

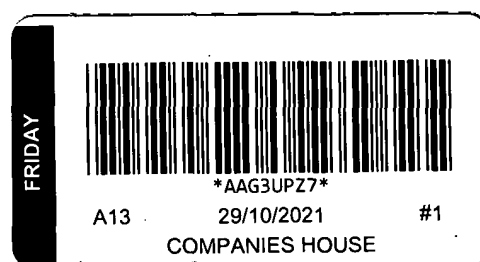
---

# CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

## Annual Report and Financial Statements

For the Year Ended 31 January 2021



---

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

---

**Company Information**

---

**Directors**

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

**Company secretary**

S J Burton

**Registered number**

04989385

**Registered office**

Creative Industries Centre  
Wolverhampton Science Park  
Wolverhampton  
West Midlands  
WV10 9TG

**Independent auditors**

PKF Smith Cooper Audit Limited  
Statutory Auditors & Chartered Accountants  
158 Edmund Street  
Birmingham  
B3 2HB

---

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

---

**Contents**

---

	Page
<b>Strategic Report</b>	1 - 2
<b>Directors' Report</b>	3 - 4
<b>Independent Auditors' Report</b>	5 - 8
<b>Statement of Comprehensive Income</b>	9
<b>Balance Sheet</b>	10
<b>Statement of Changes in Equity</b>	11
<b>Statement of Cash Flows</b>	12
<b>Analysis of Net Debt</b>	13
<b>Notes to the Financial Statements</b>	14 - 29

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Strategic Report For the Year Ended 31 January 2021

---

#### Business review

The directors are pleased to say the company came through a tumultuous COVID-19 year to January 31st 2021 profitably, whilst keeping most of our colleagues either employed or re-deployed, and in some areas of the business new employment was created.

Our turnover was affected by postponements on cinematic tier 1 brand launches and no offerings in our portfolio of the key areas that did drive toy industry growth during the year; namely outdoor toys and indoor puzzles and games. The directors took early actions to reduce costs in line with our forecasted sales reductions and this saw costs reduce by £2.6m. As a result, in this hardest of years, the operating profit pre interest and tax improved to £452k (2020 £132k). In addition, the directors completed necessary legal steps to strengthen our Balance Sheet reserves position by merging our Share premium Account with reserves. At year end reserves were £837k. As a result of this and our improved profit for the year, our Balance Sheet total net assets position strengthened to £854k (2020 - £466k). Our cash position remains strong and we continue to invest in our 'Great Brands Brought to Life' award-winning innovation strategy, for which we are known, to sign more premium tier 1 brand licenses. We announced Master Toy partner for The Gruffalo and Friends brands, Master Toy partner for Popular Science brand and we are working on exciting areas in the digital meets physical and sustainability areas using the skills of our world class scientists that are at the heart of our New Product Development team. To allow us to continue to invest with maximum prudence, after the year end the business received a Coronavirus Business Interruption Loan Scheme (CBILS) loan.

During the 2nd half of the year we reached BSR (Best Seller Ranking) on Amazon UK with an ever larger number of our toys, accelerated and implemented our digital first strategy, that supports all our Omni Channel retailers, and successfully upscaled our UK Domestic supply capability. This has allowed us to bounce back very strongly in calendar year 2021.

Looking ahead, the opening of our 3PL warehouse in Germany to add to our UK domestic supply service, and expansion through Europe offers huge opportunity for growth as we look to realise the c. 40% extra sales potential that comes with this domestic supply capability. The year tested the resilience of our people. Our Wow! Stuffers rose to the challenge and the directors want to thank them greatly for their incredible support of our business. Their hard work enabled us to weather the storm and showed how deeply our people care about their company and its mission to build the very best toys in the finest brands that elicit the all important "WOW!" reaction from children young and old!

