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**CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF**

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**Annual Report and Financial Statements**

**For the Year Ended 31 January 2022**

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**CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF**

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**Company Information**

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| <b>Directors</b>            | R D North<br>K I McAndrew<br>G J Taylor<br>E K Gibb<br>S J Gardner<br>D H B Lavalette                  |
| <b>Company secretary</b>    | S J Burton   |
| <b>Registered number</b>    | 04989385   |
| <b>Registered office</b>    | Creative Industries Centre<br>Wolverhampton Science Park<br>Wolverhampton<br>West Midlands<br>WV10 9TG |
| <b>Independent auditors</b> | PKF Smith Cooper Audit Limited<br>Statutory Auditors<br>158 Edmund Street<br>Birmingham<br>B3 2HB      |

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**Strategic Report**  
**For the Year Ended 31 January 2022**

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**Business review**

The directors are pleased to say the company came through another challenging year to January 31st 2022 profitably, and growing our business.

We grew our turnover by 18.8% to £13.8m (2021 - £11.6m), deepening our relationships and range penetration with existing customers and regions, and also started to trade in new countries - for example, in Latin America taking the total number of countries where we trade over 30. We also continued the roll out our collectible and patented WOW! PODS range across multiple brands starting in the UK and then towards the end of the year in USA and Europe. This has proved a successful online item with a No. 1 BSR (Best Seller Ranking) consistently at Amazon, UK throughout the year in the Bobble Heads category, sitting ahead of the global brand leader Funko. We also built up our UK domestic supply business for our hit continuation lines, using a third party logistics (3PL) company, against challenging cost and timing background created by the legacy of COVID on Supply Chain timing and costs. Transport and port delays, freight shortages and significant issues at the 3PL provider created a very challenging position for us in the run up to Christmas 2021. We weathered that challenge, taking increased costs into this year, but following investment in new logistics personnel we have successfully migrated to a new 3PL provider and are now operating on a more dependable basis. However, those challenges did hold back the business and resulted in temporarily higher UK costs affecting our gross margin substantially. That said, we protected our key relationships and continued to grow strongly both with online customers (including Amazon) and with our successful Bricks and Mortar partners. Our cost reduction programme which we started in 2020 ensured we maintained a low cost base with the slight rise being confined to inflation.

Profit before tax was £40k (2021 - £387k) affected by the factors above. At year end reserves increased to £968k, and Net Assets increased to £985k. Our cash position remains strong and we continue to invest in our 'Great Brands Brought to Life' award-winning innovation strategy.

Strategy: Looking ahead, we will be launching our Real FX brand, only our second "house brand" to specifically target an industry recognised class, Robotics/Interactive Playmates (Super-category of Youth Electronics). N.B. Our first brand being PODS, in the Explorative and Other Toys Super- category. The Real FX sell-in commenced January 2022 with our Jurassic World Real FX Baby Blue dinosaur toy, a high end animatronic hand held hyper realistic Dino with our highest price point in recent years at \$99/£99. This is the first of many Real FX lines under development and launching through 2023. We also plan to line extend our 'PODS' collectibles with the launch of 'Nano Pods'. This entry price point collectable features licensed character brands housed within a mini sized hex shaped pod. It features the connectable attribute of patented WOW! PODS. The Super-category is Explorative and Other Toys, a category dominated by ZURU's 5 Surprise brand, estimated to be worth upwards of \$400m per annum at time of writing.

As with our Real FX brand we will look to work strategically with North American partners who have mass reach, relationships and domestic sales and marketing strengths to complement our innovation. While we have just around 30 smaller localised country distributors in Europe Middle east and Africa (EMEA), there are more than 50 countries where we are not represented. This potential combined with our UK market growth, estimated at over 50% by NPD group in 2022, provides us with much to go for in the coming years. We have extended all tier 1 licenses with our partners and continued to grow and sign new license partners in premium tier 1 brands. We continue to work on exciting long-term innovations in the digital meets physical, and sustainability in toys areas using the skills of our world class scientists that are at the heart of our New Product Development team. The directors pay tribute to the hard work and dedication of all our staff, our "Wow! Stuffers"! Their hard work continues to enable us to grow our business and to build the very best toys in the finest brands that elicit the all important "WOW!" reaction from children young and old!

