

Company registration number 03699727 (England and Wales)

FLAIR LEISURE PRODUCTS PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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FLAIR LEISURE PRODUCTS PLC

COMPANY INFORMATION

Directors J Cake
M Lischetti (Appointed 13 December 2022)
A Robaldo

Secretary T Lai

Company number 03699727

Registered office The Kirkgate
19-31 Church Street
Epsom
Surrey
KT17 4PF

Auditor Richard Place Dobson Services Limited
Ground Floor
1 - 7 Station Road
Crawley
West Sussex
RH10 1HT

FLAIR LEISURE PRODUCTS PLC

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FLAIR LEISURE PRODUCTS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

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 customer demand due to a downturn in the 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 the economic slowdown and changes in disposable income.

Business review and future developments

The company made a pre-tax loss of £419,750 for the year (2021: £496,835) on a turnover of £9,762,847 (2021: £15,612,070). As at 31 December 2022, the company had net assets of £3,631,279 (2021: £4,051,029).

Performance is in line with the expectation of the directors.

Key performance indicators

The key performance indicators include turnover and gross profit.

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

	2022	2021
	£'000	£'000
Turnover	9,763	15,612
Gross Profit	2,264	4,935
Gross Profit %	23.2%	31.6%

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.

FLAIR LEISURE PRODUCTS PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

Julia Calk

J Calk

Director

Date: *28/06/2023*

FLAIR LEISURE PRODUCTS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

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

Results and dividends

The results for the year are set out on the Statement of Comprehensive Income.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Cake

M Lischetti

(Appointed 13 December 2022)

A Robaldo

P Bertotto

(Resigned 1 September 2022)

M Rougeot

(Resigned 26 October 2022)

Supplier 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 31 December 2022, Flair Leisure Products Plc had an average days payable outstanding of 25.6 days (2021: 58.1 days).

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

FLAIR LEISURE PRODUCTS PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Charitable contributions

During the year the company made charitable donations of £1,915 (31 December 2021: £633). Included in this amount is £900 (31 December 2021: £500) donated to The Toy Trust.

On behalf of the board

Julia Calle

J Calle

Director

Date: *28/06/2023*

FLAIR LEISURE PRODUCTS PLC

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 2022 which comprise the statement of comprehensive income, the balance sheet, 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 Financial Reporting Standard 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 2022 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

FLAIR LEISURE PRODUCTS PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FLAIR LEISURE PRODUCTS PLC

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, 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 our procedures are capable of detecting irregularities, including fraud, is detailed below.

We have made enquiries of management, and directors, regarding the procedures relating to identifying, evaluating and complying with:

1. laws and regulations and whether they were aware of any instances of non-compliance;
2. detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
3. the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

We obtained an understanding of the legal and regulatory framework that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act, data protection regulations, employment legislation, the sale of goods act and taxation laws and regulations.

Discussion was had with management and the trustees and amongst the engagement team to gain an understanding of the entities current activities, authorisation procedures and effectiveness of the control environment. Our understanding was tested during the audit work and the systems and controls in place were found to be operating effectively.

The engagement partner has reviewed the team selected to undertake the engagement and ensure that they have sufficient competence and are capable of identifying and recognising non-compliance with laws and regulations. No non-compliance was identified.

FLAIR LEISURE PRODUCTS PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FLAIR LEISURE PRODUCTS PLC

Risks identified

Audit response

Error or fraud in recognition of revenue

- Performing a walkthrough test of the sales system to ensure controls are in place, they are adequate and they are being followed.
- Agreeing sales to supporting documentation to ensure existence
- Reviewing sales made prior and post year end to assess sales transactions are recognised in the correct account period.

Error or fraud in use of management override

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

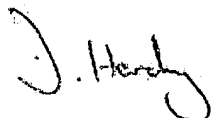
Error or fraud in recognition of foreign exchange profits or losses

- Analytical procedures to ensure results are in line with expectation of the entity's environment and what we know of the economic climate.
- Review of supporting documentation and recalculation of transactional foreign exchange profits/losses.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.



