

**EAGLEMOSS HOLDINGS (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2015**

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# **EAGLEMOSS HOLDINGS (UK) LIMITED**

<b>CONTENTS</b>	<b>PAGE(S)</b>
Directors and advisers	2
Strategic Report	3 – 5
Directors' report	6 – 7
Directors' responsibility statement	8
Independent auditor's report	9 – 10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the Financial Statements	14 - 23

# **EAGLEMOSS HOLDINGS (UK) LIMITED**

## **DIRECTORS AND ADVISERS**

<b>DIRECTORS</b>	JG Bensoussan O Beressi M Calmels M Doboïn T Hinchliffe A Jarvis A Neal P Viala
<b>COMPANY NUMBER</b>	05933574
<b>REGISTERED OFFICE</b>	1 <sup>st</sup> Floor Beaumont House Avonmore Road London W14 8TS
<b>INDEPENDENT AUDITOR</b>	Nexia Smith & Williamson Chartered Accountants 25 Moorgate London EC2R 6AY

# **EAGLEMOSS HOLDINGS (UK) LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

### **INTRODUCTION**

The directors present the strategic report for Eaglemoss Holdings (UK) Limited for the year ended 31 December 2015.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is that of intermediate holding company for companies which publish partwork collections, diaries and reference books.

The company is a wholly owned subsidiary of Eaglemoss Capital Limited, incorporated in England and Wales.

### **BUSINESS REVIEW**

2015 has been a transformation year for all publishing companies within the Eaglemoss group, both on the corporate side and on the business side.

On the corporate side, the publishing companies were acquired from Financière Aurenis SAS by newly-created Eaglemoss Capital Limited on June 30, 2015.

Financière Aurenis SAS, the former parent company, was a French group under LBO created in 2010 and operating in two main businesses: the publishing and the call-centre activities. Over the past years, the publishing strategy of expanding Eaglemoss presence in emerging markets (Russia/Ukraine, Brazil and Japan) led the group to impose itself as a global market leader. However the conflict in Ukraine erupting in spring 2014 had the Group quickly stop its activity in an area that accounted for 30% of its sales in the Russian-speaking territories. International sanctions taken against Russia, rapid and significant devaluation of the rouble, fall of oil prices towards the end of the year and high inflation led to a decline in the Group's sales volumes. The impact of Russia in 2014 on the Publishing activity was such that Financière Aurenis's debt became a problem. Debt in Financière Aurenis was mainly due to Mezzanine lenders and a pool of 5 French Senior Banks.

On June 30, 2015, the Shareholders, Senior and Mezzanine Lenders of Financière Aurenis SAS officially completed the transaction. The business rationale behind the transaction was a strategic sale of the call-centre business of which the proceeds would mainly benefit the Senior and Mezzanine Lenders of Financière Aurenis while key managers would focus on the core competency of the company, which is the Publishing business. Key specifications of the June 30, 2015 transaction are:

1. Eaglemoss group no longer has any Senior and Mezzanine debt. The call-centre companies were sold to CCA International to repay and settle the Senior and Mezzanine Lenders of Financière Aurenis SAS.
2. New investors injected 7MEUR into Eaglemoss Limited as a pure investment to ensure business continuity and development through its parent company, Eaglemoss Capital Limited, a private equity funded acquisition vehicle which acquired all of the Eaglemoss publishing companies.
3. Eaglemoss Capital Limited shareholders include the original founders, key Eaglemoss senior managers and private investors.

In addition to the restructuring of its debt, the group has initiated:

- a simplification of its group structure. Eaglemoss Capital Ltd is consolidating the operations into a single UK operating entity (Eaglemoss Limited) and most of the dormant foreign companies have been liquidated.
- a massive streamlining of its operating costs structure, reducing 20% of its headcount, implementing a cost-cutting plan on overheads towards full centralization in London (whereas the strategy of the former parent company was to develop local Business Units).

## **EAGLEMOSS HOLDINGS (UK) LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

On the business side, the Eaglemoss group has extensively refocused on European partworks markets to offset the activity decrease from Russia which added to the recent difficulties in Brazil (50% devaluation of Brazilian Real from 2014) and confirmed weakening of the Japanese market which followed the 35% devaluation of the Yen occurred in 2013. In addition to its traditional business stream, the Eaglemoss group has successfully developed new business streams:

- Ecommerce: selling its collections around the world, for both existing partworks products and standalone products only available in its Eshops
- Direct Marketing: targeting the American market in the first place and more recently in Europe

The loss for the year was £5,520,516 against a loss of £44,930,777 for the year ended 31 December 2014. The loss has been driven by intercompany loans waived during the year as part of the group reorganizational changes described above.