**Strategic Report (continued)**  
**For the Year Ended 31 January 2022**

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**Principal risks and uncertainties**

As we work towards January 2023 the principal issues the business is managing are;

a) The pressure on Global supply chains highlighted in previous year statement and the impact on speed and cost of supply of goods has eased but not totally disappeared. We continue to work successfully with multiple partners to obtain containers and the related service elements to get goods into the hands of customers on time. We are broadening our sourcing locations to build greater resilience into our own sourcing and supply chain.

b) Demand uncertainty in a world of high geopolitical turmoil, growing inflation and consumer cost of living pressures places challenges on all parts of the business including sales demand. However, we continue to see strong demand for our ranges and products in all geographies and we continue to grow and add new countries in which we trade. Our innovation and multiple product awards, backed by successful social media campaigns creates differentiation and gets us noticed. We have engineered our product price points to ensure we offer ranges that appeal to all pockets which combine with our core innovation, to maintain strong value-for-money appeal. The strength of our new collectibles Pods range, Wow! Pods and Nanopods, builds repeatability and collectible demand. We have signed up large global Distributor for North America for our Nanopods range, and continue to maintain strong links with our existing Licensors partners, and forge new links with new partners.

We remain very focused on cost control. We have embraced the opportunities of a hybrid “home / office” working model.

We also remain very focused on inventory management and optimization and ensure we stock only proven high demand lines, and to confirmed demand forecasts for our large customers.

c) We continue to manage exchange rates with a balanced portfolio of currencies ensuring we manage to a maximum naturally hedged position. We watch the exchange rate position closely and being a net dollar surplus producer and with a natural currency hedge to gross margin level, we remain well placed to deal with currency fluctuations.

d) Global shortage of some materials in China. The pressure here has eased since last year but has not totally gone. Working closely with our suppliers, raw materials such as IC chips we continue to prudently pre-ordered on a carefully managed production forecast thereby avoiding shortages of key components.

This report was approved by the board on 26 October 2022 and signed on its behalf.

**E K Gibb**  
Director

**Directors' Report**  
**For the Year Ended 31 January 2022**

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

**Principal activity**

The principal activity of the company continued to be the innovative design and supply of toys and gifts to major retailers and distributors.

**Results and dividends**

The profit for the year, after taxation, amounted to £130,934 (2021 - £387,475).

**Directors**

The directors who served during the year were:

R D North  
K I McAndrew  
G J Taylor  
E K Gibb  
S J Gardner  
D H B Lavalette

**Directors' Report (continued)**  
**For the Year Ended 31 January 2022**

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**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.

**Auditors**

The auditors, PKF Smith Cooper Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 October 2022 and signed on its behalf.

**E K Gibb**  
Director

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**Independent Auditors' Report to the Members of China Industries Limited Trading as Wow! Stuff**

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**Opinion**

We have audited the financial statements of China Industries Limited Trading as Wow! Stuff (the 'Company') for the year ended 31 January 2022, which comprise 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 January 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.



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**Independent Auditors' Report to the Members of China Industries Limited Trading as Wow! Stuff (continued)**

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**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.

**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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Independent Auditors' Report to the Members of China Industries Limited Trading as Wow! Stuff (continued)

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**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. Based on our understanding of the company and industry, key laws and regulations that we identified included:

- Companies Act;
- tax legislation; and
- health and employment legislation.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We identified that the principal risk of fraud or non-compliance with laws and regulations related to:

- management bias in respect of accounting estimates and judgements made;
- management override of control; and
- posting of unusual journals or transactions.

We focussed on those areas that could give rise to a material misstatement in the Company financial statements.

Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance/review of available correspondence around actual and potential litigation and claims, including instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance where available;
- Reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations and;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias, in particular stock provision and depreciation of assets.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves

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## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

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### Independent Auditors' Report to the Members of China Industries Limited Trading as Wow! Stuff (continued)

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intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 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.

Stephen Newman (Senior Statutory Auditor)

for and on behalf of  
**PKF Smith Cooper Audit Limited**

Statutory Auditors

158 Edmund Street  
Birmingham  
B3 2HB

28 October 2022

CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

Statement of Comprehensive Income  
For the Year Ended 31 January 2022

|                                      | Note | 2022<br>£        | 2021<br>£        |
|--------------------------------------|------|------------------|------------------|
| Turnover                             | 4    | 13,770,770       | 11,588,704       |
| Cost of sales                        |      | (9,054,715)      | (6,933,612)      |
| <b>Gross profit</b>                  |      | <b>4,716,055</b> | <b>4,655,092</b> |
| Distribution costs                   |      | (3,160,710)      | (3,022,937)      |
| Administrative expenses              |      | (1,452,327)      | (1,269,927)      |
| Other operating income               | 5    | -                | 89,412           |
| <b>Operating profit</b>              | 6    | <b>103,018</b>   | <b>451,640</b>   |
| Interest payable and expenses        | 10   | (62,946)         | (64,165)         |
| <b>Profit before tax</b>             |      | <b>40,072</b>    | <b>387,475</b>   |
| Tax on profit                        | 11   | 90,862           | -                |
| <b>Profit for the financial year</b> |      | <b>130,934</b>   | <b>387,475</b>   |

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 14 to 29 form part of these financial statements.

**CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF**  
Registered number: 04989385

**Balance Sheet**  
**As at 31 January 2022**

|   | Note | 2022<br>£             | 2021<br>£             |
|---|------|-----------------------|-----------------------|
| <b>Fixed assets</b>                                     |      |                       |                       |
| Tangible assets   | 13   | 431,491               | 247,126               |
| Investments   | 14   | 111,462               | 111,462               |
|   |      | <u>542,953</u>        | <u>358,588</u>        |
| <b>Current assets</b>                                   |      |                       |                       |
| Stocks  | 15   | 1,412,421             | 499,570               |
| Debtors: amounts falling due within one year            | 16   | 4,110,292             | 3,726,748             |
| Cash at bank and in hand                                | 17   | 2,106,647             | 1,529,106             |
|   |      | <u>7,629,360</u>      | <u>5,755,424</u>      |
| Creditors: amounts falling due within one year          | 18   | (5,635,890)           | (3,937,457)           |
| <b>Net current assets</b>                               |      | <u>1,993,470</u>      | <u>1,817,967</u>      |
| <b>Total assets less current liabilities</b>            |      | <u>2,536,423</u>      | <u>2,176,555</u>      |
| Creditors: amounts falling due after more than one year | 19   | (1,551,832)           | (1,322,898)           |
| <b>Net assets</b>                                       |      | <u><u>984,591</u></u> | <u><u>853,657</u></u> |
| <b>Capital and reserves</b>                             |      |                       |                       |
| Called up share capital                                 | 21   | 16,538                | 16,538                |
| Profit and loss account                                 | 22   | 968,053               | 837,119               |
|   |      | <u><u>984,591</u></u> | <u><u>853,657</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 October 2022.

**E K Gibb**

Director

The notes on pages 14 to 29 form part of these financial statements.

CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

Statement of Changes in Equity  
For the Year Ended 31 January 2022

|  | Called up<br>share capital<br>£ | Share premium<br>account<br>£ | Profit and loss<br>account<br>£ | Total equity<br>£ |
|--|---------------------------------|-------------------------------|---------------------------------|-------------------|
| <b>At 1 February 2020</b>                | <b>16,538</b>                   | <b>4,278,439</b>              | <b>(3,828,795)</b>              | <b>466,182</b>    |
| <b>Comprehensive income for the year</b> |                                 |                               |                                 |                   |
| Profit for the year                      | -                               | -                             | 387,475                         | 387,475           |
| Transfer to profit and loss account      | -                               | (4,278,439)                   | 4,278,439                       | -                 |
| <b>At 1 February 2021</b>                | <b>16,538</b>                   | <b>-</b>                      | <b>837,119</b>                  | <b>853,657</b>    |
| <b>Comprehensive income for the year</b> |                                 |                               |                                 |                   |
| Profit for the year                      | -                               | -                             | 130,934                         | 130,934           |
| <b>At 31 January 2022</b>                | <b>16,538</b>                   | <b>-</b>                      | <b>968,053</b>                  | <b>984,591</b>    |

The notes on pages 14 to 29 form part of these financial statements.

On 28 January 2021, it was agreed by special resolution for the share premium account in the sum of £4,278,439 be cancelled and the amount be credited to distributable reserves.

CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

Statement of Cash Flows  
For the Year Ended 31 January 2022

|   | 2022<br>£        | 2021<br>£        |
|---|------------------|------------------|
| <b>Cash flows from operating activities</b>                   |                  |                  |
| Profit for the financial year                                 | 130,934          | 387,475          |
| <b>Adjustments for:</b>                                       |                  |                  |
| Depreciation of tangible assets                               | 243,095          | 183,029          |
| Loss on disposal of tangible assets                           | -                | 8,247            |
| Government grants   | -                | (89,412)         |
| Interest payable  | 62,946           | 64,165           |
| Taxation charge   | (90,862)         | -                |
| (Increase)/decrease in stocks                                 | (912,851)        | 9,573            |
| (Increase) in debtors   | (384,544)        | (1,114,372)      |
| Increase in creditors   | 1,498,433        | 436,119          |
| Corporation tax received                                      | 91,862           | 96,814           |
| <b>Net cash generated from operating activities</b>           | <b>639,013</b>   | <b>(18,362)</b>  |
| <b>Cash flows from investing activities</b>                   |                  |                  |
| Purchase of tangible fixed assets                             | (427,460)        | (241,552)        |
| Government grants received                                    | -                | 89,412           |
| <b>Net cash from investing activities</b>                     | <b>(427,460)</b> | <b>(152,140)</b> |
| <b>Cash flows from financing activities</b>                   |                  |                  |
| New other loans   | 600,000          | -                |
| Repayment of other loans                                      | (202,067)        | -                |
| Interest paid   | (31,945)         | (35,665)         |
| <b>Net cash used in financing activities</b>                  | <b>365,988</b>   | <b>(35,665)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>577,541</b>   | <b>(206,167)</b> |
| Cash and cash equivalents at beginning of year                | 1,529,106        | 1,735,273        |
| <b>Cash and cash equivalents at the end of year</b>           | <b>2,106,647</b> | <b>1,529,106</b> |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                  |                  |
| Cash at bank and in hand                                      | 2,106,647        | 1,529,106        |
|   | <b>2,106,647</b> | <b>1,529,106</b> |

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CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

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**Analysis of Net Debt**  
**For the Year Ended 31 January 2022**

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|                          | At 1 February<br>2021<br>£ | Cash flows<br>£ | Other<br>non-cash<br>changes<br>£ | At 31 January<br>2022<br>£ |
|--------------------------|----------------------------|-----------------|-----------------------------------|----------------------------|
| Cash at bank and in hand | 1,529,106                  | 577,541         | -                                 | 2,106,647                  |
| Debt due after 1 year    | (1,322,898)                | 35,400          | (264,334)                         | (1,551,832)                |
| Debt due within 1 year   | -                          | (433,333)       | 233,333                           | (200,000)                  |
|                          | <u>206,208</u>             | <u>179,608</u>  | <u>(31,001)</u>                   | <u>354,815</u>             |

The notes on pages 14 to 29 form part of these financial statements.



**Notes to the Financial Statements  
For the Year Ended 31 January 2022**

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**1. General information**

China Industries Limited is a private company limited by shares incorporated in the United Kingdom. The address of the registered office is given in the company information of these financial statements. The company's registration number is 04989385. The principal activity of the company continued to be the innovative design and supply of toys and gifts to major retailers and distributors.

The financial statements are prepared in Sterling which is the functional currency of the company. The financial statements level of rounding is to the nearest £1.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Exemption from preparing consolidated financial statements**

The Company is exempt from the requirement to prepare consolidated financial statements as all of its subsidiaries are required to be excluded from consolidation by section 402 of the Companies Act 2006. The subsidiaries are not material for the purpose of giving a true and fair view.

**2.3 Going concern**

The financial statements have been prepared on the going concern basis, the validity of which depends upon the ability of the company to meet its obligations as they fall due. The directors have reviewed the funding in place for the company and have taken into account the amounts of £1,318,499 (2021 - £1,322,898) which are included in creditors greater than one year where the timing of repayments is under the control of the board. In the light of the future trading indications, orders held, and the funding position of the company the directors consider the company to be a going concern.

**2.4 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

**Notes to the Financial Statements  
For the Year Ended 31 January 2022**

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**2. Accounting policies (continued)**

**2.5 Revenue recognition**

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 in accordance with contractual terms;
- 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.

**Royalty Income**

Royalty revenue is generated through licensing to third parties of registered intellectual property rights, including patented property rights. Revenue is recognised on an accruals basis based on the contractual terms, timing and substance of the relevant arrangements with the customers, principally based on timing and value of underlying sales by the third parties of the product that embodies those licensed intellectual property rights.

**2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to Statement of Comprehensive Income on a straight-line basis over the lease term.

**2.7 Research and development**

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to the Statement of Comprehensive Income.

**2.8 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 the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

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

**Notes to the Financial Statements  
For the Year Ended 31 January 2022**

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**2. Accounting policies (continued)**

**2.9 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

**2.10 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**2.11 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 the Statement of Comprehensive Income 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.