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Strategic Report (continued) For the Year Ended 31 January 2021

---

#### Principal risks and uncertainties

As we work towards January 2022 the principal issues the business is managing are;

- a) The pressure on the Global supply chain and its impact on speed and cost of supply of goods. We are working successfully with multiple partners to obtain containers and the related service elements to get goods into the hands of customers on time. We have also diversified our sourcing of goods to use some European suppliers. Working with our customers we have seen price rises for shipping, freight and distribution but these have either been minimized or in some circumstances resulted in increased retail pricing. We have not seen any lesser demand for our products at retail where this has occurred.
- b) Demand uncertainty in a COVID recovery world. Our work in the year to 2021 on development of ranges and on our digital offering has driven strong demand for our products in all geographies and allowed us to open new markets. Examples include Central and Latin America. We also work very closely with our Licensor partners to schedule product launches to match their marketing and cinematic release activity.
- c) We continue to manage exchange rates with a balanced portfolio of currencies ensuring we manage to a maximum naturally hedged position.
- d) Global shortage of some materials in China. Working closely with our suppliers, raw materials such as IC chips have been prudently pre-ordered on a carefully managed production forecast thereby avoiding shortages of key components.

This report was approved by the board on 27 October 2021 and signed on its behalf.



**E K Gibb**  
Director

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Directors' Report For the Year Ended 31 January 2021

---

The directors present their report and the financial statements for the year ended 31 January 2021.

#### 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 £387,475 (2020 - £141,074).

#### 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

---

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

---

**Directors' Report (continued)  
For the Year Ended 31 January 2021**

---

**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 27 October 2021 and signed on its behalf.



**E K Gibb**  
Director

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Independent Auditors' Report to the Members of China Industries Limited Trading As WOW! Stuff

---

#### Opinion

We have audited the financial statements of China Industries Limited Trading As WOW! Stuff (the 'Company') for the year ended 31 January 2021, 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 2021 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.



---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

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

---

#### 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.

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Independent Auditors' Report to the Members of China Industries Limited Trading As WOW! Stuff (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 and industry, key laws and regulations that we identified included; Companies Acts, Tax Legislation and Health & Employment Legislation.

We identified that the principle 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 focused 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 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 regulations. 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 intentional concealment, forgery, collusion, omission and 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

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

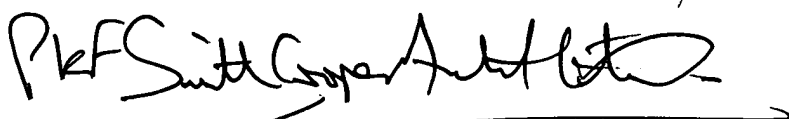
### Independent Auditors' Report to the Members of China Industries Limited Trading As WOW! Stuff (continued)

---

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 & Chartered Accountants

158 Edmund Street  
Birmingham  
B3 2HB

27 October 2021

CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

Statement of Comprehensive Income  
For the Year Ended 31 January 2021

	Note	2021 £	2020 £
Turnover	4	11,588,704	17,155,909
Cost of sales		(6,933,612)	(9,870,409)
<b>Gross profit</b>		<b>4,655,092</b>	<b>7,285,500</b>
Distribution costs		(3,022,937)	(5,322,361)
Administrative expenses		(1,269,927)	(1,831,591)
Other operating income	5	89,412	-
<b>Operating profit</b>	6	<b>451,640</b>	<b>131,548</b>
Interest payable and expenses	10	(64,165)	(87,256)
<b>Profit before tax</b>		<b>387,475</b>	<b>44,292</b>
Tax on profit	11	-	96,782
<b>Profit for the financial year</b>		<b>387,475</b>	<b>141,074</b>

There was no other comprehensive income for 2021 (2020:£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 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	247,126	196,850
Investments	14	111,462	111,462
		<u>358,588</u>	<u>308,312</u>
<b>Current assets</b>			
Stocks	15	499,570	509,143
Debtors: amounts falling due within one year	16	3,726,748	2,709,190
Cash at bank and in hand	17	1,529,106	1,735,273
		<u>5,755,424</u>	<u>4,953,606</u>
Creditors: amounts falling due within one year	18	(3,937,457)	(3,501,338)
<b>Net current assets</b>		<u>1,817,967</u>	<u>1,452,268</u>
<b>Total assets less current liabilities</b>		<u>2,176,555</u>	<u>1,760,580</u>
Creditors: amounts falling due after more than one year	19	(1,322,898)	(1,294,398)
<b>Net assets</b>		<u><u>853,657</u></u>	<u><u>466,182</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	16,538	16,538
Share premium account	22	-	4,278,439
Profit and loss account	22	837,119	(3,828,795)
		<u><u>853,657</u></u>	<u><u>466,182</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 October 2021.