#### **KPIs**

Given the simple nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The directors consider that the principal risks and uncertainties facing the publishing group and company include the following:

- Foreign exchange risk resulting from international trade, although the risk has considerably reduced with the decrease of activity in volatile countries such as Russia, Ukraine, Japan and Brazil. Where possible the risk is reduced through the use of natural hedging whereby revenue is used to settle expenditure in the same currency as well as through FX hedging financial instruments such as forwards contracts and currency options.
- Significant investment in development and promotion of new products, which will only be recovered when sales of new titles are established. In order to mitigate this risk, extensive research and testing is undertaken to gauge consumer responses to products prior to any launch.

#### **FINANCIAL RISK MANAGEMENT**

##### *Financial risk*

Financial risk is managed on a group wide basis. Group working capital requirements are met by use of bank loans and retained profits. The areas of financial risk management for the company are as follows:

##### *Credit risk*

Credit risk is the risk that a customer, subscriber or joint arrangement partner fails to meet an obligation resulting in financial loss. Credit risk arises primarily from trade and subscription receivables. Such losses are minimised through evaluating the payment history and credit worthiness of companies.

##### *Liquidity*

Liquidity risk is managed to ensure that the company is able to meet future payment obligations as they fall due. Cash flow forecasting is maintained to ensure that sufficient headroom is available to meet operational requirements. The company has access to a revolving credit facility.

##### *Price risk*

Price risk is managed by negotiating the price of materials to produce a new product prior to the project launch. These negotiations would cover all issues over the life of the series (which is on average 1 to 3 years).

## **EAGLEMOSS HOLDINGS (UK) LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **FINANCIAL RISK MANAGEMENT (continued)**

##### *Cash flow risk*

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt or payment for purchases. The group manages this risk, where significant, by use of derivatives as explained above and close management of its cash flow forecasts.

Signed on behalf of the board of directors by

M Doboin  
Director  
Date: 26 April 2016

A handwritten signature in black ink, appearing to be 'M Doboin', is written over the printed name and date. The signature is stylized with a long, sweeping underline that extends to the left.

## **EAGLEMOSS HOLDINGS (UK) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their report and financial statements in accordance with applicable laws and regulations for the year ended 31 December 2015

#### **PRINCIPAL PLACE OF BUSINESS**

Eaglemoss Holdings (UK) Limited is a company incorporated and domiciled in England and Wales and has its registered office and principal place of business at 1st Floor Beaumont House, Avonmore Road, London, W14 8TS.

#### **RESULTS AND DIVIDENDS**

The loss on ordinary activities before taxation is shown on page 11 of these financial statements.

The directors do not recommend a dividend (2014: nil).

#### **DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

JF Cecillon	(Resigned on 30 June 2015)
M Calmels	
M Altarriba	(Resigned on 30 June 2015)
A Jarvis	(Appointed on 30 June 2015)
F Redon	(Resigned on 30 June 2015)
C Marret	(Resigned on 30 June 2015)
JG Bensoussan	(Appointed on 30 June 2015)
O Beressi	(Appointed on 30 June 2015)
M Doboïn	(Appointed on 30 June 2015)
T Hinchliffe	(Appointed on 30 June 2015)
A Neal	(Appointed on 30 June 2015)
P Viala	(Appointed on 30 June 2015)

#### **GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to risks are described in the strategic report.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **POST BALANCE SHEET EVENTS**

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

#### **FUTURE DEVELOPMENTS**

The directors will continue to hold the investments in the publishing companies, which will continue to develop new partworks products and market them in the traditional newsagents channel as well as the direct sales channels. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

## **EAGLEMOSS HOLDINGS (UK) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)**

#### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

In the case of each person who was a director at the time this report was approved:


- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

#### **AUDITORS**

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the board of directors by

  
M Doboin  
Director  
Date: 26 April 2016



## **EAGLEMOSS HOLDINGS (UK) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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.

## **EAGLEMOSS HOLDINGS (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS HOLDINGS (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015**



We have audited the financial statements of Eaglemoss Holdings (UK) Limited for the year ended 31 December 2015 set out on pages 11 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement, set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**EAGLEMOSS HOLDINGS (UK) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS  
HOLDINGS (UK) LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2015**



**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where 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.

A handwritten signature in black ink, appearing to read 'Stephen Drew', followed by a horizontal line.

