

Smyths Toys UK Limited

**Directors' Report and Financial Statements
Year ended 31 December 2012**

Registered number: 06051517

THURSDAY



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DIRECTORS AND OTHER INFORMATION

Board of Directors

Anthony Smyth
Liam Smyth
Patrick Smyth
Thomas Smyth

Solicitors

Royds Solicitors
65 Carter Lane
London EC4V 5HF
England

Secretary and Registered Office

Anthony Smyth
65 Carter Lane
London EC4V 5HF
England

Bankers

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London E14 5HP
England

Registered number: 06051517

Auditors

PricewaterhouseCoopers
Harris House
IDA Small Business Centre
Tuam Road
Galway
Ireland

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012. The comparative period is the 9 months ended 31 December 2011.

Principal activities

The principal activity of the company is the sale of toys and associated products from its retail stores in the UK.

Business review

The main activity of the company is the sale of toys and associated products through its retail stores in the UK. Underlying turnover has increased in the year, primarily due to new store openings. The company reported a profit before tax of £2.3m for the year (December 2011: £2.4m). The principal risks and uncertainties facing the company are competitive pressures and the general economic climate.

Future developments

It is envisaged that further expansion will occur in the UK market in the coming years through the opening of new stores.

Financial risk management

The company's operations expose it to a variety of financial risks including price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. The company has in place a programme to manage the financial exposures of the company. Under the company's transfer pricing structure with Smyths Toys HQ, the majority of these risks are limited for Smyths Toys UK Limited.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies are set by the board of directors and are implemented by the company's finance department. The department has policies that set out specific guidelines to manage interest rate risk, credit risk and foreign exchange risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The company is exposed to price risk on products in which it trades. However, this risk is limited for Smyths Toys UK Limited due to the transfer pricing structure under which it operates with Smyths Toys HQ. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

The parent group is exposed to foreign exchange risks in the normal course of business, principally on purchases in US dollars. The group's policy on mitigating the effect of this currency exposure is to purchase Dollars when the price is strong. Under the company's trading structure with Smyths Toys HQ, the company bears minimal foreign exchange risk.

Credit risk

The company has limited credit risk as the majority of sales are retail. The company has implemented policies that require appropriate credit checks on potential customers before any credit sales are made.

Liquidity risk

Liquidity risk is managed at group level.

Interest rate and cash flow risk

The company does not have any interest bearing assets or liabilities.

Results and dividends

The profit and loss account is set out on page 8. The company's profit for the year was £1,654,963 (2011: £1,683,620). A dividend of £nil (2011: £0.96663) per ordinary share amounting to £nil (2011: £2,900,000) was paid during the year.

DIRECTORS' REPORT - continued

Directors

The directors of the company are set out below and, unless otherwise indicated, they served as directors for the entire year

Anthony Smyth
Liam Smyth
Patrick Smyth
Thomas Smyth

Post balance sheet events

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

Research and development

The company did not engage in any research and development activities during the year

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the performance of their business units and of the company as a whole. Communication with all employees continues through the in-house meetings, briefing groups, notice boards and intranet.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

DIRECTORS' REPORT - continued

Disclosure of information to auditors


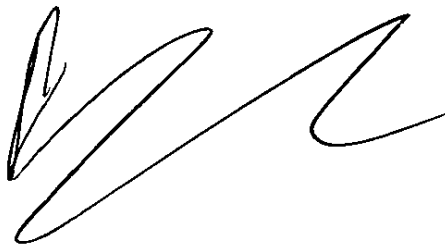
So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board



15.04.2013

Anthony Smyth

Patrick Smyth



Independent auditors' report to the members of Smyths Toys UK Limited

We have audited the financial statements of Smyths Toys UK Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 4, 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify any material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its profit and cash flows 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 for the financial period for which the financial statements are prepared, is consistent with the financial statements.

*PricewaterhouseCoopers, Harris House, IDA Small Business Centre, Tuam Road, Galway, Ireland
T +353 (0)91 764620 F +353 (0)91 764621, www.pwc.com/ie*

Chartered Accountants



Independent auditors' report to the members of Smyths Toys UK Limited - continued

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 'Ann Lavin'.

