

Registered number: 05098003

Mister Men Limited

**Annual report and financial statements
for the year ended 31 December 2017**

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Mister Men Limited

Company information

Director	Jiro Kishimura
Registered number	05098003
Registered office	Unit 3/4 70 Weston Street London SE1 3QH
Independent auditor	Ernst & Young LLP Statutory Auditor 1 More London Place London SE1 2AF

Mister Men Limited

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Mister Men Limited

Director's report for the year ended 31 December 2017

The director presents his report and the audited financial statements for the year ended 31 December 2017.

Principal activity

The principal activity during the year continued to be the commercial exploitation of the Mr Men and Little Miss intellectual property rights.

Results and dividends

The profit for the year is shown on page 6. The director does not recommend the payment of a dividend for the current or preceeding year.

Going concern

The financial statements have been prepared on the going concern basis. As a result of expected continued profits and support from the ultimate parent company, the company's management have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served during the year and up to the date of signing this report were:

Jiro Kishimura
Ronald Denecke (resigned 25 July 2018)

Director's responsibilities statement

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared 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' ("FRS 102"). Under Company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Mister Men Limited

Director's report for the year ended 31 December 2017

Provision of information to auditor

The director at the time when this director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small company exemptions

In preparing this report, the director has taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

The director has also taken advantage of the small companies exemption provided by section 414B of the Companies Act 2006 and not prepared a strategic report.

This report was approved by the board on *10 December 2018* and signed on its behalf.


Jiro Kishimura
Director

10/12/18

Independent auditor's report to the members of Mister Men Limited

Opinion

We have audited the financial statements of Mister Men Limited (the 'company') for the year ended 31 December 2017, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 20, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statement:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 Auditor's responsibilities for the audit of the financial statements section of our report below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Mister Men Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report has 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 Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare a Strategic report.

Independent auditor's report to the members of Mister Men Limited

Responsibilities of a director

As explained more fully in the Director's responsibilities statement set out on page 1, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Mohan Pandian (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

12/12/ 2018

Mister Men Limited

Profit and loss account for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	5	4,465	4,058
Cost of sales		(246)	(310)
Gross profit		4,219	3,748
Administrative expenses		(2,185)	(2,348)
Operating profit	6	2,034	1,400
Interest receivable and similar income		1	-
Interest payable and similar charges	9	(296)	(338)
Profit on ordinary activities before taxation		1,739	1,062
Tax on profit on ordinary activities	10	(319)	(342)
Profit for the financial year		1,420	720

All amounts relate to continuing operations.

The company has no items of other comprehensive income for the current and preceding financial year. Therefore no separate statement of comprehensive income has been presented.

The notes on pages 9 to 23 form part of these financial statements.

Mister Men Limited

Registered number:05098003

Balance sheet as at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	11	1,089	1,066
Tangible assets	12	34	32
Investments	13	13,764	13,764
		<u>14,887</u>	<u>14,862</u>
Current assets			
Debtors: amounts falling due after more than one year	14	1,035	1,338
Debtors: amounts falling due within one year	14	2,379	2,298
Cash at bank and in hand		732	434
		<u>4,146</u>	<u>4,070</u>
Creditors: amounts falling due within one year	15	(20,395)	(21,714)
Net current liabilities		<u>(16,249)</u>	<u>(17,644)</u>
Total assets less current liabilities		<u>(1,362)</u>	<u>(2,782)</u>
Net liabilities		<u>(1,362)</u>	<u>(2,782)</u>
Capital and reserves			
Called up share capital	17	-	-
Share premium account		1,000	1,000
Profit and loss account		(2,362)	(3,782)
Total shareholder's deficit		<u>(1,362)</u>	<u>(2,782)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2018.

Jiro Kishimura
Director



10/12/18

The notes on pages 9 to 23 form part of these financial statements.

Mister Men Limited

Statement of changes in equity for the year ended 31 December 2017

	Share capital £000	Share premium £000	Profit and loss account £000	Total shareholder's deficit £000
At 1 January 2017	-	1,000	(3,782)	(2,782)
Profit for the financial year, representing total comprehensive income	-	-	1,420	1,420
At 31 December 2017	-	1,000	(2,362)	(1,362)

Statement of changes in equity for the year ended 31 December 2016

	Share capital £000	Share premium £000	Profit and loss account £000	Total shareholder's deficit £000
At 1 January 2016	-	1,000	(4,502)	(3,502)
Profit for the financial year, representing total comprehensive income	-	-	720	720
At 31 December 2016	-	1,000	(3,782)	(2,782)

The notes on pages 9 to 23 form part of these financial statements.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

1. General information

The principal activity of Mister Men Limited ("the company") is the commercial exploitation of the Mr Men and Little Miss intellectual property rights.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Unit 3/4, 70 Weston Street, London, SE1 3QH.