Darren Harding ACA FCCA DChA

Senior Statutory Auditor

For and on behalf of Richard Place Dobson Services Limited

Date: 28/06/2023

Chartered Accountants

Statutory Auditor

Ground Floor
1 - 7 Station Road
Crawley
West Sussex
RH10 1HT

FLAIR LEISURE PRODUCTS PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	9,762,847	15,612,070
Cost of sales		(7,498,770)	(10,677,246)
Gross profit		2,264,077	4,934,824
Distribution costs		(1,630,002)	(2,687,611)
Administrative expenses		(2,148,047)	(2,828,162)
Other operating income		14,477	116,896
Operating loss	4	(1,499,495)	(464,053)
Interest receivable and similar income	7	1,116,905	49,513
Interest payable and similar expenses	8	(37,160)	(82,295)
Loss before taxation		(419,750)	(496,835)
Tax on loss	9	-	-
Loss for the financial year		(419,750)	(496,835)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

FLAIR LEISURE PRODUCTS PLC

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10		127,393		127,759
Tangible assets	11		45,158		50,884
			<u>172,551</u>		<u>178,643</u>
Current assets					
Stocks	12	3,913,767		3,543,587	
Debtors	13	2,430,410		4,530,350	
Cash at bank and in hand		1,896,237		5,827,163	
		<u>8,240,414</u>		<u>13,901,100</u>	
Creditors: amounts falling due within one year	14	(4,781,686)		(10,028,714)	
Net current assets			<u>3,458,728</u>		<u>3,872,386</u>
Net assets			<u><u>3,631,279</u></u>		<u><u>4,051,029</u></u>
Capital and reserves					
Called up share capital	17		351,327		351,327
Share premium account			1,917,553		1,917,553
Profit and loss reserves			1,362,399		1,782,149
Total equity			<u><u>3,631,279</u></u>		<u><u>4,051,029</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29/06/2023 and are signed on its behalf by:

Julia Cate

J Cate
Director

Company Registration No. 03699727

FLAIR LEISURE PRODUCTS PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	351,327	1,917,553	2,278,984	4,547,864
Year ended 31 December 2021:				
Loss and total comprehensive income for the year	-	-	(496,835)	(496,835)
Balance at 31 December 2021	351,327	1,917,553	1,782,149	4,051,029
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(419,750)	(419,750)
Balance at 31 December 2022	351,327	1,917,553	1,362,399	3,631,279

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Flair Leisure Products Plc is a public company limited by shares incorporated in England and Wales. The registered office is The Kirkgate, 19-31 Church Street, Epsom, Surrey, KT17 4PF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except for the derivative financial instruments which are stated at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Giochi Preziosi S.p.A. These consolidated financial statements are available from its registered office, Via delle Primule, 5 - 20020 Cogliate (MI), Italy.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years
Patents & licences	20% Straight Line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	2-3 years
Computers and other office equipment	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost is calculated using the weighted average method.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 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.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 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.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	8,218,915	12,813,803
Rest of Europe	1,540,017	2,639,597
Rest of the World	3,915	158,670
	<u>9,762,847</u>	<u>15,612,070</u>
	2022	2021
	£	£
Other revenue		
Interest income	876	9,390
Royalty income	13,104	16,562
Commissions received	<u>1,373</u>	<u>100,334</u>

4 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	60,000
Depreciation of owned tangible fixed assets	6,735	10,191
Amortisation of intangible assets	95,888	270,972
Operating lease charges	<u>296,038</u>	<u>278,679</u>

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Employees

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

	2022 Number	2021 Number
Administration	13	16
Sales and marketing	6	8
Total	19	24

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	970,277	1,264,808
Social security costs	107,642	141,321
Pension costs	67,406	123,371
	1,145,325	1,529,500

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	109,750	404,865
Company pension contributions to defined contribution schemes	3,713	53,000
	113,463	457,865

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	n/a	374,000
Company pension contributions to defined contribution schemes	n/a	53,000

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	876	9,390
Other income from investments		
Exchange differences	1,116,029	40,123
Total income	<u>1,116,905</u>	<u>49,513</u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	<u>37,160</u>	<u>82,295</u>

