

KEEL TOYS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

KEEL TOYS LIMITED

COMPANY INFORMATION

Directors	D M Keel
	J M Keel
	J E Keel
	P A Keel
	R J Keel
	S O Keel
	S A Keel
Company secretary	R J Keel
Registered number	03744062
Registered office	Unit 1 Ashford Business Park Sevington Ashford Kent TN24 0SG
Independent auditors	Magee Gammon Corporate Limited Chartered Accountants & Statutory Auditors Henwood House Henwood Ashford Kent TN24 8DH

KEEL TOYS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 7
Profit and loss account	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Analysis of net debt	13
Notes to the financial statements	14 - 27

KEEL TOYS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their strategic report accompanying the financial statements for the year ended 31 March 2022.

Business review

The performance of the company for the year ended 31 March 2022, accorded with the expectations and the directors' view, the financial position of the company at that date as satisfactory. The directors consider that given the right economic conditions, the company will remain profitable in the coming years.

In the last few years an increasing problem has been the plagiarism of the company's designs. To combat this situation they have invested heavily in the protection of their copyright and have fought a number of successful actions. The company has set aside a substantial sum and retained the services of Messrs Berwin Leighton Paisner, patent specialists, to aggressively pursue any copyright infringements on their behalf.

Principal risks and uncertainties

The key business risks and uncertainties are considered to relate to competition from established competitors, the support of our suppliers, the state of the UK and global economies and volatility of exchange rates.

Financial key performance indicators

Given the straight forward nature of the business the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 12 December 2022 and signed on its behalf.

R J Keel
Director

KEEL TOYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £191,011 (2021 - £794,292).

The directors recommended a final dividend of £20.00 per share to be paid in respect to the period ended 31 March 2022.

Directors

The directors who served during the year were:

D M Keel
J M Keel
J E Keel
P A Keel
R J Keel
S O Keel
S A Keel

Future developments

The directors will continue to development new products and explore new markets to allow the company to continue to prosper for the foreseeable future

KEEL TOYS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

The auditors, Magee Gammon Corporate Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12 December 2022 and signed on its behalf.

R J Keel

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEEL TOYS LIMITED

Opinion

We have audited the financial statements of Keel Toys Limited (the 'Company') for the year ended 31 March 2022, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 2022 and of its profit 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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 AUDITORS' REPORT TO THE MEMBERS OF KEEL TOYS LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEEL TOYS LIMITED (CONTINUED)

Auditors' 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company, we have considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risk was related to the posting of inappropriate journal entries to improve the result before tax for the year.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Procedures performed by the audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Evaluation of controls designed to prevent and detect irregularities; and
- Assessing journal entries as part of our planned audit approach.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

KEEL TOYS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEEL TOYS LIMITED (CONTINUED)

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 Auditors' 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 John Childs FCA (Senior statutory auditor)

for and on behalf of

Magee Gammon Corporate Limited

Chartered Accountants

Statutory Auditors

Henwood House

Henwood

Ashford

Kent

TN24 8DH

12 December 2022

KEEL TOYS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

		31 March 2022	9 month period ended 31 March 2021
	Note		
Turnover	4	21,718,442	11,287,897
Cost of sales		(13,246,412)	(7,268,313)
Gross profit		8,472,030	4,019,584
Distribution costs		(948,774)	(347,974)
Administrative expenses		(5,643,125)	(2,993,738)
Other operating income	5	20,069	364,375
Operating profit	6	1,900,200	1,042,247
Interest receivable and similar income	10	304	3,065
Interest payable and similar expenses	11	(274,715)	(68,152)
Profit before tax		1,625,789	977,160
Tax on profit	12	(1,434,778)	(182,868)
Profit for the financial year		£ 191,011	£ 794,292

The notes on pages 14 to 27 form part of these financial statements.

KEEL TOYS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

		31 March 2022	9 month period ended 31 March 2021
	Note		
Profit for the financial year		191,011	794,292
Other comprehensive income			
Unrealised surplus on revaluation of tangible fixed assets		4,300,000	-
Other comprehensive income for the year/period		4,300,000	-
Total comprehensive income for the year		£ 4,491,011	£ 794,292

The notes on pages 14 to 27 form part of these financial statements.