2. Statement of compliance

The individual financial statements of Mister Men Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 in preparing these financial statements.

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Going concern

The financial statements have been prepared on the going concern basis. As a result of expected profits and support from the ultimate parent company, the company's management have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and the company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

3. Accounting policies (continued)

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of these exemptions on the basis that it is a qualifying entity and its immediate parent company, Sanrio Global Limited, includes the company's results and related disclosures in its own consolidated financial statements. These exemptions are the requirement to:

- prepare a statement of cash flows;
- prepare certain financial instrument disclosures; and
- disclose key management personnel compensation.

3.4 Consolidation

The financial statements contain information about Mister Men Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its immediate parent undertaking, Sanrio Global Limited, a company incorporated in the United Kingdom.

3.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable.

It comprises royalty and other income earned under licensing agreements and is stated exclusive of Value Added Tax and any trade discounts.

Royalty income reported by licensees is recognised in the period in which it is earned. Any excess of minimum contractual revenue receivable over that reported by licensees over the term of the agreement, is recognised at the end of the term of the agreement.

3.6 Agents' commission costs

Commissions due to agents are recognised when the amounts become due for payment.

3.7 Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

3. Accounting policies (continued)

3.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is the pound sterling. All amounts in these financial statements have been rounded to the nearest thousand, unless otherwise indicated.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

3. Accounting policies (continued)

3.10 Intangible assets

Trademarks are carried at cost and written off in equal annual installments over their estimated useful life of 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of three years on a straight line basis.

Where factors such as technological advancement or changes in market price indicate that residual value or useful life have changes, these are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

3.11 Tangible fixed assets

Tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

The estimated useful lives are as follows:

Fixtures & Fittings and computer equipment	- 20% to 33% straight line
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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 within 'administrative expenses' in the profit and loss account.

3.12 Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Film and TV related investments are assessed at each balance sheet date by the directors to determine whether provision is required to reduce the carrying value to its net realisable value. Film and TV related investments are amortised over the period that the investment is reasonably expected to generate revenues. The current amortisation period is up to 10 years.

3.13 Impairment

The carrying amount of the company's assets is reviewed at each balance sheet date to determine whether there is an indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of any asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

3. Accounting policies (continued)

3.14 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade debtors, amounts due from group undertakings and cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade creditors and amounts due to group undertakings, are initially recognised at transaction price.

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

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

3.15 Share capital

Ordinary shares are classified as equity.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

3. Accounting policies (continued)

3.16 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 payments obligations.

The contributions are recognised as an expense in the profit and loss account 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.

3.17 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the Sanrio Company Ltd group. It does not disclose transactions with members of the Sanrio Company Ltd group that are wholly owned.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

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.

The company makes estimates and assumptions concerning the future. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charges for tangible and intangible assets respectively are sensitive to changes in the useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and economic utilisation of the assets.

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(iii) Trademarks, copyrights and licenses

The company tests annually whether trademarks, copyrights and licenses which are subject to amortisation require impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(iv) Deferred tax asset

The company has recognised a deferred tax asset on the availability of tax losses. The tax asset has been recognised on the assumption that the company will continue to generate sufficient future taxable profits which the directors have assessed as probable.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

5. Turnover

The performance of the business is considered by the Board from a geographical perspective who assesses performance by reference to revenues generated by the five key geographical areas shown in the table below.

The revenue, profit for the year, total assets and total liabilities are attributable to the principal activity of the company as described in the directors' report on page 1.

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	1,901	1,760
Rest of European Union	768	1,028
Asia Pacific	1,179	746
United States of America	240	96
Rest of world	377	428
	<u>4,465</u>	<u>4,058</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Depreciation of tangible fixed assets		
- owned by the company	19	16
Operating lease rentals		
- other operating leases	183	157
Amortisation of intangible fixed assets	207	196
Foreign exchange losses	(6)	106
Auditor's remuneration	75	50
	<u>75</u>	<u>50</u>

The amount of auditor's remuneration includes remuneration for the audit of other group companies.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

7. Staff costs

Staff costs, including director's remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	533	702
Social security costs	102	80
Cost of defined contribution scheme	8	21
	<u>643</u>	<u>803</u>

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

	2017 No.	2016 No.
Management	1	1
Administrative	18	16
	<u>19</u>	<u>17</u>

8. Director's remuneration

	2017 £000	2016 £000
Director's emoluments	-	98

The director's emoluments relate to the remuneration paid for one director. All other directors were remunerated by fellow group companies.