**2.12 Taxation**

Tax is recognised in the Statement of Comprehensive Income 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.

**2.13 Intangible assets**

For development expenditure see accounting policy on research and development.

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.

**2.14 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.

**Notes to the Financial Statements  
For the Year Ended 31 January 2022**

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**2. Accounting policies (continued)**

**2.14 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                       |                     |
|-----------------------|---------------------|
| Plant and machinery   | - 50% straight line |
| Fixtures and fittings | - 50% straight line |
| Computer equipment    | - 25% straight line |
| Other fixed assets    | - 50% straight line |

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 Statement of Comprehensive Income.

**2.15 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.16 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**2.17 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.

**2.18 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.

**2.19 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.

**Notes to the Financial Statements  
For the Year Ended 31 January 2022**

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**2. Accounting policies (continued)**

**2.20 Financial instruments**

Derivative financial instruments ("derivatives") are only used to manage risks arising from changes in foreign currency exchange rates relating to sales denominated in foreign currencies. In accordance with the foreign exchange policy, the company does not enter into derivatives for speculative purposes. Derivatives are stated at their fair value, being the estimated amount that the company would receive or pay to terminate the contracts at the balance sheet dated based on prevailing foreign currency exchange rates.

Changes in fair value of foreign currency derivatives which are designated and effective as hedges of future cash flows are recognised in equity in the cash flow hedge reserve, and subsequently transferred to the carrying amount of the hedged item or the statement of comprehensive income. Realised gains and losses on cash flow hedges are therefore recognised as turnover in the statement of comprehensive income in the same period as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument previously recognised in equity is retained in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is then transferred to the Statement of Comprehensive Income.

Changes in fair value of derivatives which are ineffective or do not meet the criteria for hedge accounting in FRS 102 are recognised in the Statement of Comprehensive Income under turnover.

**3. Significant judgements and estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Stock is stated net of provisions for slow moving and obsolete stock, the calculation of which includes judgements. The directors review these periodically to ensure slow moving and obsolete stock is identified and provisions are appropriately calculated.

The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives of all assets are determined at the time the asset is acquired and reviewed at least annually for appropriateness by the directors.

**Notes to the Financial Statements**  
**For the Year Ended 31 January 2022**

**4. Turnover**

The whole of the turnover is attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

|                   | 2022<br>£         | 2021<br>£         |
|-------------------|-------------------|-------------------|
| United Kingdom    | 6,427,754         | 5,178,959         |
| Rest of Europe    | 2,663,760         | 1,661,273         |
| Rest of the World | 4,679,256         | 4,748,472         |
|                   | <u>13,770,770</u> | <u>11,588,704</u> |

**5. Other operating income**

|                              | 2022<br>£ | 2021<br>£     |
|------------------------------|-----------|---------------|
| Government grants receivable | -         | 89,412        |
|                              | <u>-</u>  | <u>89,412</u> |

**6. Operating profit**

The operating profit is stated after charging:

|                                       | 2022<br>£      | 2021<br>£      |
|---------------------------------------|----------------|----------------|
| Exchange (gains) and losses           | 80,166         | (120,535)      |
| Depreciation of tangible fixed assets | <u>243,095</u> | <u>183,029</u> |

**7. Auditors' remuneration**

|  | 2022<br>£     | 2021<br>£     |
|--|---------------|---------------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | <u>28,050</u> | <u>25,470</u> |

**Notes to the Financial Statements**  
**For the Year Ended 31 January 2022**

**8. Employees**

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

|                                     | 2022<br>£        | 2021<br>£        |
|-------------------------------------|------------------|------------------|
| Wages and salaries                  | 2,374,167        | 2,156,703        |
| Social security costs               | 185,703          | 172,074          |
| Cost of defined contribution scheme | 48,800           | 44,185           |
|                                     | <u>2,608,670</u> | <u>2,372,962</u> |

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

|                   | 2022<br>No. | 2021<br>No. |
|-------------------|-------------|-------------|
| Sales and support | <u>32</u>   | <u>38</u>   |

**9. Directors' remuneration**

|   | 2022<br>£      | 2021<br>£      |
|---|----------------|----------------|
| Directors' emoluments   | 638,955        | 565,869        |
| Company contributions to defined contribution pension schemes   | 5,276          | 5,243          |
| Amounts paid to third parties in respect of directors' services | 20,400         | 28,000         |
|   | <u>664,631</u> | <u>599,112</u> |

During the year retirement benefits were accruing to 5 directors (2021 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £175,012 (2021 - £157,215).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,319 (2021 - £1,314).

CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

Notes to the Financial Statements  
For the Year Ended 31 January 2022

10. Interest payable and similar expenses

|                             | 2022<br>£     | 2021<br>£     |
|-----------------------------|---------------|---------------|
| Other loan interest payable | 44,614        | 46,033        |
| Other interest payable      | 18,332        | 18,132        |
|                             | <u>62,946</u> | <u>64,165</u> |

11. Taxation

|   | 2022<br>£       | 2021<br>£ |
|---|-----------------|-----------|
| <b>Corporation tax</b>                                  |                 |           |
| Adjustments in respect of previous periods              | (90,862)        | -         |
|   | <u>(90,862)</u> | <u>-</u>  |
| <b>Total current tax</b>                                | <u>(90,862)</u> | <u>-</u>  |
| <b>Deferred tax</b>                                     |                 |           |
|   | <u>-</u>        | <u>-</u>  |
| <b>Total deferred tax</b>                               | <u>-</u>        | <u>-</u>  |
| <b>Taxation on (loss)/profit on ordinary activities</b> | <u>(90,862)</u> | <u>-</u>  |



**Notes to the Financial Statements**  
**For the Year Ended 31 January 2022**

**11. Taxation (continued)****Factors affecting tax charge for the year**

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

|  | 2022<br>£       | 2021<br>£      |
|--|-----------------|----------------|
| Profit on ordinary activities before tax   | <u>40,072</u>   | <u>387,475</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 7,614           | 73,620         |
| <b>Effects of:</b>   |                 |                |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                  | 8,477           | 8,645          |
| Capital allowances for year in excess of depreciation  | (63,314)        | (20,264)       |
| Utilisation of tax losses  | -               | (62,001)       |
| Adjustments to tax charge in respect of prior periods  | (90,862)        | -              |
| Research and development tax credits   | 47,223          | -              |
| <b>Total tax charge for the year</b>   | <u>(90,862)</u> | <u>-</u>       |

**Factors that may affect future tax charges**

The company has estimated losses of £2.5m (2021 - £2.2m) available for carry forward against future trading profits.

Notes to the Financial Statements  
For the Year Ended 31 January 2022

## 12. Intangible assets

|                           | Product<br>development<br>£ |
|---------------------------|-----------------------------|
| <b>Cost</b>               |                             |
| At 1 February 2021        | 1,482,929                   |
| At 31 January 2022        | 1,482,929                   |
| <b>Amortisation</b>       |                             |
| At 1 February 2021        | 1,482,929                   |
| At 31 January 2022        | 1,482,929                   |
| <b>Net book value</b>     |                             |
| At 31 January 2022        | -                           |
| <b>At 31 January 2021</b> | -                           |

Notes to the Financial Statements  
For the Year Ended 31 January 2022

**13. Tangible fixed assets**

|                           | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Other fixed<br>assets<br>£ | Total<br>£ |
|---------------------------|-------------------------------|----------------------------|----------------------------|------------|
| <b>Cost</b>               |                               |                            |                            |            |
| At 1 February 2021        | 36,536                        | 77,342                     | 531,748                    | 645,626    |
| Additions                 | 354                           | 25,580                     | 401,526                    | 427,460    |
| Disposals                 | (33,500)                      | (20,933)                   | -                          | (54,433)   |
| At 31 January 2022        | 3,390                         | 81,989                     | 933,274                    | 1,018,653  |
| <b>Depreciation</b>       |                               |                            |                            |            |
| At 1 February 2021        | 35,573                        | 38,546                     | 324,381                    | 398,500    |
| Charge for the year       | 945                           | 18,270                     | 223,880                    | 243,095    |
| Disposals                 | (33,500)                      | (20,933)                   | -                          | (54,433)   |
| At 31 January 2022        | 3,018                         | 35,883                     | 548,261                    | 587,162    |
| <b>Net book value</b>     |                               |                            |                            |            |
| At 31 January 2022        | 372                           | 46,106                     | 385,013                    | 431,491    |
| <b>At 31 January 2021</b> | 963                           | 38,796                     | 207,367                    | 247,126    |

**14. Fixed asset investments**

|                          | Investments in<br>subsidiary<br>companies<br>£ |
|--------------------------|--|
| <b>Cost or valuation</b> |  |
| At 1 February 2021       | 111,462  |
| At 31 January 2022       | 111,462  |

