whether sales transactions are recognised in the correct accounting period.

Independent auditor's report to the members of Flair Leisure Products Plc *(continued)*

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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. We have nothing to report in these respects.

Independent auditor's report to the members of Flair Leisure Products Plc *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorssresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Terri Coughlan

Terri Coughlan (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants and Registered Auditor
2 Forbury Place
33 Forbury Road
READING
RGI 3AD

29 September 2022

Profit and loss account and Other Comprehensive Income
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	**15,612**	30,512
Cost of sales		**(10,677)**	(23,142)
Gross profit		**4,935**	7,370
Distribution costs		**(2,688)**	(6,248)
Administrative expenses		**(2,828)**	(4,265)
Other operating income	3	**117**	489
Operating loss	4	**(464)**	(2,654)
Other interest receivable and similar income	7	**49**	25
Interest payable and similar charges	8	**(82)**	(564)
Loss on ordinary activities before tax		**(497)**	(3,193)
Tax on loss on ordinary activities	9	**-**	385
Loss for the financial year		**(497)**	(2,808)
Total comprehensive income for the year		**(497)**	(2,808)

The notes on pages 10 to 17 form part of these accounts.

Balance sheet
as at 31 December 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	11	179		367	
			179		367
Current assets					
Stocks	12	3,544		2,911	
Debtors	13	4,531		7,074	
Cash in hand		5,827		4,531	
		13,902		14,516	
Creditors: amounts falling due within one year	14	(10,029)		(10,334)	
Net current assets			3,873		4,182
Net assets			4,052		4,549
Capital and reserves					
Called up share capital	17		351		351
Share premium account			1,918		1,918
Profit and loss account			1,783		2,280
Shareholders' funds			4,052		4,549

The notes on pages 10 to 17 form part of these accounts.

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

Julia Cake

Julia Cake
Director

Flair Leisure Products Plc
Registered number 3699727

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	351	1,918	5,088	7,357
Total comprehensive income for the period				
Loss for the year	-	-	(2,808)	(2,808)
Total comprehensive income for the period	-	-	(2,808)	(2,808)
Transactions with owners, recorded directly in equity:				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2020	**351**	**1,918**	**2,280**	**4,549**
Balance at 1 January 2021	351	1,918	2,280	4,549
Total comprehensive income for the period				
Loss for the year	-	-	(497)	(497)
Total comprehensive income for the period	-	-	(497)	(497)
Transactions with owners, recorded directly in equity:				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2021	**351**	**1,918**	**1,783**	**4,052**

The notes on pages 10 to 17 form part of these accounts.

Notes *(forming part of the financial statements)*

1 Accounting policies

Flair Leisure Products Plc ("The Company") is a company limited by shares and incorporated and domiciled in the UK, registered at The Kirkgate, 19-31 Church Street, Epsom, Surrey, KT17 4PF.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland *("FRS 102")* as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Giochi Preziosi S.p.A., includes the Company in its consolidated financial statements. The consolidated financial statements of Giochi Preziosi S.p.A. are available to the public and may be obtained from the address given in note 20. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the derivative financial instruments are stated at their fair value.

1.2 Going concern

Notwithstanding a loss for the year ended 31 December 2021 of £497,000, 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 prepared cash flow forecasts in order to assess going concern, including taking account of reasonably possible downsides through a severe but plausible downside scenario. Those forecasts show that the company will have sufficient funds, through funding from its ultimate parent company, Giochi Preziosi S.p.A., to meet its liabilities as they fall due during the going concern assessment period.

Those forecasts are dependent on Giochi Preziosi S.p.A. providing additional financial support during the going concern assessment period. Giochi Preziosi S.p.A. has indicated its intention to continue to make available such funds as are needed by the company during the going concern assessment period, after the company has made efforts to obtain its own financing. 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.

1.3 Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other financial instruments
Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets as follows:

• Fixtures and fittings	2-3 years
• Computers and other office equipment	3 years
• Leasehold Improvements	Life of Lease

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

1.7 Employee benefits

Defined contribution plans and other long term employee benefits
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.9 Turnover

Turnover consists of sales of goods at invoiced valued excluding VAT and net of discount and rebates, with the exception of goods sold on a sale or return basis, which are recognised as turnover on receipt of third party confirmation of sale.