**Ann Lavin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Galway, Ireland**

4 July 2013

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2012

		Year ended 31 December 2012 £	9 months ended 31 December 2011 £
	Notes		
Turnover	2	152,541,791	97,356,512
Cost of sales		<u>(117,616,980)</u>	<u>(73,339,693)</u>
Gross profit		34,924,811	24,016,819
Selling and distribution expenses		<u>(32,059,181)</u>	<u>(21,582,906)</u>
Operating profit	3	2,865,630	2,433,913
Loss on disposal of fixed assets	7	<u>(577,503)</u>	<u>-</u>
Profit on ordinary activities before taxation		2,288,127	2,433,913
Tax on profit on ordinary activities	6	<u>(633,164)</u>	<u>(750,293)</u>
Profit for the financial year/period		<u>1,654,963</u>	<u>1,683,620</u>

Turnover and operating profit arose solely from continuing operations. The company had no recognised gains or losses other than those dealt with in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
31 December 2012

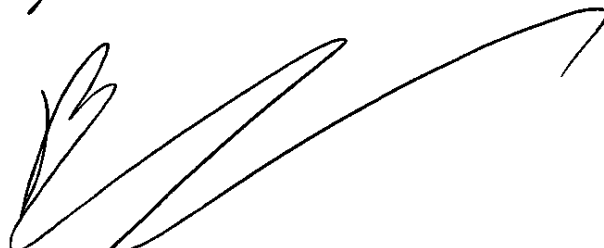
	Notes	31 December 2012 £	31 December 2011 £
Fixed assets			
Tangible assets	7	<u>32,617,143</u>	<u>25,544,084</u>
Current assets			
Debtors	8	30,953,088	31,869,696
Cash at bank and in hand		<u>3,249,303</u>	<u>95,033</u>
		34,202,391	31,964,729
Creditors - amounts falling due within one year	9	<u>(18,718,060)</u>	<u>(21,897,972)</u>
Net current assets		<u>15,484,331</u>	<u>10,066,757</u>
Total assets less current liabilities		48,101,474	35,610,841
Creditors - amounts falling due after more than one year	10	(40,934,519)	(30,148,463)
Provisions for liabilities	12	<u>(797,514)</u>	<u>(747,900)</u>
Net assets		<u>6,369,441</u>	<u>4,714,478</u>
Capital and reserves			
Called up share capital	13	3,000,100	3,000,100
Profit and loss account	14	<u>3,369,341</u>	<u>1,714,378</u>
Equity shareholders' funds	15	<u>6,369,441</u>	<u>4,714,478</u>

The financial statements on pages 8 to 18 were approved by the board of directors on 1 July 2013 and were signed on its behalf by

Smyths Toys UK Limited
Registered number: 06051517



Anthony Smyth



Patrick Smyth

CASH FLOW STATEMENT
Year ended 31 December 2012

	Notes	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Net cash inflow from operating activities	17(a)	6,294,531	649,465
Taxation paid		(850,456)	(375,228)
Capital expenditure and financial investment	17(b)	(10,786,056)	(9,313,822)
Equity dividends paid		-	(2,900,000)
Cash outflow before financing		(5,341,981)	(11,939,585)
Financing	17(c)	<u>10,786,056</u>	<u>9,313,822</u>
Increase/(decrease) in cash in year/period		<u>5,444,075</u>	<u>(2,625,763)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH/(DEBT)

		Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Increase/(decrease) in cash for the year/period		5,444,075	(2,625,763)
Opening net (debt)/cash		<u>(2,194,772)</u>	<u>430,991</u>
Closing net cash/(debt)	18	<u>3,249,303</u>	<u>(2,194,772)</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

These financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Historical cost convention

The financial statements are prepared under the historical cost convention.

Turnover and revenue recognition

Turnover represents the total value, excluding value added tax, of sales made during the period through the company's retail stores. Revenue is recorded net of returns and relevant vouchers/offers, when the significant risk and rewards of ownership have transferred to the buyer. Relevant vouchers/offers include money-off coupons and offers such as "buy one get one free". Revenues in respect of gift vouchers are deferred and are recognised in the profit and loss account when the vouchers are utilised by the customer.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation. Historical cost includes all expenditure that is directly attributable to the acquisition of the assets.

Depreciation is provided at rates calculated to write off the cost, less residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold property improvements	- 6.67%
Equipment	- 20%
Fixtures & fittings	- 10%

Foreign currency

The financial statements are presented in Sterling (£).

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated to Sterling at the rates of exchange ruling at the balance sheet date. The resulting gains or losses are reflected in the profit and loss account.

Taxation

Corporation tax is provided on taxable profits at current rates.

Deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profits as computed for taxation purposes and profits recognised in the financial statements which arise because certain gains and losses in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is measured at the tax rates expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

Operating leases

Operating lease rentals are charged to the profit and loss account in the period to which they relate.

Operating lease incentives are recognised in the profit and loss account on a straight line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Dividends

Dividends on equity shares are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders and are no longer at the discretion of the company. Interim dividends declared by the directors are recognised when paid.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity, which is wholly undertaken in the UK.

