

COMPANY NUMBER 09555010

**EAGLEMOSS CAPITAL LIMITED**

**Annual Report and Financial Statements  
for the year ended  
31 December 2018**



## **EAGLEMOSS CAPITAL LIMITED**

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## **EAGLEMOSS CAPITAL LIMITED**

### **DIRECTORS AND ADVISERS**

#### **Directors**

Joseph Georges Bensoussan  
Robert Bensoussan  
Olivier Beressi  
John Dominic Weare Brown  
Vincent Fahmy  
Marcel Katz

#### **Registered office**

1<sup>st</sup> Floor Beaumont House  
Avonmore Road  
London  
W14 8TS

#### **Auditors**

Nexia Smith & Williamson  
Chartered Accountants & Statutory  
Auditors  
25 Moorgate  
London  
EC2R 6AY

## **EAGLEMOSS CAPITAL LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present the group strategic report for Eaglemoss Capital Limited and its subsidiary companies for the year ended 31 December 2018.

#### **PRINCIPAL ACTIVITIES**

The principal activity of Eaglemoss Capital Limited is to be the holding company of the Eaglemoss group, whose activities comprise of research, production and sale of collectibles. Core business includes partworks collections defined as high quality series of books or magazines and components (e.g. Figurines, Die-cast cars, Cooking or Craft items, Build-ups collectibles), linked to a brand, a character or a hobby and intended to be collected to form a complete work. The group sells its products across 27 countries with its major markets in the United Kingdom, France, Germany, USA, Australia, Brazil and Russia.

Eaglemoss is a well-established independent global publisher which has successfully initiated its digital transformation and become a multi-channel group, selling across:

- Retail (newsagents, other retailers selling newspapers and magazines directly to the public, stationery and convenience stores, mass market retailers, toy and comics stores)
- Subscriptions (through direct marketing to consumers or derived from retail customers converted to subscribers)
- Wholly-owned Eshops

#### **BUSINESS REVIEW**

Since the creation of the Eaglemoss group (dated June 30, 2015), the strategy is based on:

- International developments of Eshops and Direct Marketing
- Consolidation of its leadership in resilient European partworks markets and commercial partnerships with local players in Latin America, Japan and Brazil.

The group's key financial performance indicators during the year were as follows:

- Turnover was £80.0M compared to £90.5M in previous year and Gross profit was £29.0M compared to £33.3M in previous year due to the reduced number of products released in traditional newsagents.
- Operating income before exceptional items and net foreign exchange losses and gains was £3.5M compared to £3.4M in previous year
- Operating income before net foreign exchanges losses and gains was £1.1M compared to £2.5M in previous year
- Operating income was £1.4M compared to £1.8M in previous year, after including the foreign exchange losses and gains
- In 2018, the group loss was £138,000 against a loss of (£1,210,000) compared to the previous year. The company profit was £570,000 against £3,738,000 compared to the previous year.
- The company's key financial performance indicator is the Group EBITDA, calculated as the operating income before net foreign exchanges losses and gains, the exceptional items and the fixed assets depreciation. The Group EBITDA was £3.8M compared to £3.7M in previous year, which is a 3% annual increase.

## **EAGLEMOSS CAPITAL LIMITED**

### **STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **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 is managed on a group wide basis. Group working capital requirements are met by use of bank loans, shareholder 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 by 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 group and company have in place 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).

##### *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 FX hedging financial instruments as explained above and close management of its cash flow forecasts.

Details of the group's financial instruments and its policies with regard to financial risk management are given in note 1 to the financial statements.

**Approved by the board of directors  
and signed on behalf of the board**

**G Bensoussan**  
17 April 2019



## **EAGLEMOSS CAPITAL LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

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

Eagle Moss Capital Limited is a company, limited by shares, incorporated and domiciled in England and Wales and has its registered office and principal place of business at 1<sup>st</sup> Floor Beaumont House, Avonmore Road, London, W14 8TS.

#### **RESULTS FOR THE PERIOD AND DIVIDENDS**

The Group loss for the year after taxation was £138,000 (2017: loss after taxation £1,210,000). The directors do not recommend a dividend (2017: £nil).

#### **DIRECTORS**

The directors of the company who served during the year were:

Joseph Georges Bensoussan  
Robert Bensoussan  
Olivier Beressi  
John Dominic Weare Brown  
Vincent Fahmy  
Marcel Katz

#### **GOING CONCERN**

The group results show consolidated operating income in the year ended 31 December 2018 of £1,410k (2017: £1,761k) and a consolidated loss after taxation of £138k (2017: loss after taxation £1,210k).

The group had net assets at 31 December 2018 of £12,068k (2017: £839k). £3,591k is included in liabilities in respect of a revolving credit facility that is due for repayment by October 2020. The directors have prepared financial forecasts that assume that funding support at a substantially reduced level will be available on commercial terms. However, the financial forecasts prepared by the Directors support a repayment of the revolving credit facility in full, should the facility be required to be repaid on October 2020.