Stephen Drew (Senior Statutory Auditor)

for and on behalf of  
**Nexia Smith & Williamson**

Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY

Date: 26 April 2016

# EAGLEMOSS HOLDINGS (UK) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Note	£	£
Administrative expenses		(227,952)	(306,518)
Other operating income – foreign exchange gains on non-monetary items		277,495	838,381
Exceptional items	4	<u>(8,635,462)</u>	<u>(45,251,370)</u>
<b>Operating Loss</b>	3	(8,585,919)	(44,719,507)
Interest receivable and similar income	5	4,417,306	2,635,816
Interest payable and similar charges	6	(1,351,903)	(2,847,086)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(5,520,516)	(44,930,777)
Tax on loss on ordinary activities	7	-	-
		<hr/>	<hr/>
<b>Loss for the year</b>	17	(5,520,516)	(44,930,777)
<b>Other comprehensive income/(loss)</b>		-	-
		<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>		<u>(5,520,516)</u>	<u>(44,930,777)</u>

The notes on pages 14 to 23 form part of these financial statements.

# EAGLEMOSS HOLDINGS (UK) LIMITED

## BALANCE SHEET 31 DECEMBER 2015

		2015	2014
	Note	£	£
<b>Fixed assets</b>			
Investments	10	-	-
<b>Current assets</b>			
Debtors	11	12,408,535	8,747,151
Cash at bank and in hand		4,311	8,366
		<hr/> 12,412,846	<hr/> 8,755,517
<b>Creditors: Amounts falling due within one year</b>	12	(1,165,793)	(2,446,591)
		<hr/>	<hr/>
<b>Net current assets</b>		11,247,053	6,308,926
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		11,247,053	6,308,926
		<hr/>	<hr/>
<b>Creditors: Amounts falling due after more than one year</b>	13	-	(37,459,894)
		<hr/>	<hr/>
<b>Net Assets/(Liabilities)</b>		11,247,053	(31,150,968)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	15	1,001,100	1,000
Share premium account	17	46,918,437	-
Profit and loss account		(36,672,484)	(31,151,968)
		<hr/>	<hr/>
<b>Total shareholders' funds/(deficit)</b>	17	11,247,053	(31,150,968)
		<hr/>	<hr/>

The notes on pages 14 to 23 form part of these financial statements.

The financial statements on pages 11 to 23 were authorised and approved by the board of directors on the 26 April 2016 and are signed on their behalf by:

M Doboin  
Director



Registered number 05933574

# EAGLEMOSS HOLDINGS (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital £	Share Premium Reserve £	Retained Earnings £	Total Equity £
<b>At 1 January 2014</b>	1,000	-	13,778,809	13,779,809
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(44,930,777)	(44,930,777)
<b>At 31 December 2014</b>	1,000	-	(31,151,968)	(31,150,968)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(5,520,516)	(5,520,516)
New shares issued	1,000,100	46,918,437	-	47,918,537
<b>At 31 December 2015</b>	1,001,100	46,918,437	(36,672,484)	11,247,053

The notes on pages 14 to 23 form part of these financial statements.

# **EAGLEMOSS HOLDINGS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR 2015**

### **1 Accounting policies**

#### **Basis of preparation**

Eaglemoss Holdings (UK) Ltd is a private limited company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 3.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006". This is the first year that the company has presented its results under FRS 102. The date of transition to FRS 102 was 1 January 2014.

In accordance with FRS 102 the company has:

- provided comparative information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied FRS 102 as required; and
- applied certain optional exemptions and mandatory exceptions as applicable for first time adopters of FRS 102.

The transition to FRS 102 has resulted in no material changes in accounting policies or material adjustments to the profit and loss or equity of the company as previously reported.

#### **Exemptions**

Eaglemoss Holdings (UK) Limited is a qualifying entity as defined by FRS102 and has taken advantage of the following disclosure exemptions that are available in accordance with para 1.12:

- The requirement to prepare a statement of cash flows (Section 7 of FRS102 and para 3.17 (d))
- The non-disclosure of key management personnel compensation (FRS102 para 33.7)
- Certain financial instruments disclosures, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated (FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29)
- Certain disclosure requirements of Section 26 in respect of share based payments, providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated (FRS102 paras 26.18(b), 26.19 – 26.21, 26.23).

Details regarding the consolidated financial statements of the group in which the entity is consolidated are provided on page 15.

#### **Going concern**

The Company made an operating loss of £8,585,919 in the year to 31 December 2015. Included within debtors due within one year is £12,265,672 that relates to amounts due from group undertakings that will be settled from future trading activity. The directors have prepared financial forecasts that take account of the change in strategy as noted in the Strategic Report and which assume the continued support of the Group's bankers.

After making enquiries, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in the Directors' Report.