3 Operating profit

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Operating profit is stated after charging		
Staff costs:		
Wages and salaries	10,151,535	6,827,648
Social security costs	637,686	422,403
Pension costs	9,648	6,986
	<u>10,798,869</u>	<u>7,257,037</u>
Depreciation of tangible fixed assets (note 7)	3,135,494	1,959,487
Operating lease rentals – premises	8,422,781	5,184,408
Services provided by the company's auditor:		
Fees payable for the audit	13,000	10,200
Fees payable for other services - taxation	<u>13,475</u>	<u>11,010</u>

4 Directors' emoluments

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Aggregate emoluments	<u>-</u>	<u>-</u>
Highest paid director		
	£	£
Total emoluments	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Employees

The average number of persons employed by the company (including executive directors) during the year was 789 (December 2011 736) and is analysed as follows

	Year ended 31 December 2012 Number	9 months ended 31 December 2011 Number
Selling and distribution	<u>789</u>	<u>736</u>

6 Taxation on profit for the year/period

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Current tax:		
UK corporation tax on profit for the year/period	583,550	610,857
Adjustment in respect of prior years	<u>-</u>	<u>(1,847)</u>
Current tax charge for the year/period	<u>583,550</u>	<u>609,010</u>
Deferred tax:		
Charge for the year/period (note 12)	109,446	147,371
Adjustment in respect of prior years	-	17,243
Effect of decrease in tax rate on opening deferred tax liability (note 12)	<u>(59,832)</u>	<u>(23,331)</u>
Deferred tax charge for the year/period	<u>49,614</u>	<u>141,283</u>
Total tax charge for the year/period	<u>633,164</u>	<u>750,293</u>

The current tax charge for the year differs from the charge which would result from applying the standard rate of corporation tax in the UK of 24.5% (2011 26%) to the profit for the year. The differences are explained below

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Profit on ordinary activities before tax	<u>2,288,127</u>	<u>2,433,913</u>
Profit on ordinary activities multiplied by standard corporation tax rate in the UK of 24.5% (2011 26%)	560,591	632,817
Effects of		
Expenses not deductible for tax purposes	139,608	131,305
Capital allowances in excess of depreciation	(116,649)	(153,265)
Adjustment in respect of prior years	<u>-</u>	<u>(1,847)</u>
Current tax charge for the year/period	<u>583,550</u>	<u>609,010</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Taxation on profit for the year - continued

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate to 23% was substantially enacted on 3 July 2012 and is effective from 1 April 2013. The deferred tax provision has been re-measured at this rate.

Further reductions to the UK corporation tax were announced in the March 2012 budget. The change, which is expected to be enacted later this year, proposes to reduce the rate by 1% to 22% by 1 April 2014. This change has not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

7 Tangible fixed assets	Leasehold property improvements	Equipment	Fixtures and Fittings	Total
	£	£	£	£
Cost				
At 1 January 2012	25,296,635	2,486,533	4,751,184	32,534,352
Additions	9,066,997	1,027,015	692,044	10,786,056
Disposals	(929,245)	(18,764)	-	(948,009)
At 31 December 2012	<u>33,434,387</u>	<u>3,494,784</u>	<u>5,443,228</u>	<u>42,372,399</u>
Accumulated depreciation				
At 1 January 2012	4,297,535	1,422,920	1,269,813	6,990,268
Charge for the year	2,026,600	602,087	506,807	3,135,494
Disposals	(351,742)	(18,764)	-	(370,506)
At 31 December 2012	<u>5,972,393</u>	<u>2,006,243</u>	<u>1,776,620</u>	<u>9,755,256</u>
Net book amount				
At 31 December 2012	<u>27,461,994</u>	<u>1,488,541</u>	<u>3,666,608</u>	<u>32,617,143</u>
At 31 December 2011	<u>20,999,100</u>	<u>1,063,613</u>	<u>3,481,371</u>	<u>25,544,084</u>

8 Debtors

	31 December 2012 £	31 December 2011 £
Amounts owed by parent and fellow subsidiary undertakings	26,831,719	28,886,876
Prepayments and accrued income	4,107,595	2,982,820
Corporation tax recoverable	13,774	-
	<u>30,953,088</u>	<u>31,869,696</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Creditors - amounts falling due within one year	31 December 2012 £	31 December 2011 £
Bank overdraft (note 11)	-	2,289,805
Corporation tax	-	253,132
Accruals and deferred income	15,746,090	14,232,292
Value added tax	2,692,252	4,932,313
Other taxes and social security	279,718	190,430
	<u>18,718,060</u>	<u>21,897,972</u>

10 Creditors - amounts falling due after more than one year	31 December 2012 £	31 December 2011 £
Amounts owed to parent and fellow subsidiary undertakings	<u>40,934,519</u>	<u>30,148,463</u>

Amounts owed to parent and fellow subsidiary undertakings are unsecured, interest free and are due for payment after more than one year.

