

Registered number: 05098003

**Mister Men Limited**

**Annual report and financial statements  
for the year ended 31 December 2020**

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## **Mister Men Limited**

### **Company information**

<b>Director</b>	Kiyoshi Saito
<b>Registered number</b>	05098003
<b>Registered office</b>	Unit 321 Parkshot House 5 Kew Road London TW9 2PR
<b>Independent auditor</b>	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 2020**

The director presents his report and the audited financial statements for the year ended 31 December 2020.

#### **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 loss for the year is shown on page 7. The director does not recommend the payment of a dividend for the current or preceding year.

On 14 December 2020, the company issued 3,500,000 ordinary shares of £1 to its parent company, Sanrio Global Limited at par value.

On 15 December 2020, the company made a repayment of £3,000,000 against the £15,300,000 loan from its immediate parent undertaking, Sanrio Global Limited.

#### **Going concern**

The director has a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future.

The COVID-19 outbreak has had a significant impact on the global economy and businesses world-wide including the business of the group. The company has carried out an analysis of the impact of the pandemic on the company's business as part of its going concern assessment. The company has updated its forecasts with different downside scenarios on the future development and has performed sensitivity analysis and a reverse stress test in relation to revenue from licensees to analyse the impact on the solvency and liquidity of the company. While the negative business environment in general will impact the group's licensing business negatively there are several factors mitigating the impact, including the fact that the company is operating in multiple territories at different stages of recovery from the pandemic as well as licensees' ability to shift business to online marketplaces. Regarding the liquidity and solvency of the company, the performed stress test indicates that due to the cash position of the company it will stay solvent even when royalty payments from licensees are negatively impacted or cease completely, for a period of 12 months from the date that these financial statements are signed.

The restructuring that took place in December 2020 and the subsequent reduction in headcount and the decision not to renew the lease of the existing office (expiry July 2021) and move to a hybrid co-working / home working model will result in a significant reduction in costs in excess of £733k per year (£563k staff costs, £197k office closure (full year saving) offset by the cost of the co-working space of £27k (full year cost).

The management reasonably expects that the business will continue to operate as it expands its online portfolio whilst establishing its global footprint further in addition to the overall financial strength of the group, despite the large challenges of the COVID-19 pandemic.

#### **Directors**

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

Jiro Kishimura (resigned 18 June 2021)  
Kiyoshi Saito (appointed 18 June 2021)

## **Mister Men Limited**

### **Director's report (continued) for the year ended 31 December 2020**

#### **Brexit**

The UK left the EU on 31 January 2020 and the transition period ended on 31 December 2020, in which time the UK and EU negotiated additional arrangements and concluded the "Trade and Cooperation Agreement". The director has considered the impact on the Company regarding the agreed exit terms within the agreement and wider regulatory and legal implications within these statutory financial statements and will continue to do so.

#### **Subsequent events**

By the date of approval of these financial statements there were no subsequent events.

#### **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 to enable them 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.

#### **Provision of information to auditor**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director 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.

## **Mister Men Limited**

### **Director's report (continued) for the year ended 31 December 2020**

#### **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 27 October 2021 and signed on its behalf  
by:



**Kiyoshi Saito**  
**Director**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MISTER MEN LIMITED

### Opinion

We have audited the financial statements of Mister Men Limited for the year ended 31 December 2020 which the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 21, 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 statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 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; 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **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.



***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

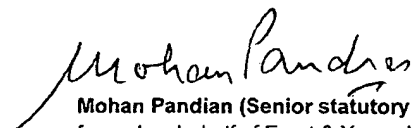
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (United Kingdom Accounting standards including FRS 102), the Companies Act 2006, the UK Bribery Act, Employment regulations, and General Data Protection Regulations (GDPR), and the relevant direct and indirect tax compliance regulation including payroll tax compliance.
- We understood how Mister Men Limited is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates their policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities, including tax authorities, and performed a review of all board minutes up to the reporting date.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and of misstatement of revenue. Our procedures involved testing journals identified by specific risk criteria. These procedures included testing of transactions back to source information and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing using our data analytic tools, with a focus on journals meeting our defined risk criteria based on our understanding of the business as well as areas of audit risk, enquiries of legal counsel and management and challenging the assumptions and judgements made by management in respect of significant accounting estimates.

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  
 27 October 2021

## Mister Men Limited

### Profit and loss account for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	5	3,049	3,310
Cost of sales		(421)	(292)
<b>Gross profit</b>		<b>2,628</b>	<b>3,018</b>
Administrative expenses		(2,421)	(2,272)
<b>Operating profit</b>	6	<b>207</b>	<b>746</b>
Interest receivable and similar income		-	1
Interest payable and similar charges	9	(286)	(359)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(79)</b>	<b>388</b>
Tax on (loss)/profit on ordinary activities	10	(19)	(924)
<b>Loss for the financial year</b>		<b>(98)</b>	<b>(536)</b>

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 10 to 24 form part of these financial statements.