KEEL TOYS LIMITED
REGISTERED NUMBER: 03744062

BALANCE SHEET
AS AT 31 MARCH 2022

		2022	2021
	Note		
Fixed assets			
Tangible assets	14	13,317,138	8,737,619
		<u>13,317,138</u>	<u>8,737,619</u>
Current assets			
Stocks	15	2,962,970	1,795,724
Debtors: amounts falling due within one year	16	4,047,160	2,095,893
Cash at bank and in hand	17	2,823,039	2,459,678
		<u>9,833,169</u>	<u>6,351,295</u>
Creditors: amounts falling due within one year	18	(8,623,275)	(4,244,784)
		<u>1,209,894</u>	<u>2,106,511</u>
Net current assets		<u>1,209,894</u>	<u>2,106,511</u>
Total assets less current liabilities		<u>14,527,032</u>	<u>10,844,130</u>
Provisions for liabilities			
Deferred tax	20	(1,293,669)	(101,778)
		<u>(1,293,669)</u>	<u>(101,778)</u>
Net assets		<u><u>£ 13,233,363</u></u>	<u><u>£ 10,742,352</u></u>
Capital and reserves			
Called up share capital	21	100,000	100,000
Revaluation reserve	22	6,922,954	3,762,040
Profit and loss account	22	6,210,409	6,880,312
		<u><u>£ 13,233,363</u></u>	<u><u>£ 10,742,352</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 December 2022.

R J Keel
Director

The notes on pages 14 to 27 form part of these financial statements.

KEEL TOYS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
At 1 July 2020	100,000	3,762,040	7,046,020	10,908,060
Comprehensive income for the period				
Profit for the period	-	-	794,292	794,292
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	794,292	794,292
Dividends: Equity capital	£ -	£ -	£ (960,000)	£ (960,000)
At 1 April 2021	100,000	3,762,040	6,880,312	10,742,352
Comprehensive income for the year				
Profit for the year	-	-	191,011	191,011
Taxation in respect of items of other comprehensive income	-	-	1,139,086	1,139,086
Surplus on revaluation of freehold property	-	4,300,000	-	4,300,000
Total comprehensive income for the year	-	4,300,000	1,330,097	5,630,097
Dividends: Equity capital	-	-	(2,000,000)	(2,000,000)
Transfer to/from profit and loss account	-	(1,139,086)	-	(1,139,086)
At 31 March 2022	£ 100,000	£ 6,922,954	£ 6,210,409	£ 13,233,363

The notes on pages 14 to 27 form part of these financial statements.

KEEL TOYS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
Cash flows from operating activities		
Profit for the financial year	191,011	794,292
Adjustments for:		
Depreciation of tangible assets	112,382	30,533
Loss on disposal of tangible assets	1,154	-
Government grants	(20,069)	(364,375)
Interest paid	274,715	68,152
Interest received	(304)	(3,065)
Taxation charge	1,434,778	182,868
(Increase)/decrease in stocks	(1,167,246)	294,308
(Increase) in debtors	(1,951,267)	(239,962)
Increase in creditors	4,338,090	2,712,440
Corporation tax (paid)	(202,486)	(265,949)
Net cash generated from operating activities	3,010,758	3,209,242
Cash flows from investing activities		
Purchase of tangible fixed assets	(397,305)	(130,420)
Sale of tangible fixed assets	4,250	-
Government grants received	20,069	364,375
Interest received	304	3,065
Net cash from investing activities	(372,682)	237,020
Cash flows from financing activities		
Repayment of loans (repayment of CBILS loan)	-	(1,500,000)
Dividends paid	(2,000,000)	(960,000)
Interest paid	(274,715)	(68,152)
Net cash used in financing activities	(2,274,715)	(2,528,152)
Net increase in cash and cash equivalents	363,361	918,110
Cash and cash equivalents at beginning of year	2,459,678	1,541,568
Cash and cash equivalents at the end of year	£ 2,823,039	£ 2,459,678
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	£ 2,823,039	£ 2,459,678

KEEL TOYS LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2022**

	At 1 April 2021	Cash flows	At 31 March 2022
Cash at bank and in hand	2,459,678	363,361	2,823,039
Debt due within 1 year	(1,902,372)	(2,340,393)	(4,242,765)
	<u>£ 557,306</u>	<u>£ (1,977,032)</u>	<u>£ (1,419,726)</u>

The notes on pages 14 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Keel Toys Limited is a private company limited by shares. The company is registered in England and Wales under the number 03744062. The company registered office is Unit 1 Ashford Business Park, Sevington, Ashford TN24 0SG.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The amounts presented in the financial statements are rounded to the nearest whole GBP (£).

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

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Operating leases: the Company as lessee

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

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

2.5 Government grants

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

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

2.6 Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.10 Intangible assets

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.11 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	20%
Motor vehicles	-	25%
Fixtures and fittings	-	10%

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

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

2.12 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.18 Financial instruments (continued)

difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgments (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

(i) Purchase recognition - directors recognise the purchases when significant risks and rewards of ownership are passed to them as a buyer. They consider this has taken place on delivery and therefore record all deliveries not yet invoiced as accruals at the year end.