11 Bank loans and overdrafts - maturity	31 December 2012 £	31 December 2011 £
In one year or less, or on demand	-	2,289,805
In more than one year, but not more than two years	-	-
In more than two years, but not more than five years	-	-
In more than five years	-	-
	<u>-</u>	<u>2,289,805</u>

12 Provisions for liabilities	Deferred Taxation £
At 1 January 2012	747,900
Charge for year	109,446
Effect of decrease in tax rate on opening deferred tax liability	(59,832)
At 31 December 2012	<u>797,514</u>

Deferred taxation arises entirely due to timing differences on fixed assets

13 Share capital	31 December 2012 £	31 December 2011 £
Authorised		
6,000,000 ordinary shares of £1 each	<u>6,000,000</u>	<u>6,000,000</u>
Allotted, called up and fully paid		
3,000,100 ordinary shares of £1 each	<u>3,000,100</u>	<u>3,000,100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Reserves

	Profit and Loss account £	Total £
At 1 January 2012	1,714,378	1,714,378
Profit for the year	<u>1,654,963</u>	<u>1,654,963</u>
At 31 December 2012	<u>3,369,341</u>	<u>3,369,341</u>

15 Reconciliation of movements in equity shareholders' funds

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Profit for the year/period	1,654,963	1,683,620
Dividends (note 16)	<u>-</u>	<u>(2,900,000)</u>
Net addition/(reduction) to equity shareholders' funds	1,654,963	(1,216,380)
Opening equity shareholders' funds	<u>4,714,478</u>	<u>5,930,858</u>
Closing equity shareholders' funds	<u>6,369,441</u>	<u>4,714,478</u>

16 Dividends

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Dividends paid £nil (December 2011 £0 96663) per ordinary share	<u>-</u>	<u>2,900,000</u>

17 Notes to cashflow statement

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
a) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	2,865,630	2,433,913
Depreciation charge	3,135,494	1,959,487
Decrease/(increase) in debtors	930,382	(15,646,325)
(Decrease)/increase in creditors	<u>(636,975)</u>	<u>11,902,390</u>
Net cash inflow from operating activities	<u>6,294,531</u>	<u>649,465</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Notes to cashflow statement - continued

	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
b) Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(10,786,056)	(9,313,822)
Net cash outflow from capital expenditure and financial investment	<u>(10,786,056)</u>	<u>(9,313,822)</u>
c) Financing		
	Year ended 31 December 2012 £	9 months ended 31 December 2011 £
Financing received from parent and fellow subsidiary undertakings	10,786,056	9,313,822
Net cash inflow from financing	<u>10,786,056</u>	<u>9,313,822</u>

18 Analysis of net (debt)/cash

	At 31 December 2011 £	Cash flow £	At 31 December 2012 £
Cash at bank and in hand	95,033	3,154,270	3,249,303
Bank overdrafts	<u>(2,289,805)</u>	<u>2,289,805</u>	-
Net (debt)/cash	<u>(2,194,772)</u>	<u>5,444,075</u>	<u>3,249,303</u>

19 Guarantees

The company is a participant in group banking facilities under which it has given a cross guarantee and indemnity in respect of all sums owing to the banks by its parent company and the other group guarantors under the facilities. The group banking facilities are also secured by a charge over the assets of Smyths Toys UK Limited. In addition the shares in Smyths Toys UK Limited have been charged in favour of the banks.

20 Pension costs

The company operates a defined contribution pension scheme for employees. The charge for the year was £9,648 (2011 £6,986) none of which was outstanding at the balance sheet date.

21 Parent undertaking

The immediate parent undertaking of Smyths Toys UK Limited is Smyths Toys HQ, a company incorporated in the Republic of Ireland. The ultimate parent undertaking and controlling party is Smyths Toys Holding, a company incorporated in the Republic of Ireland. The parent companies of the smallest and largest groups of undertakings of which the company is a member and in whose consolidated financial statements it is included are Smyths Toys HQ and Smyths Toys Holding respectively.

NOTES TO THE FINANCIAL STATEMENTS - continued**22 Related party transactions**

The company has availed of the exemption contained in FRS 8 "Related Party Disclosures", in respect of subsidiary undertakings, all of whose voting rights are controlled within the group. Consequently, the financial statements do not contain disclosures of transactions with entities wholly owned within the Smyths Toys Holding group.

23 Capital commitments

The company had no capital commitments at either balance sheet date.

24 Financial commitments**Operating leases**

At 31 December 2012 the company had annual commitments under non-cancellable operating leases for buildings expiring as follows:

	31 December 2012 £	31 December 2011 £
Within one year	-	1,070,218
In more than one year, but not more than five years	-	792,675
After five years	<u>9,306,684</u>	<u>5,659,290</u>