After making enquiries the directors have a reasonable expectation that the group and company will have adequate resources to continue in operational existence for the foreseeable future.

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

There are no post balance sheet events.

#### **FUTURE DEVELOPMENTS**

The directors will continue to develop new products and market them on a multi-channel basis. The directors are not aware at the date of this report, of any likely changes in the group's activities in the forthcoming year.

## **EAGLEMOSS CAPITAL LIMITED**

### **DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **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 audit 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 information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **AUDITORS**

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

**Approved by the board of directors  
and signed on behalf of the board**

**G Bensoussan**  
17 April 2019



Registered number 09555010 England and Wales

## **EAGLEMOSS CAPITAL LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with 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". 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 group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS  
CAPITAL LIMITED****Opinion**

We have audited the financial statements of Eaglemoss Capital Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, 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 state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's 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 group and parent 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**

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

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

**Other information**

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS  
CAPITAL LIMITED (continued)****Other information (continued)**

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAGLEMOSS  
CAPITAL LIMITED (continued)**

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Nexia Smith & Wm*

Stephen Drew  
Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY

Date: 17/4/2019

# EAGLEMOSS CAPITAL LIMITED

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 Total £'000	2017 Total £'000
Turnover	3	80,005	90,549
Cost of sales		(51,008)	(57,244)
<b>Gross profit</b>		<b>28,997</b>	<b>33,305</b>
Administrative expenses		(25,723)	(28,452)
Exceptional items	5	(2,327)	(900)
Net loss on disposal of a fixed assets		(2)	(11)
Joint arrangement partners share of profits		148	(1,464)
Gain on financial assets at fair value through profit and loss account		38	35
<b>Operating income before net foreign exchange losses and gains</b>		<b>1,130</b>	<b>2,513</b>
Foreign exchange losses and gains		280	(752)
<b>Operating income after net foreign exchange losses and gains</b>	4	<b>1,410</b>	<b>1,761</b>
Interest receivable and similar income	8	32	54
Interest payable and similar charges	8	(1,552)	(2,793)
<b>Profit/(Loss) before taxation</b>		<b>(110)</b>	<b>(978)</b>
Taxation	9	(28)	(232)
<b>Profit/(Loss) for the financial year</b>		<b>(138)</b>	<b>(1,210)</b>

The notes on pages 17 to 38 form part of these financial statements.

**EAGLEMOSS CAPITAL LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018</b>	<b>2017</b>
	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit/(Loss) for the financial year</b>	<b>(138)</b>	<b>(1,210)</b>
<b>Other comprehensive (loss)/income for the year</b>		
Exchange differences on retranslation of subsidiary undertakings	(108)	854
<b>Total comprehensive profit/(loss) for the financial year</b>	<b>(246)</b>	<b>(356)</b>

Profit and total comprehensive income for the financial year is attributable to the owners of the parent.

The notes on pages 17 to 38 form part of these financial statements.

# EAGLEMOSS CAPITAL LIMITED

## CONSOLIDATED BALANCE SHEET as at 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	10	35	59
Tangible assets	11	682	423
Debtors : Amount falling due after one year	12	195	-
		<b>912</b>	<b>482</b>
<b>Current assets</b>			
Stocks	14	17,620	14,437
Debtors	15	24,293	23,747
Cash at bank and in hand		4,600	7,460
		<b>46,513</b>	<b>45,644</b>
<b>Creditors: amounts falling due in less than one year</b>	17	(30,399)	(35,041)
<b>Net current assets</b>		<b>16,114</b>	<b>10,603</b>
<b>Total assets less current liabilities</b>		<b>17,026</b>	<b>11,085</b>
<b>Creditors: amounts falling due in more than one year</b>	19	(3,591)	(8,304)
<b>Provisions for liabilities</b>	23	(1,367)	(1,942)
<b>Net assets</b>		<b>12,068</b>	<b>839</b>
<b>Capital and reserves</b>			
Share capital	24	11,441	1
Share premium account	25	107	72
Transactions with owners reserve	25	15	15
Retained earnings	25	505	751
<b>Total equity</b>		<b>12,068</b>	<b>839</b>

The financial statements were approved by the board of directors on 17 April 2019 and were signed on its behalf by:



**G Bensoussan**  
Director

Registered company number 09555010

The notes on pages 17 to 38 form part of these financial statements.

**EAGLEMOSS CAPITAL LIMITED**

**COMPANY BALANCE SHEET as at 31 December 2018**

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Investments	13	<u>6,689</u>	<u>389</u>
<b>Current assets</b>			
Debtors	16	25,905	24,864
Cash at bank and in hand		722	12
		<u>26,627</u>	<u>24,876</u>
<b>Creditors: amounts falling due in less than one year</b>	18	<u>(1,781)</u>	<u>(1,062)</u>
<b>Net current assets</b>		24,846	23,814
<b>Total assets less current liabilities</b>		<u>31,535</u>	<u>24,203</u>
<b>Creditors: amounts falling due in more than one year</b>	20	<u>(3,591)</u>	<u>(8,304)</u>
<b>Net assets</b>		<u>27,944</u>	<u>15,899</u>
<b>Capital and reserves</b>			
Called up share capital	24	11,441	1
Share premium account	25	107	72
Transactions with Owners	25	15	15
Profit and loss account	25	<u>16,381</u>	<u>15,811</u>
<b>Total equity</b>		<u>27,944</u>	<u>15,899</u>

The company's profit for the year ended 31 December 2018 was £570,000 (2017: £3,738,000).