(ii) Useful economic life of fixed and intangible assets - The annual depreciation and amortisation charges are based upon management's assessment of the useful economic lives and residual values of the company's tangible assets. These are reassessed annually and amended where necessary.

(iii) Bad debts - Directors have included bad debt provisions for items due from customers in administration and any other debts which are in dispute and have been reviewed. A provision has been provided based on expected outcome.

(iv) Stock valuation - Stocks are measured at the lower of cost and estimated selling price less cost to complete and sell.

4. Turnover

The whole of the turnover is attributable to the design and distribution of toys. In accordance with the Companies Act 2006, the Directors have chosen not to disclose turnover by class or geographical area as, in their opinion, this would be seriously prejudicial to the business.

KEEL TOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. Other operating income

	31 March 2022	9 month period ended 31 March 2021
Government grants receivable	£ <u>20,069</u>	£ <u>364,375</u>

Government grants receivable represents the amounts recovered through coronavirus support.

6. Operating profit

The operating profit is stated after charging:

	31 March 2022	9 month period ended 31 March 2021
Exchange differences	(332,194)	(396,794)
Other operating lease rentals	54,128	38,333
	£ <u>(278,066)</u>	£ <u>(358,461)</u>

7. Auditors' remuneration

	31 March 2022	9 month period ended 31 March 2021
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	£ <u>12,239</u>	£ <u>9,000</u>

Fees payable to the Company's auditor and its associates in respect of:

Audit-related assurance services	9,240	9,000
Taxation compliance services	99	-
Other services relating to taxation	2,900	-
	£ <u>12,239</u>	£ <u>9,000</u>

KEEL TOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

8. Employees

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

	31 March 2022	9 month period ended 31 March 2021
Wages and salaries	4,975,950	2,851,604
Social security costs	669,511	390,266
Cost of defined contribution scheme	51,768	33,228
	<u>£ 5,697,229</u>	<u>£ 3,275,098</u>

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

	31 March 2022 No.	9 month period ended 31 March 2021 No.
Directors	7	7
Administration Staff	22	21
Distribution Staff	13	12
Sales Staff	11	12
	<u>53</u>	<u>52</u>

9. Directors' remuneration

	31 March 2022	9 month period ended 31 March 2021
Directors' emoluments	<u>£ 3,711,396</u>	<u>£ 2,075,312</u>

The highest paid director received remuneration of £1,248,996 (2021 - £725,431).

KEEL TOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

10. Interest receivable

	31 March 2022	9 month period ended 31 March 2021
Other interest receivable	£ <u>304</u>	£ <u>3,065</u>

11. Interest payable and similar expenses

	31 March 2022	9 month period ended 31 March 2021
Bank interest payable	620	231
Other loan interest payable	274,095	67,921
	£ <u>274,715</u>	£ <u>68,152</u>

12. Taxation

	31 March 2022	9 month period ended 31 March 2021
Corporation tax		
Current tax on profits for the year	244,995	157,893
Adjustments in respect of previous periods	(2,108)	2,108
	<u>242,887</u>	<u>160,001</u>
Total current tax	£ <u>242,887</u>	£ <u>160,001</u>
Deferred tax		
Origination and reversal of timing differences	£ <u>1,191,891</u>	£ <u>22,867</u>
Taxation on profit on ordinary activities	£ <u>1,434,778</u>	£ <u>182,868</u>

KEEL TOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

12. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	31 March 2022	9 month period ended 31 March 2021
Profit on ordinary activities before tax	£ 1,625,789	£ 977,160
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	308,900	185,660
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,513	(717)
Capital allowances for year/period in excess of depreciation	(10,727)	(2,548)
Adjustments to tax charge in respect of prior periods	(2,108)	2,108
Other timing differences leading to an increase (decrease) in taxation	(1,886)	(1,635)
Other tax charge (relief) on exceptional items - revaluation	1,139,086	-
Total tax charge for the year/period	£ 1,434,778	£ 182,868

Factors that may affect future tax charges

In accordance with Accounting Standards, the deferred tax liability reflected in the accounts has been calculated at 25%, being the corporation tax rate substantively enacted at the Balance Sheet date.

The deferred tax liability on the revaluation would only become realisable if the site was sold and the

proceeds not reinvested. The respective deferred tax charge in the year is £1,139,086 and closing liability is £1,342,022 as detailed in Note 20 to the accounts.