**Notes to the Financial Statements**  
**For the Year Ended 31 January 2022**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| <b>Name</b>  | <b>Class of shares</b> | <b>Holding</b> |
|--|------------------------|----------------|
| Wow! Stuff (H.K.) Limited                                | Ordinary               | 100<br>%       |
| Wow Stuff USA LLC  | Ordinary               | 100<br>%       |
| Txt4vid Limited  | Ordinary               | 100<br>%       |
| The Printable Mask Co Ltd (Formerly Wowtown.Com Limited) | Ordinary               | 100<br>%       |
| Wow! Stuff Limited                                       | Ordinary               | 100<br>%       |
| Nexttoptoy Limited                                       | Ordinary               | 100<br>%       |
| Spellbinders Inc.  | Ordinary               | 100<br>%       |

The registered office for Wow! Stuff (H.K.) Limited is in Hong Kong. The registered office for Wow Stuff USA LLC and Spellbinders Inc. is in USA.

**15. Stocks**

|                                     | <b>2022</b>             | <i>2021</i>           |
|-------------------------------------|-------------------------|-----------------------|
|                                     | <b>£</b>                | <i>£</i>              |
| Finished goods and goods for resale | <b>1,412,421</b>        | <i>499,570</i>        |
|                                     | <b><u>1,412,421</u></b> | <i><u>499,570</u></i> |

**16. Debtors**

|                                    | <b>2022</b>             | <i>2021</i>             |
|------------------------------------|-------------------------|-------------------------|
|                                    | <b>£</b>                | <i>£</i>                |
| Trade debtors                      | <b>3,563,601</b>        | <i>2,656,701</i>        |
| Amounts owed by group undertakings | <b>19,944</b>           | <i>13,804</i>           |
| Other debtors                      | <b>125,385</b>          | <i>443,035</i>          |
| Prepayments and accrued income     | <b>401,362</b>          | <i>613,208</i>          |
|                                    | <b><u>4,110,292</u></b> | <i><u>3,726,748</u></i> |

The company discounts its trade debtors. The debtors discounted at the year end were £2,961,827 (2021 - £1,548,701). Included in other debtors is an amount of £nil (2021 - £81,850) owed from the invoice discounting house.

**Notes to the Financial Statements**  
**For the Year Ended 31 January 2022**

**17. Cash and cash equivalents**

|                          | <b>2022</b>             | <i>2021</i>             |
|--------------------------|-------------------------|-------------------------|
|                          | <b>£</b>                | <i>£</i>                |
| Cash at bank and in hand | <b>2,106,647</b>        | <i>1,529,106</i>        |
|                          | <u><b>2,106,647</b></u> | <u><i>1,529,106</i></u> |

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

|                                    | <b>2022</b>             | <i>2021</i>             |
|------------------------------------|-------------------------|-------------------------|
|                                    | <b>£</b>                | <i>£</i>                |
| Other loans                        | <b>200,000</b>          | <i>-</i>                |
| Trade creditors                    | <b>1,573,348</b>        | <i>1,467,015</i>        |
| Amounts owed to group undertakings | <b>91,848</b>           | <i>91,848</i>           |
| Other taxation and social security | <b>95,288</b>           | <i>128,579</i>          |
| Invoice discounting                | <b>1,959,829</b>        | <i>882,681</i>          |
| Other creditors                    | <b>8,737</b>            | <i>8,032</i>            |
| Accruals and deferred income       | <b>1,706,840</b>        | <i>1,359,302</i>        |
|                                    | <u><b>5,635,890</b></u> | <u><i>3,937,457</i></u> |

Included in creditors amounts falling due within one year is an amount of £1,959,829 (2021 - £882,681) for which security has been given.

**Notes to the Financial Statements**  
**For the Year Ended 31 January 2022**

**19. Creditors: Amounts falling due after more than one year**

|                            | 2022<br>£        | 2021<br>£        |
|----------------------------|------------------|------------------|
| Other loans                | 233,333          | -                |
| A loan notes (held by BGF) | 338,990          | 398,214          |
| Management A loan notes    | 643,266          | 621,986          |
| Management B loan notes    | 159,282          | 228,347          |
| Management C loan notes    | 76,451           | 74,351           |
| Director loan              | 100,510          | -                |
|                            | <u>1,551,832</u> | <u>1,322,898</u> |

The amounts outstanding include accrued interest and the A loan notes are net of unamortised issue costs. The interest rate is fixed at 3.5% for A loan notes, Management B loan notes, Management C loan notes and the Director loan and 5% for Management A loan notes.