  
**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 2021**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 February 2019</b>	<b>16,538</b>	<b>4,278,439</b>	<b>(3,969,869)</b>	<b>325,108</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	<b>141,074</b>	<b>141,074</b>
<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	-	-	<b>387,475</b>	<b>387,475</b>
Transfer to profit and loss account	-	<b>(4,278,439)</b>	<b>4,278,439</b>	-
<b>At 31 January 2021</b>	<b>16,538</b>	<b>-</b>	<b>837,119</b>	<b>853,657</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 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	387,475	141,074
<b>Adjustments for:</b>		
Amortisation of intangible assets	-	54,993
Depreciation of tangible assets	183,029	237,159
Loss on disposal of tangible assets	8,247	25,998
Government grants	(89,412)	-
Interest paid	64,165	87,256
Taxation charge	-	(96,782)
Decrease/(increase) in stocks	9,573	(405,835)
(Increase)/decrease in debtors	(1,114,372)	324,107
Increase in creditors	436,119	72,248
Corporation tax received	96,814	-
<b>Net cash generated from operating activities</b>	<b>(18,362)</b>	<b>440,218</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(241,552)	(177,474)
Government grants received	89,412	-
Purchase of fixed asset investments	-	(79)
<b>Net cash from investing activities</b>	<b>(152,140)</b>	<b>(177,553)</b>
<b>Cash flows from financing activities</b>		
Repayment of other loans	-	(60,000)
Interest paid	(35,665)	(68,419)
<b>Net cash used in financing activities</b>	<b>(35,665)</b>	<b>(128,419)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(206,167)</b>	<b>134,246</b>
Cash and cash equivalents at beginning of year	1,735,273	1,601,027
<b>Cash and cash equivalents at the end of year</b>	<b>1,529,106</b>	<b>1,735,273</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,529,106	1,735,273
	<b>1,529,106</b>	<b>1,735,273</b>

---

CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

**Analysis of Net Debt**  
**For the Year Ended 31 January 2021**

---

	<b>At 1 February 2020 £</b>	<b>Cash flows £</b>	<b>Other non- cash changes £</b>	<b>At 31 January 2021 £</b>
Cash at bank and in hand	1,735,273	(206,167)	-	1,529,106
Debt due after 1 year	(1,294,398)	17,533	(46,033)	(1,322,898)
Debt due within 1 year	-	-	-	-
	<u>440,875</u>	<u>(188,634)</u>	<u>(46,033)</u>	<u>206,208</u>

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



---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Notes to the Financial Statements For the Year Ended 31 January 2021

---

#### 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 £1,322,898 (2020 - £1,294,398) 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 2021**

---

**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 the 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 2021**

---

**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.

**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 2021**

---

**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 the 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 2021**

---

**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.

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Notes to the Financial Statements For the Year Ended 31 January 2021

---

#### 4. Turnover

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

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	5,178,959	5,996,528
Rest of Europe	1,661,273	2,274,075
Rest of the world	4,748,472	8,885,306
	<u>11,588,704</u>	<u>17,155,909</u>

#### 5. Other operating income

	2021 £	2020 £
Government grants receivable	89,412	-
	<u>89,412</u>	<u>-</u>

#### 6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange (gains) and losses	(120,535)	358,314
Depreciation of tangible fixed assets	183,029	237,159
Amortisation of intangible assets	-	54,993
	<u>-</u>	<u>642,966</u>

#### 7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>25,470</u>	<u>28,219</u>

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Notes to the Financial Statements For the Year Ended 31 January 2021

---

#### 8. Employees

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

	2021 £	2020 £
Wages and salaries	2,156,703	2,344,963
Social security costs	172,074	202,256
Cost of defined contribution scheme	44,185	39,336
	<u>2,372,962</u>	<u>2,586,555</u>

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

	2021 No.	2020 No.
Sales and support	<u>38</u>	<u>41</u>

#### 9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	565,869	816,991
Company contributions to defined contribution pension schemes	5,243	5,717
Amounts paid to third parties in respect of directors' services	28,000	30,000
	<u>599,112</u>	<u>852,708</u>

During the year retirement benefits were accruing to 5 directors (2020 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £157,215 (2020 - £226,397).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,314 (2020 - £564).