# **EAGLEMOSS HOLDINGS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR 2015**

### **1 Accounting policies (continued)**

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 2.

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **Preparation of group financial statements**

The financial statements contain information about Eaglemoss Holdings (UK) 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 by full consolidation in the consolidated financial statements of its ultimate parent, Eaglemoss Capital Ltd. The consolidated accounts can be found at Companies House, Crown Way, Cardiff, CF14 3UZ.

#### **Related party transactions**

The company is a wholly owned subsidiary company of Eaglemoss Capital Ltd and is included in the consolidated financial statements. Consequently, the company is exempt under the terms of FRS 8 from disclosing details of transactions with related parties who are 100% subsidiaries of Eaglemoss Capital Ltd.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains and losses on foreign currency borrowings and deposits are reported within interest receivable and similar income or interest payable and similar charges. Differences on all other transactions are taken to the profit and loss account. The company's functional and presentational currency is Sterling.

#### **Fixed asset investments: Subsidiary undertakings**

Investments in subsidiary and associated undertakings are disclosed at cost less any provisions for permanent diminution in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### **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. Current or deferred taxation assets and liabilities are not discounted.

#### **Financial instruments**

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



# EAGLEMOSS HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR 2015

### 1 Accounting policies (continued)

#### ***Financial assets***

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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 profit and loss.

If there is a 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 profit or loss.

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) despite having retained some significant risks and rewards of ownership, 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.

#### ***Financial liabilities***

Basic financial liabilities, including trade and other payables that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables 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.

#### ***Deferred taxation***

Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. Deferred tax assets are recognised to the extent that they are recoverable, that is, the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

# EAGLEMOSS HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR 2015

### 1 Accounting policies (continued)

#### Exceptional Items

The company is disclosing every significant uncommon transaction so as to separate normal business operations from unusual ones. 2015 has been a year of transformation for the Eaglemoss group, and Eaglemoss Holdings (UK) Limited incurred exceptional items in relation to intercompany loan waivers in relation to the group reorganisation and restructuring costs.

### 2 Key sources of estimation uncertainty and judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no key sources of estimation uncertainty or judgement that have a significant effect on the amounts recognised in the financial statements.

### 3 Operating Loss

	2015	2014
	£	£
Operating loss is stated after crediting:		
Net foreign exchange gains	(277,495)	(838,381)

The auditor's remuneration has been paid by the parent, Eaglemoss Capital Limited, and is disclosed in the group consolidated accounts.

### 4 Exceptional items

Exceptional items in the year relate to intercompany loan waivers in relation to the group reorganisation and restructuring costs.

# EAGLEMOSS HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR 2015

### 5 Interest receivable and similar income

	2015 £	2014 £
Interest on amount by parent undertaking	245,475	-
Foreign exchange differences on monetary assets & liabilities	4,171,831	2,635,816
	<hr/>	<hr/>
	4,417,306	2,635,816
	<hr/>	<hr/>

### 6 Interest payable and similar charges

	2015 £	2014 £
Interest on amount owed to former parent undertaking	1,341,847	2,826,974
Debt issue costs	10,056	20,112
	<hr/>	<hr/>
	1,351,903	2,847,086
	<hr/>	<hr/>

### 7 Tax on loss on ordinary activities

	2015 £	2014 £
<b>Current tax:</b> UK corporation tax	<hr/>	<hr/>
	-	-
Tax on loss on ordinary activities	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

# EAGLEMOSS HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR 2015

### 7 Tax on loss on ordinary activities (continued)

#### Tax reconciliation

	2015 £	2014 £
Loss on ordinary activities before taxation	(5,520,516)	(44,930,777)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	(1,117,715)	(9,657,040)
Effects of:		
Expenses not deductible for tax purposes	1,802,990	9,853,909
Income not taxable for tax purposes	(796,734)	(353,137)
Transfer pricing adjustments	-	60,646
Group relief surrendered	-	313,062
Utilisation of tax losses	-	(217,440)
Adjustment to tax charge in respect of previous periods – deferred tax	(6,636)	-
Effect of changes in tax rate	140,206	-
Deferred tax not recognised	(22,111)	-
Total tax	-	-

Subject to the UK tax authority's agreement, the company has tax losses of approximately £6,942,448 (2014: £6,358,758) available for carry forward and offset against future non-trading profits. The company has a potential deferred tax asset of £1,249,641 (2014: £1,282,831), which has not been recognised as it is not regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted.

#### Factors that may affect future tax charges

The main rate of corporation tax was reduced from 21% to 20% from 1 April 2015. On 26 October 2015, a further reduction in corporation tax rate to 18% from 1 April 2020 was substantively enacted. These changes are reflected in the financial statements.