9 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Loss before taxation	<u>(419,750)</u>	<u>(496,835)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(79,753)	(94,399)
Change in unrecognised deferred tax assets	79,753	265,003
Effect of change in corporation tax rate	-	(168,495)
Other non-reversing timing differences	-	(2,109)
Taxation charge for the year	<u>-</u>	<u>-</u>

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Intangible fixed assets

	Software	Patents & licences	Total
	£	£	£
Cost			
At 1 January 2022	2,276,647	236,785	2,513,432
Additions	95,522	-	95,522
At 31 December 2022	2,372,169	236,785	2,608,954
Amortisation and impairment			
At 1 January 2022	2,148,888	236,785	2,385,673
Amortisation charged for the year	95,888	-	95,888
At 31 December 2022	2,244,776	236,785	2,481,561
Carrying amount			
At 31 December 2022	127,393	-	127,393
At 31 December 2021	127,759	-	127,759

11 Tangible fixed assets

	Fixtures and fittings	Computers and other office equipment	Total
	£	£	£
Cost			
At 1 January 2022	170,162	478,109	648,271
Additions	-	1,009	1,009
At 31 December 2022	170,162	479,118	649,280
Depreciation and impairment			
At 1 January 2022	121,605	475,782	597,387
Depreciation charged in the year	5,549	1,186	6,735
At 31 December 2022	127,154	476,968	604,122
Carrying amount			
At 31 December 2022	43,008	2,150	45,158
At 31 December 2021	48,557	2,327	50,884

12 Stocks

	2022	2021
	£	£
Finished goods and goods for resale	3,913,767	3,543,587

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	2,219,566	3,778,213
Corporation tax recoverable	-	384,931
Amounts owed by group undertakings	105,169	88,624
Other debtors	3,128	3,083
Prepayments and accrued income	102,547	275,499
	<u>2,430,410</u>	<u>4,530,350</u>

14 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	15	-	4,374,593
Trade creditors		526,525	962,238
Amounts owed to group undertakings		2,341,027	1,585,641
Taxation and social security		235,019	386,935
Accruals and deferred income		1,679,115	2,719,307
		<u>4,781,686</u>	<u>10,028,714</u>

15 Loans and overdrafts

	2022	2021
	£	£
Bank overdrafts	-	4,374,593
Payable within one year	-	4,374,593

16 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	67,406	123,371

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary A Shares of 10p each	1,473,684	1,473,684	147,380	147,380
Ordinary B Shares of 10p each	1,000,000	1,000,000	100,000	100,000
Ordinary C Shares of 10p each	789,470	789,470	78,947	78,947
Ordinary D Shares of 10p each	250,000	250,000	25,000	25,000
	<u>3,513,154</u>	<u>3,513,154</u>	<u>351,327</u>	<u>351,327</u>

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	102,631	104,445
Between two and five years	381,278	384,337
In over five years	269,674	369,246
	<u>753,583</u>	<u>858,028</u>

19 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

Name of related party	Nature of relationship
Giochi Preziosi France SAS	Fellow Group Company
Giochi Preziosi Hellas SA	Fellow Group Company

Description of transaction	Income	Income	Expenditure	Expenditure
	2022	2021	2022	2021
	£	£	£	£
Giochi Preziosi France SAS	57,939	8,750	150	-
Giochi Preziosi Hellas SA	-	22,470	-	-
	<u>57,939</u>	<u>31,220</u>	<u>150</u>	<u>-</u>

Balances with related parties

The following amounts were outstanding at the reporting end date:

FLAIR LEISURE PRODUCTS PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Related party transactions

(Continued)

	Amounts owed by related parties		Amounts owed to related parties	
	2022	2021	2022	2021
	£	£	£	£
Giochi Preziosi France SAS	57,939	8,750	150	-
Giochi Preziosi Hellas SA	-	22,470	-	-
	<u>57,939</u>	<u>31,220</u>	<u>150</u>	<u>-</u>

In accordance with FRS 102.33 1A disclosure has not been given of transactions between wholly owned members of the group to which the company belongs.