13. Dividends

	2022	2021
Dividends	£ 2,000,000	£ 960,000

KEEL TOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

14. Tangible fixed assets

	Freehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
Cost or valuation					
At 1 April 2021	8,600,000	124,599	158,317	225,427	9,108,343
Additions	-	10,877	368,000	18,428	397,305
Disposals	-	-	(27,900)	-	(27,900)
Revaluations	4,300,000	-	-	-	4,300,000
At 31 March 2022	<u>12,900,000</u>	<u>135,476</u>	<u>498,417</u>	<u>243,855</u>	<u>13,777,748</u>
Depreciation					
At 1 April 2021	-	124,599	38,435	207,690	370,724
Charge for the year on owned assets	-	1,486	99,433	11,463	112,382
Disposals	-	-	(22,496)	-	(22,496)
At 31 March 2022	<u>-</u>	<u>126,085</u>	<u>115,372</u>	<u>219,153</u>	<u>460,610</u>
Net book value					
At 31 March 2022	<u>£ 12,900,000</u>	<u>£ 9,391</u>	<u>£ 383,045</u>	<u>£ 24,702</u>	<u>£ 13,317,138</u>
At 31 March 2021	<u>£ 8,600,000</u>	<u>£ -</u>	<u>£ 119,882</u>	<u>£ 17,737</u>	<u>£ 8,737,619</u>

The net book value of land and buildings may be further analysed as follows:

	2022	2021
Freehold	<u>£ 12,900,000</u>	<u>£ 8,600,000</u>

The revaluations of freehold property were performed by Colliers International, an independent valuer

with a recognised and relevant professional qualification. The valuation given of £12,900,000 on 1 August 2022, (£8,600,000 on 15 June 2018) on the basis of the open market value in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. Based on the current market and surrounding economic conditions the directors feel the valuation of the freehold property is representative of the current market value.

If carried at historic cost, freehold property would be held at year end at a cost of £4,635,024.

15. Stocks

	2022	2021
Finished goods and goods for resale	<u>£ 2,962,970</u>	<u>£ 1,795,724</u>

KEEL TOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

16. Debtors

	2022	2021
Trade debtors	3,175,654	1,613,669
Other debtors	388,649	118,740
Prepayments and accrued income	482,857	363,484
	<u>£ 4,047,160</u>	<u>£ 2,095,893</u>

17. Cash and cash equivalents

	2022	2021
Cash at bank and in hand	<u>£ 2,823,039</u>	<u>£ 2,459,678</u>

18. Creditors: Amounts falling due within one year

	2022	2021
Trade creditors	1,250,136	735,481
Corporation tax	244,995	204,593
Other taxation and social security	598,737	369,422
Other creditors	4,380,195	1,993,709
Accruals and deferred income	2,149,212	941,579
	<u>£ 8,623,275</u>	<u>£ 4,244,784</u>

19. Financial instruments

	2022	2021
Financial assets		
Financial assets measured at fair value through profit or loss	2,823,039	2,459,678
Financial assets measured at amortised cost	3,564,303	1,732,409
	<u>£ 6,387,342</u>	<u>£ 4,192,087</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>£ 6,155,313</u>	<u>£ 3,098,612</u>
--	--------------------	--------------------

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise of trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, other taxation and social security and other creditors.

KEEL TOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

20. Deferred taxation

	2022
At beginning of year	(101,778)
Charged to profit or loss	(1,191,891)
At end of year	£ (1,293,669)

The provision for deferred taxation is made up as follows:

	2022	2021
Accelerated capital allowances	48,353	101,158
Revaluation of freehold property	(1,342,022)	(202,936)
	£ (1,293,669)	£ (101,778)

21. Share capital

	2022	2021
Allotted, called up and fully paid		
100,000 (2021 - 100,000) Ordinary shares of £1.00 each	£ 100,000	£ 100,000

22. Reserves

Revaluation reserve

The total revaluation reserve is represented by £6,922,954 (2021: £3,762,040) which related to the recognition of freehold property at market value and the related deferred taxation. This is non-distributable.

Profit and loss account

The profit and loss account reserve represents the accumulation amounts passing through the statement of comprehensive Income. This reserve represents distributable profit.

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amount to £51,768 (2021: £33,228).

KEEL TOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

24. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
Not later than 1 year	41,442	48,815
Later than 1 year and not later than 5 years	21,320	69,551
	<u>£ 62,762</u>	<u>£ 118,366</u>

25. Related party transactions

Included in creditors due within one year are amounts due to the directors, amounting to £4,245,057 (2021: £1,904,621). These amounts are incurring interest. Interest paid in the period amounted to £274,095 (2021: £67,921).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.