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

**Notes to the Financial Statements  
For the Year Ended 31 January 2021**

**10. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other loan interest payable	<b>46,033</b>	39,680
Other interest payable	<b>18,132</b>	47,576
	<u><b>64,165</b></u>	<u>87,256</u>

**11. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	-	(80,000)
Adjustments in respect of previous periods	-	(16,782)
	<u>-</u>	<u>(96,782)</u>
<b>Total current tax</b>	<u>-</u>	<u>(96,782)</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>-</u>	<u>(96,782)</u>



---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Notes to the Financial Statements For the Year Ended 31 January 2021

---

#### 11. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>387,475</u>	<u>44,292</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	73,620	8,415
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,645	28,363
Capital allowances for year in excess of depreciation	(20,264)	91
Utilisation of tax losses	(62,001)	-
Adjustments to tax charge in respect of prior periods	-	(16,782)
Research and development tax credits	-	(116,869)
<b>Total tax charge for the year</b>	<u>-</u>	<u>(96,782)</u>

##### Factors that may affect future tax charges

The company has estimated losses of £2.2m (2020 - £2.5m) available for carry forward against future trading profits.

---

CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

Notes to the Financial Statements  
For the Year Ended 31 January 2021

---

12. Intangible assets

	Product development £
<b>Cost</b>	
At 1 February 2020	1,482,929
At 31 January 2021	<u>1,482,929</u>
<b>Amortisation</b>	
At 1 February 2020	1,482,929
At 31 January 2021	<u>1,482,929</u>
<b>Net book value</b>	
At 31 January 2021	<u><u>-</u></u>
At 31 January 2020	<u><u>-</u></u>

---

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

---

**Notes to the Financial Statements  
For the Year Ended 31 January 2021**

---

**13. Tangible fixed assets**

	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
<b>Cost</b>				
At 1 February 2020	51,223	140,497	343,969	535,689
Additions	893	24,873	215,786	241,552
Disposals	(15,580)	(88,028)	(28,007)	(131,615)
At 31 January 2021	<u>36,536</u>	<u>77,342</u>	<u>531,748</u>	<u>645,626</u>
<b>Depreciation</b>				
At 1 February 2020	37,323	109,013	192,503	338,839
Charge for the year	13,831	17,561	151,637	183,029
Disposals	(15,581)	(88,028)	(19,759)	(123,368)
At 31 January 2021	<u>35,573</u>	<u>38,546</u>	<u>324,381</u>	<u>398,500</u>
<b>Net book value</b>				
At 31 January 2021	<u>963</u>	<u>38,796</u>	<u>207,367</u>	<u>247,126</u>
At 31 January 2020	<u>13,900</u>	<u>31,484</u>	<u>151,466</u>	<u>196,850</u>

**14. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 February 2020	111,462
At 31 January 2021	<u>111,462</u>

---

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

---

**Notes to the Financial Statements  
For the Year Ended 31 January 2021**

---

**14. Fixed asset investments (continued)**

**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%
Wow Stuff USA LLC	Ordinary	100%
Txt4vid Limited	Ordinary	100%
The Printable Mask Co Ltd (Formerly Wowtown.Com Limited)	Ordinary	100%
Wow! Stuff Limited	Ordinary	100%
Nexttoptoy Limited	Ordinary	100%
Spellbinders Inc.	Ordinary	100%

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>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	<b>499,570</b>	509,143
	<b>499,570</b>	509,143

**16. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>2,656,701</b>	1,843,294
Amounts owed by group undertakings	<b>13,804</b>	12,560
Other debtors	<b>443,035</b>	438,285
Prepayments and accrued income	<b>613,208</b>	415,051
	<b>3,726,748</b>	2,709,190

The company discounts its trade debtors. The debtors discounted at the year end were £1,548,701 (2020 - £884,137). Included in other debtors is an amount of £81,850 (2020 - £145,111) owed from the invoice discounting house.