1.10 Expenses

Operating lease
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Interest receivable and Interest payable
Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes *(continued)*

1 Accounting policies *(continued)*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Geographical analysis of turnover

	2021 £'000	2020 £'000
United Kingdom	12,813	22,918
Rest of Europe	2,640	7,443
Rest of the world	159	151
	15,612	30,512

3 Other operating income

	2021 £'000	2020 £'000
Royalties receivable	17	20
FOB commission	100	461
Other	-	8
	117	489

4 Expenses and auditor's remuneration

Included in profit are the following:

	2021 £'000	2020 £'000
Auditor's remuneration – audit of these financial statements	55	54
Depreciation of owned fixed assets	281	752
Operating lease rentals:		
Buildings	90	209
Other	14	19
Net foreign exchange (gains) / losses	(9)	451

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	2021 Number	2020 Number
Administration	16	21
Sales and marketing	8	14
	24	35

Notes *(continued)*

5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	1,152	1,465
Social security costs	141	158
Contributions to defined contribution plans	123	169
	1,416	1,792

6 Directors' remuneration

	2021 £'000	2020 £'000
Directors' remuneration	374	302
Company contributions to money purchase pension plans	53	37

The remuneration of the highest paid director for the year ended to 31 December 2021 was £301,000 (31 December 2020: £239,000) and company pension contributions of £50,000 (31 December 2019: £37,000) were made to a money purchase scheme on his behalf.

7 Other interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable	9	25
Net foreign exchange gain	40	-
	49	25

8 Interest payable and similar charges

	2021 £'000	2020 £'000
Net foreign exchange loss	-	476
Bank loans and overdraft	82	88
	82	564

Notes *(continued)*

9 Taxation

Total tax expense recognised in the profit and loss account

	2021 £'000	2020 £'000
Current tax		
Current tax on income for the period	-	-
Adjustment in respect of prior year	-	(385)
Total current tax	-	(385)
Deferred tax (see note 15)		
Origination/reversal of timing differences	-	-
Total tax	-	(385)

Reconciliation of effective tax rate	2021 £'000	2020 £'000
Loss on ordinary activities after tax	(497)	(2,808)
Tax (credit)/expenses	-	(385)
Loss before tax	(497)	(3,193)
Tax using the UK corporation tax rate of 19.00% (31 December 2020: 19.00%)	(94)	(607)
Adjustments to tax charge in respect of previous periods - current tax	-	(385)
Effect of losses carried back	-	380
Deferred tax not recognised	265	242
Remeasurement of deferred tax for changes in tax rates	(168)	(23)
Expenses not deductible for tax	-	(4)
Other short term timing differences	(3)	12
Total tax expense included in profit or loss	-	(385)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the main rate of corporation tax of 25% will be effective and was substantively enacted on 24 May 2021. The Company has considered the impact of the proposed change on its future deferred tax position. This will have a consequential effect on the company's future tax charge.

Notes *(continued)*

10 Intangible asset -Trademarks

	£'000
Cost	
Balance at 1 Jan 2021	237
Balance at 31 Dec 2021	**237**
Amortisation	
Balance at 1 Jan 2021	237
Balance at 31 Dec 2021	**237**
Net book value	
Balance at 31 Dec 2021	**-**

11 Tangible fixed assets

	Fixtures and fittings £'000	Computers and equipment £'000	Total £'000
Cost			
Balance at 1 Jan 2021	170	2,662	**2,832**
Acquisitions	-	93	**93**
Disposals	-	-	-
Balance at 31 Dec 2021	**170**	**2,755**	**2,925**
Depreciation			
Balance at 1 Jan 2021	116	2,349	**2,465**
Depreciation charge for the year	5	276	**281**
Disposals	-	-	-
Balance at 31 Dec 2021	**121**	**2,625**	**2,746**
Net book value			
At 1 Jan 2021	54	313	367
At 31 Dec 2021	**49**	**130**	**179**

12 Stock

	2021 £'000	2020 £'000
Finished goods	**3,544**	2,911
	3,544	2,911

Finished goods are stated net of an obsolescence provision of £200k (31 December 2020: £325k).

13 Debtors

	2021 £'000	2020 £'000
Trade debtors	**3,779**	4,505
Amounts owed by group undertakings	**89**	701
Prepayments and accrued income	**275**	1,205
Corporation tax debtor	**385**	660
Other debtors	**3**	3
	4,531	7,074

Note: Amounts owed by group are interest free and repayable on demand.