**Mister Men Limited**

Registered number: 05098003

**Balance sheet  
as at 31 December 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Intangible assets	11	1,290	1,265
Tangible assets	12	31	41
Investments	13	13,764	13,764
		<u>15,085</u>	<u>15,070</u>
<b>Current assets</b>			
Stocks	14	-	37
Debtors: amounts falling due within one year	15	2,784	2,422
Cash at bank and in hand		698	495
		<u>3,482</u>	<u>2,954</u>
Creditors: amounts falling due within one year	16	(17,645)	(20,504)
<b>Net current liabilities</b>		<u>(14,163)</u>	<u>(17,550)</u>
<b>Total assets less current liabilities</b>		<u>922</u>	<u>(2,480)</u>
<b>Net assets/(liabilities)</b>		<u>922</u>	<u>(2,480)</u>
<b>Capital and reserves</b>			
Called up share capital	17	3,500	-
Share premium account		1,000	1,000
Profit and loss account		(3,578)	(3,480)
<b>Total shareholder's surplus/(deficit)</b>		<u>922</u>	<u>(2,480)</u>

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

  
Kiyoshi Saito  
Director

The notes on pages 10 to 24 form part of these financial statements.

## Mister Men Limited

### Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Total shareholder's surplus/(deficit)
	£000	£000	£000	£000
At 1 January 2020	-	1,000	(3,480)	(2,480)
Loss for the financial year, representing total comprehensive loss	-	-	(98)	(98)
Shares issued during the year (see note 17)	3,500	-	-	3,500
<b>At 31 December 2020</b>	<b>3,500</b>	<b>1,000</b>	<b>(3,578)</b>	<b>922</b>

### Statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Share premium account	Profit and loss account	Total shareholder's deficit
	£000	£000	£000	£000
At 1 January 2019	-	1,000	(2,944)	(1,944)
Loss for the financial year, representing total comprehensive loss	-	-	(536)	(536)
<b>At 31 December 2019</b>	<b>-</b>	<b>1,000</b>	<b>(3,480)</b>	<b>(2,480)</b>

The notes on pages 10 to 24 form part of these financial statements.

## **Mister Men Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **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 321, Parkshot House, 5 Kew Road, London, TW9 2PR.

#### **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.

## **Mister Men Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **3. Accounting policies (continued)**

##### **3.2 Going concern**

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The COVID-19 outbreak has had a significant impact on the global economy and businesses world-wide including the business of the group. The company has carried out an analysis of the impact of the pandemic on the company's business as part of its going concern assessment. The company has updated its forecasts with different downside scenarios on the future development and has performed sensitivity analysis and a reverse stress test in relation to revenue from licensees to analyse the impact on the solvency and liquidity of the company. While the negative business environment in general will impact the group's licensing business negatively there are several factors mitigating the impact, including the fact that the company is operating in multiple territories at different stages of recovery from the pandemic as well as licensees' ability to shift business to online marketplaces. Regarding the liquidity and solvency of the company, the performed stress test indicates that due to the cash position of the company it will stay solvent even when royalty payments from licensees are negatively impacted or cease completely, for a period of 12 months from the date that these financial statements are signed.

The restructuring that took place in December 2020 and the subsequent reduction in headcount and the decision not to renew the lease of the existing office (expiry July 2021) and move to a hybrid co-working / home working model will result in a significant reduction in costs in excess of £733k per year (£563k staff costs, £197k office closure (full year saving) offset by the cost of the co-working space of £27k (full year cost)).

The management reasonably expects that the business will continue to operate as it expands its online portfolio whilst establishing its global footprint further in addition to the overall financial strength of the group, despite the large challenges of the COVID-19 pandemic.

##### **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.

## **Mister Men Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **3. Accounting policies (continued)**

##### **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.

##### **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.

## **Mister Men Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **3. Accounting policies (continued)**

##### **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.

##### **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.



## **Mister Men Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **3. Accounting policies (continued)**

##### **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.

##### **3.14 Stocks**

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

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

## **Mister Men Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **3. Accounting policies (continued)**

##### **3.15 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 and other 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 and other 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.

##### **3.16 Share capital**

Ordinary shares are classified as equity.

## **Mister Men Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **3. Accounting policies (continued)**

##### **3.17 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.

##### **3.18 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.

## Mister Men Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 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, loss for the year, total assets and total liabilities are attributable to the principal activity of the company as described in the Director's report on page 1.