9. Interest payable and similar charges

	2017 £000	2016 £000
Interest payable on loans from group undertakings	<u>296</u>	<u>338</u>

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

10. Taxation

	2017 £000	2016 £000
Foreign tax		
Foreign tax on income for the year	16	29
Total current tax	<u>16</u>	<u>29</u>
Deferred tax		
Origination and reversal of timing differences	329	277
Effects of changes in tax rate	(26)	36
Total deferred tax charge (see note 16)	<u>303</u>	<u>313</u>
Tax on profit on ordinary activities	<u><u>319</u></u>	<u><u>342</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	<u>1,739</u>	<u>1,062</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	335	212
Effects of:		
Expenses not deductible for tax purposes	(3)	3
Effects of overseas tax rates	(26)	23
Effects of changes in tax rate	13	36
Group relief not paid	-	68
Total tax charge for the year	<u><u>319</u></u>	<u><u>342</u></u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred rates at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

11. Intangible assets

	Trademarks £000	Computer software £000	Total £000
Cost			
At 1 January 2017	2,029	170	2,199
Additions	217	13	230
At 31 December 2017	2,246	183	2,429
Amortisation			
At 1 January 2017	993	140	1,133
Charge for the financial year	178	29	207
At 31 December 2017	1,171	169	1,340
Net book value			
At 31 December 2017	1,075	14	1,089
At 31 December 2016	1,036	30	1,066

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

12. Tangible fixed assets

	Fixtures, fittings and office equipment £000
Cost	
At 1 January 2017	65
Additions	21
At 31 December 2017	86
Depreciation	
At 1 January 2017	33
Charge for the financial year	19
At 31 December 2017	52
Net book value	
At 31 December 2017	34
At 31 December 2016	32

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

13. Fixed asset investments

	Investments in subsidiary companies £000	Film and TV related investments £000	Total £000
Cost			
At 1 January 2017 and 31 December 2017	13,764	12,445	26,209
Impairment			
At 1 January 2017 and 31 December 2017	-	12,445	12,445
Net book value			
At 31 December 2017	13,764	-	13,764
At 31 December 2016	13,764	-	13,764

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Mister Films Limited	United Kingdom	Ordinary	100 %	Non trading
THOIP (formerly The Hargreaves Organisation)	United Kingdom	Ordinary	100 %	Owner of the Mister Men and Little Miss intellectual property rights

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

14. Debtors

	2017 £000	2016 £000
Due after more than one year		
Deferred tax asset (see note 16)	1,035	1,338
	<u>1,035</u>	<u>1,338</u>
Due within one year		
Trade debtors	721	454
Amounts owed by fellow group undertakings	697	748
Other debtors	43	43
Prepayments and accrued income	918	1,053
	<u>2,379</u>	<u>2,298</u>

Amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

15. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Loan from parent undertaking	15,700	16,100
Trade creditors	168	224
Amounts owed to fellow group undertakings	3,304	3,303
Other taxation and social security	123	122
Other creditors	76	72
Accruals and deferred income	1,024	1,893
	<u>20,395</u>	<u>21,714</u>

The loan from the parent undertaking is unsecured and bears interest at LIBOR plus 1.525 percent. It is repayable on demand requiring notice of one year with final repayment due by 5 December 2021.

Amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand.

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

16. Deferred taxation

	£000
At 1 January 2017	1,338
Charged to the profit and loss account	(303)
At 31 December 2017	1,035

The deferred tax asset comprises the following:

	2017 £000	2016 £000
Accelerated capital allowances	26	29
Tax losses carried forward	1,004	1,303
Short term timing differences	5	6
	1,035	1,338

At 31 December 2017, the company has an unrecognised deferred tax asset in respect of non-trading losses of £1,082,000 (2016: £1,082,000).

17. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
92 Ordinary shares of £1 each	92	92

18. Pension commitments

The company operates a defined contribution money purchase pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge of £8,000 (2016: £21,000) represents contributions payable by the company to the fund. At the end of the year, an amount of £Nil remains outstanding (2016: £Nil).

Mister Men Limited

Notes to the financial statements for the year ended 31 December 2017

19. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than one year	148	130
Later than one year and not later than five years	238	336
Total	386	466

20. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the smallest group to consolidate these financial statements is Sanrio Global Limited. Copies of Sanrio Global Limited's consolidated financial statements can be obtained from the company's registered office at Unit 3/4, 70 Weston Street, London, SE1 3QH.

The ultimate parent undertaking and controlling party is Sanrio Company Ltd., a company incorporated in Japan and listed on the Tokyo stock exchange.