### 8 Staff costs

No staff are employed by Eaglemoss Holdings (UK) Limited.

### 9 Directors' emoluments

Director emoluments are borne by another group entity.

# EAGLEMOSS HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR 2015

<b>10</b>	<b>Fixed asset investments</b>	<b>Subsidiary Undertakings £</b>
	<b>Cost</b>	
	At 1 January 2015 and 31 December 2015	50,682,017
	<b>Impairment</b>	
	At 1 January 2015 and 31 December 2015	(50,682,017)
	<b>Net book value</b>	
	At 31 December 2015 and 2014	-

The directors chose to fully impair the investments during 2014 as they did not consider the carrying value of the investment to be supported by its underlying net assets.

	<b>Interest in ordinary shares</b>	<b>Country of incorporation and registered office</b>	<b>Principal activities</b>
Eaglemoss Publishing Group Limited	100%	UK 1st Floor, Beaumont House, Kensington Village, Avonmore Road, London, W14 8TS	Publishing
Eaglemoss Limited	100%	UK 1st Floor, Beaumont House, Kensington Village, Avonmore Road, London, W14 8TS	Publishing

# EAGLEMOSS HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR 2015

### 11 Debtors

	2015 £	2014 £
Amounts owed by group undertakings	3,718	8,594,745
Loans payable by group undertakings	12,261,954	-
Other debtors	119,699	126,410
Prepayments and accrued income	23,164	25,996
	<hr/> 12,408,535	<hr/> 8,747,151

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

Loans payable by group undertakings attract interest of EURIBOR +3.75% p.a.

### 12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	5,611	41,236
Amounts owed to group undertakings	466,086	1,425,563
Other creditors	676,716	962,386
Accruals and deferred income	17,380	17,406
	<hr/> 1,165,793	<hr/> 2,446,591

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

### 13 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to former parent undertaking	-	37,459,894

The loans payable to the former parent undertaking were cleared in exchange for new share capital as part of the group restructuring in June 2015. Interest of 7.5% p.a. was payable on the group loan.

# EAGLEMOSS HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR 2015

### 14 Deferred tax

	2015 £	2014 £
At 1 January	-	-
Charged to profit or loss	-	-
	<hr/>	<hr/>
At 31 December	-	-
	<hr/>	<hr/>
	 2015 £	 2014 £
Accelerated capital allowances	-	-
Fair value gains	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Deferred tax assets of £1,249,641 (2014: £1,271,752) have not been recognised in respect of losses amounting to £6,942,448 (2014: £6,391,938) that can be carried forward against future taxable income.

### 15 Called up share capital

	2015 £	2014 £
Allotted and fully paid share capital:		
1,001,100 (2014: 1,000) ordinary shares of £1 each	1,001,100	1,000
	<hr/>	<hr/>
Ordinary shares of £1 each		
At 1 January	1,000	1,000
Issued in the year	1,000,100	-
	<hr/>	<hr/>
At 31 December	1,001,100	1,000
	<hr/>	<hr/>

As part of the Group restructuring on 30 June 2015, 1,000,100 ordinary shares with an aggregate nominal value of £1,000,100 were issued to the former parent company in exchange for the intercompany debt being waived, at a value of £47.913745 per share.

All shares have equal rights.

# EAGLEMOSS HOLDINGS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR 2015

### 16 Reserves

#### Share premium reserve

This reserve records the amount above the nominal value received for shares sold, less transaction costs

#### Retained earnings

This reserve relates to cumulative retained earnings less amounts distributed to shareholders

### 17 Reconciliation of movements in shareholders' funds/(deficit)

	2015 £	2014 £
Opening shareholders' (deficit)/funds	(31,150,968)	13,779,809
Issue of ordinary shares	1,000,100	-
Share premium received on share issue	46,918,437	-
Loss for the financial year	(5,520,516)	(44,930,777)
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	11,247,053	(31,150,968)
	<hr/>	<hr/>

### 18 Related parties transactions and ultimate controlling party

The company is exempt from disclosing related parties transactions with other companies that are wholly owned within the group.

There were no related parties transactions with companies that are not wholly owned within the group in the year.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial Statements is Eaglemoss Capital Ltd, the company's immediate parent. Copies of the Eaglemoss Capital Ltd consolidated financial statements can be obtained from the Companies House.

The ultimate controlling party of the group is Verdoso S.A., a company registered in Luxembourg, holding 25% of the issued share capital of the company. The remaining shares are owned by private shareholders and companies, none of whom own more than 20% of the issued share capital of the company.