A loan notes of £338,990 (2021 - £398,214) are secured on the assets of the group and Management B loan notes of £159,282 (2021 - £228,347) are secured by a fixed and floating charge over the assets of the company.

The creditors have agreed an order of priority for the repayment of loan notes, director loan and accrued interest. The company has control over the timing of the repayment of this debt and as at the date of signing these accounts the directors have concluded that no further repayments are likely in the near future. Repayments will commence when the Board of Directors are confident that the cash flow exists to support the cash outflows.

**20. Financial instruments**

|  | 2022<br>£          | 2021<br>£          |
|--|--------------------|--------------------|
| <b>Financial assets</b>                          |                    |                    |
| Financial assets measured at amortised cost      | <u>5,733,337</u>   | <u>4,559,406</u>   |
| <b>Financial liabilities</b>                     |                    |                    |
| Financial liabilities measured at amortised cost | <u>(7,092,434)</u> | <u>(5,131,776)</u> |

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, proceeds of invoice discounting, other creditors, accruals and deferred income, other loans, director loan and loan notes.

**Notes to the Financial Statements**  
**For the Year Ended 31 January 2022**

**21. Share capital**

|   | <b>2022</b>          | <b>2021</b>   |
|---|----------------------|---------------|
|   | <b>£</b>             | <b>£</b>      |
| <b>Allotted, called up and fully paid</b>                     |                      |               |
| 5,893 (2021 - 5,893) deferred shares of £1.000 each           | <b>5,893</b>         | 5,893         |
| 10,645,000 (2021 - 10,645,000) ordinary shares of £0.001 each | <b>10,645</b>        | 10,645        |
|   | <u><b>16,538</b></u> | <u>16,538</u> |

**22. Reserves****Profit and loss account**

This reserve records all current and prior period retained profits and losses.

**23. Contingent liabilities**

HSBC Bank plc holds an unlimited multilateral guarantee between the company and all of its subsidiary companies. The company is therefore jointly and severally liable for the amount owed by its subsidiary companies to HSBC Bank plc. At the balance sheet date this amounted to £nil (2021 - £nil).

A group VAT registration is in force. The company is therefore jointly and severally liable for the amount of VAT owed by other members of the group. At the balance sheet date this amounted to £nil (2021 - £nil).

**24. Capital commitments**

At 31 January 2022 the Company had capital commitments as follows:

|   | <b>2022</b> | <b>2021</b>   |
|---|-------------|---------------|
|   | <b>£</b>    | <b>£</b>      |
| Contracted for but not provided in these financial statements | -           | 50,539        |
|   | <u>-</u>    | <u>50,539</u> |

**25. Pension commitments**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £48,800 (2021 - £44,185). Contributions totalling £6,379 (2021 - £5,680) were payable to the scheme at the end of the year and are included in creditors.

**Notes to the Financial Statements  
For the Year Ended 31 January 2022**

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**26. Other financial commitments**

Total financial commitments to licensors at the balance sheet date were \$614,802 (2021 - \$1,363,502).

**27. Transactions with directors**

During the year the company advanced £3,128 (2021 - £2,933) to a director and the director repaid £2,800 (2021 - £740). At the balance sheet date the amount due to the company was £37,418 (2021 - £37,090). The amount advanced is interest free and hold no conditions.

During the year the company advanced £nil (2021 - £8,000) to the directors and the directors repaid £nil (2021 - £8,000). At the balance sheet date the amount due to the company was £nil (2021 - £nil). The amount advanced is interest free and hold no conditions.

**28. Related party transactions**

During the year, the company paid £32,400 (2021 - £28,000) to a third party for director services. At 31 January 2022 the company owed the third party £2,520 (2021 - £3,000). A director of the company is also a director of the third party.

During the year, interest of £43,818 (2021 - £44,848) was charged on existing loan notes to directors and shareholders of the company. During the year, a director made a loan to the company for £100,000 (2021 - £nil). Interest of £510 (2021 - £nil) was charged during the year. At the balance sheet date the company owed £1,296,109 (2021 - £1,300,288) to the directors and shareholders. Interest and repayment terms of these loan notes are disclosed in note 19.

The company has taken advantage of the exemption in paragraph 33.1A of Financial Reporting Standard 102, from the requirement to disclose transactions with wholly owned members of the group.

**29. Controlling party**

The company is controlled by Mr R D North by virtue of his interest in a majority of the called up share capital.



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