Notes *(continued)*

14 Creditors: amounts due within one year

	2021	2020
	£'000	£'000
Bank overdraft	**4,375**	4,292
Trade creditors	**962**	591
Amounts owed to group undertakings	**1,586**	784
Taxation and social security	**40**	556
Other creditors	**347**	24
Accruals and deferred income	**2,719**	4,087
	10,029	10,334

Note: Amounts owed to group are interest free and repayable on demand.

15 Deferred tax asset

	2021	2020
	£'000	£'000
At 1 January	-	-
Movement in the period	-	-
Balance at 31 December	-	-

A Deferred Tax Asset of £265k (31 December 2020: £242k) has not been recognised in the accounts as there was insufficient certainty over its recovery.

16 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans for the year was £123,000 *(31 December 2020: £169,000)*

There was an accrual for pension costs as at 31 December 2021 of £8,000 (31 December 2020: £16,000).

17 Capital and reserves

	2021	2020
	£'000	£'000
Share capital		
Allotted, called up and fully paid		
1,473,684 Ordinary A Shares of 10p each	**147**	147
1,000,000 Ordinary B Shares of 10p each	**100**	100
789,470 Ordinary C Shares of 10p each	**79**	79
250,000 Ordinary D Shares of 10p each	**25**	25
	351	351

The Ordinary A and B Shares rank pari passu.

The Ordinary D shares came about through the crystallisation of share options in 2008.

The Ordinary C and D Shares do not have any voting or any other rights.

18 Financial instruments

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2021	2020
	£'000	£'000
Forward exchange contracts	**9,600**	13,400

At 31 December 2021 the company had forward contracts to purchase foreign currency of $12,900,000 for £9,800,000 *(31 December 2020: $18,200,000 for £14,200,000)*.

Notes *(continued)*

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021		2020	
	Land and Buildings	**Other**	Land and Buildings	Other
	£'000	**£'000**	£'000	£'000
Less than one year	**90**	**15**	90	15
Between one and two years	**90**	**13**	90	15
Between two and five years	**281**	**-**	271	14
Over five years	**369**	**-**	469	-
	830	**28**	920	44

During the year, £104,000 was recognised as an expense in the profit and loss account in respect of operating leases (year ended 31 December 2020: £228,000).

20 Ultimate parent company

The Company is a subsidiary undertaking of Giochi Preziosi S.p.A.

The largest group in which the results of the company are consolidated is that headed by Giochi Preziosi S.p.A. The consolidate accounts, which are available to the public, may be obtained from Giochi Preziosi S.p.A. Via delle Primule, 5 – 20020 Cogliate (MI), Italy.

21 Related party transactions

	2021	2020
	£'000	£'000
Giochi Preziosi SPA (Ultimate Parent Company - Goods supplier)		
Total charge to the profit and loss account	**5,315**	3,840
Amount owed to fellow group company	**1,586**	484
Giochi Preziosi SRL (Ultimate Parent Company - Goods supplier)		
Net income/charge to the profit and loss account	**14**	152
Amount owed by fellow group company / nil	**14**	-
Giochi Preziosi Espana SL (Fellow Group Company)		
Net income/charge to the profit and loss account	**1**	396
Nil / amount owed to fellow group company	**-**	274
Giochi Preziosi Germany GMBH (Fellow Group Company)		
Nil / charge to the profit and loss account	**-**	6
Giochi Preziosi Hellas SA (Fellow Group Company)		
Total income to the profit and loss account	**22**	42
Amount owed by fellow group company / nil	**22**	-
Giochi Preziosi France SAS (Fellow Group Company)		
Total income to the profit and loss account	**9**	4,453
Amount owed by fellow group company / nil	**9**	-
Giochi Preziosi France TOYS (Fellow Group Company)		
Total income to the profit and loss account / nil	**62**	-
Amount owed by fellow group company / nil	**35**	-
Giochi Preziosi Turkey (Fellow Group Company)		
Nil / charge to the profit and loss account	**-**	8
Nil / amount owed to fellow group company	**-**	12
Giochi Preziosi Famosa (Fellow Group Company)		
Total income to the profit and loss account	**9**	698
Amount owed by fellow group company	**9**	698
Trudi (Fellow Group Company)		
Total charge to the profit and loss account	**42**	162
Nil / amount owed to fellow group company	**-**	14
Grandi Giochi (Fellow Group Company)		
Nil / total income to the profit and loss account	**-**	3
Nil / amount owed by fellow group company	**-**	3