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	1,224	1,662
Rest of European Union	967	1,032
Asia pacific	383	461
United states of America	407	115
Rest of world	68	40
	<u>3,049</u>	<u>3,310</u>

#### 6. Operating profit

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

	2020 £000	2019 £000
Depreciation of tangible fixed assets -owned by the company	33	29
Amortisation of intangible fixed assets	177	181
Operating lease rentals -other operating leases	132	181
Foreign exchange losses/(gains)	15	(23)
Auditor's remuneration	<u>93</u>	<u>291</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 2020**

#### **7. Staff costs**

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	1,135	788
Social security costs	121	130
Cost of defined contribution scheme	55	3
	<u>1,311</u>	<u>921</u>

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

	2020 No.	2019 No.
Management	1	1
Administrative	16	17
	<u>17</u>	<u>18</u>

#### **8. Director's remuneration**

The director was remunerated by fellow group companies in the current and proceeding year.

#### **9. Interest payable and similar charges**

	2020 £000	2019 £000
Interest payable on loans from group undertakings	286	359

## Mister Men Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 10. Taxation

	2020 £000	2019 £000
<b>Foreign tax</b>		
Foreign tax on income for the year	19	24
<b>Total current tax</b>	<u>19</u>	<u>24</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	1,005
Effects of changes in tax rate	-	(105)
<b>Total deferred tax charge</b>	<u>-</u>	<u>900</u>
<b>Tax on (loss)/profit on ordinary activities</b>	<u><u>19</u></u>	<u><u>924</u></u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	<u>(79)</u>	<u>388</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(15)	74
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2	3
Effects of overseas tax rates	19	20
Effects of changes in tax rate	-	(106)
Effects of group relief/other reliefs	50	61
Deferred tax not provided	-	872
Amounts not recognised	(37)	-
<b>Total tax charge for the year</b>	<u><u>19</u></u>	<u><u>924</u></u>

#### Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

At 31 December 2020, the company has an unrecognised deferred tax asset in respect of non-trading losses of £1,082,000 (2019: £1,082,000) and trading losses carried forward of £4,321,000 (2019: £4,501,000).

## Mister Men Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 11. Intangible assets

	Trademarks £000	Computer software £000	Total £000
<b>Cost</b>			
At 1 January 2020	2,671	306	2,977
Additions	201	-	201
At 31 December 2020	<u>2,872</u>	<u>306</u>	<u>3,178</u>
<b>Amortisation</b>			
At 1 January 2020	1,519	192	1,711
Charge for the year	127	50	177
At 31 December 2020	<u>1,646</u>	<u>242</u>	<u>1,888</u>
<b>Net book value</b>			
At 31 December 2020	<u>1,226</u>	<u>64</u>	<u>1,290</u>
At 31 December 2019	<u>1,152</u>	<u>114</u>	<u>1,266</u>

## **Mister Men Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **12. Tangible fixed assets**

	<b>Fixtures, fittings and office equipment £000</b>
<b>Cost</b>	
At 1 January 2020	144
Additions	23
At 31 December 2020	<u>167</u>
<b>Depreciation</b>	
At 1 January 2020	103
Charge for the year	33
At 31 December 2020	<u>136</u>
<b>Net book value</b>	
At 31 December 2020	<u>31</u>
At 31 December 2019	<u>41</u>



## Mister Men Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 13. Fixed asset investments

	Investments in subsidiary companies £000	Film and TV related investments £000	Total £000
<b>Cost</b>			
At 1 January 2020 and 31 December 2020	13,764	12,445	26,209
<b>Impairment</b>			
At 1 January 2020 and 31 December 2020	-	12,445	12,445
<b>Net book value</b>			
At 31 December 2020	13,764	-	13,764
At 31 December 2019	13,764	-	13,764

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

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

#### 14. Stocks

	2020 £000	2019 £000
Books purchased	-	37

## Mister Men Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 15. Debtors

	2020 £000	2019 £000
Trade debtors	1,519	900
Amounts owed by fellow group undertakings	543	-
Other debtors	10	50
Prepayments and accrued income	712	1,472
	<u>2,784</u>	<u>2,422</u>

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

#### 16. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Loan from parent undertaking	12,300	15,300
Trade creditors	612	580
Amounts owed to fellow group undertakings	3,270	3,420
Other taxation and social security	131	92
Other creditors	10	15
Accruals and deferred income	1,322	1,097
	<u>17,645</u>	<u>20,504</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.

#### 17. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid:</b>		
3,500,092 (2019: 92) Ordinary shares of £1 each	<u>3,500,092</u>	<u>92</u>

On 14 December 2020, the company issued 3,500,000 ordinary shares of £1 to its parent company, Sanrio Global Limited at par value.

## Mister Men Limited

### Notes to the financial statements for the year ended 31 December 2020

#### 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 £55,000 (2019: £20,000) represents contributions payable by the company to the fund. At the end of the year, an amount of £10,000 remains outstanding (2019: £15,000).

#### 19. Commitments under operating leases

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

	2020 £000	2019 £000
Not later than one year	76	146
Later than one year and not later than five years	-	85
<b>Total</b>	<b>76</b>	<b>231</b>

#### 20. Subsequent events

By the date of approval of these financial statements there were no subsequent events.

#### 21. 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 321, Parkshot House, 5 Kew Road, London, TW9 2PR.

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