---

CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

Notes to the Financial Statements  
For the Year Ended 31 January 2021

---

**17. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	1,529,106	1,735,273
	<u>1,529,106</u>	<u>1,735,273</u>

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

	2021 £	2020 £
Trade creditors	1,467,015	2,405,888
Amounts owed to group undertakings	91,848	92,475
Other taxation and social security	128,579	51,995
Invoice discounting	882,681	429,090
Other creditors	8,032	8,729
Accruals and deferred income	1,359,302	513,161
	<u>3,937,457</u>	<u>3,501,338</u>

Included in creditors amounts falling due within one year is an amount of £882,681 (2020 - £429,090) for which security has been given.

---

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

---

**Notes to the Financial Statements  
For the Year Ended 31 January 2021**

---

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
A loan notes (held by BGF)	<b>398,214</b>	399,239
Management A loan notes	<b>621,986</b>	601,158
Management B loan notes	<b>228,347</b>	221,750
Management C loan notes	<b>74,351</b>	72,251
	<u><b>1,322,898</b></u>	<u><b>1,294,398</b></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 and Management C loan notes and 5% for Management A loan notes.

A loan notes of £417,917 (2020 - £399,239) are secured on the assets of the group and Management B loan notes of £228,347 (2020 - £221,750) 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 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**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u><b>4,559,406</b></u>	<u><b>3,849,358</b></u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u><b>(5,131,776)</b></u>	<u><b>(4,743,741)</b></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 and loan notes.

---

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

---

**Notes to the Financial Statements  
For the Year Ended 31 January 2021**

---

**21. Share capital**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
5,893 (2020 - 5,893) deferred shares of £1.000 each	<b>5,893</b>	5,893
10,645,000 (2020 - 10,645,000) ordinary shares of £0.001 each	<b>10,645</b>	10,645
	<hr/> <b>16,538</b> <hr/>	<hr/> 16,538 <hr/>

**22. Reserves**

**Share premium account**

This reserve records the amount above the nominal value received for shares issued.

**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 (2020 - £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 (2020 - £nil).

**24. Capital commitments**

At 31 January 2021 the Company had capital commitments as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	<b>50,539</b>	-
	<hr/> <b>50,539</b> <hr/>	<hr/> - <hr/>

**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 £44,185 (2020 - £39,336). Contributions totalling £5,680 (2020 - £6,380) were payable to the scheme at the end of the year and are included in creditors.

---

## CHINA INDUSTRIES LIMITED TRADING AS WOW! STUFF

---

### Notes to the Financial Statements For the Year Ended 31 January 2021

---

#### 26. Other financial commitments

Total financial commitments to licensors at the balance sheet date were \$1,363,502 (2020 - \$364,136).

#### 27. Transactions with directors

During the year the company advanced £2,933 (2020 - £111,472) to a director and the director repaid £740 (2020 - £98,648). At the balance sheet date the amount due to the company was £37,090 (2020 - £34,897). The amount advanced is interest free and hold no conditions.

During the year the company advanced £8,000 (2020 - £nil) to the directors and the directors repaid £8,000 (2020 - £nil). At the balance sheet date the amount due to the company was £nil (2020 - £nil). The amount advanced is interest free and hold no conditions.

#### 28. Related party transactions

During the year, the company paid £28,000 (2020 - £30,000) to a third party for director services. At 31 January 2021 the company owed the third party £3,000 (2020 - £3,094). A director of the company is also a director of the third party.

During the year, interest of £44,848 (2020 - £46,214) was charged on existing loan notes to directors and shareholders of the company. At the balance sheet date the company owed £1,300,288 (2020 - £1,271,378) 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. Forward contracts

At the year end, as part of its normal trading activities, the company had entered into agreements for the forward selling of US dollars with a maximum contracted value of \$Nil (2020 - \$2m).

#### 30. 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.