The financial statements were approved by the board of directors on 17 April 2019 and were signed on its behalf by:



**G Bensoussan**  
**Director**

Registered number 09555010

The notes on pages 17 to 38 form part of these financial statements.

**EAGLEMOSS CAPITAL LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 31 DECEMBER 2017**

	Share capital £'000	Share premium £'000	Transaction with owners reserve £'000	Retained earnings £'000	<b>Total equity £'000</b>
<b>Balance at 1 January 2018</b>	<b>1</b>	<b>72</b>	<b>15</b>	<b>751</b>	<b>839</b>
<b>Profit for the year</b>	-	-	-	<b>(138)</b>	<b>(138)</b>
Other comprehensive loss	-	-	-	(108)	<b>(108)</b>
<b>Total comprehensive profit for the year</b>	-	-	-	<b>(246)</b>	<b>(246)</b>
Issue of equity share capital	11,440	35	-	-	<b>11,475</b>
<b>Balance at 31 December 2018</b>	<b>11,441</b>	<b>107</b>	<b>15</b>	<b>505</b>	<b>12,068</b>
	Share capital £'000	Share premium £'000	Transaction with owners reserve £'000	Retained earnings £'000	<b>Total equity £'000</b>
<b>Balance at 1 January 2017</b>	<b>1</b>	<b>72</b>	<b>15</b>	<b>1,107</b>	<b>1,195</b>
<b>Loss for the year</b>	-	-	-	<b>(1,210)</b>	<b>(1,210)</b>
Other comprehensive income	-	-	-	854	854
<b>Total comprehensive loss for the year</b>	-	-	-	<b>(356)</b>	<b>(356)</b>
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>72</b>	<b>15</b>	<b>751</b>	<b>839</b>

The notes on pages 17 to 38 form part of these financial statements.



**EAGLEMOSS CAPITAL LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2018 AND 31 DECEMBER 2017**

	Share capital £'000	Share premium £'000	Transaction with owners reserve £'000	Retained earnings £'000	<b>Total equity £'000</b>
<b>Balance at 1 January 2018</b>	<b>1</b>	<b>72</b>	<b>15</b>	<b>15,811</b>	<b>15,899</b>
Profit and total comprehensive income for the year	-	-	-	570	<b>570</b>
Issue of equity share capital	11,440	35	-	-	<b>11,475</b>
<b>Balance at 31 December 2018</b>	<b>11,441</b>	<b>107</b>	<b>15</b>	<b>16,380</b>	<b>27,944</b>
	Share capital £'000	Share premium £'000	Transactions with owners reserve £'000	Retained earnings £'000	<b>Total equity £'000</b>
<b>Balance at 1 January 2017</b>	<b>1</b>	<b>72</b>	<b>15</b>	<b>12,073</b>	<b>12,161</b>
Profit and total comprehensive income for the year	-	-	-	3,738	3,738
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>72</b>	<b>15</b>	<b>15,811</b>	<b>15,899</b>

The notes on pages 17 to 38 form part of these financial statements.

**EAGLEMOSS CAPITAL LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
<b>Net cash used in operating activities</b>	25	<b>(1,813)</b>	<b>(1,547)</b>
<b>Investing activities</b>			
Payments to acquire intangible assets		(1)	(67)
Payments to acquire tangible assets		(592)	(312)
		<hr/>	<hr/>
<b>Net cash flow used in investing activities</b>		<b>(593)</b>	<b>(379)</b>
		<hr/>	<hr/>
<b>Financing activities</b>			
Issue of ordinary share capital		2,709	-
New long term bank loans		3,545	-
Repayment of loans		(6,255)	(1,356)
Interest paid		(420)	(660)
		<hr/>	<hr/>
<b>Net cash flow used in financing activities</b>		<b>(420)</b>	<b>(2,016)</b>
		<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,826)</b>	<b>(3,942)</b>
Effect of exchange rates on cash & cash equivalents		(34)	(26)
<b>Cash and cash equivalents at beginning of the year</b>		7,460	11,428
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		<b><u>4,600</u></b>	<b><u>7,460</u></b>

The notes on pages 17 to 38 form part of these financial statements.

## **EAGLEMOSS CAPITAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1 Accounting policies**

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

##### **Basis of preparation**

Eagle Moss Capital Limited is a private limited company, limited by shares and incorporated in England and Wales. The address of the registered office is 1<sup>st</sup> Floor Beaumont House, Avonmore Road, London, W14 8TS.

The financial statements of the company and the group are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the company's accounting policies.

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.

##### **Exemptions**

The parent company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation; and
- reduced disclosures for share based payments (as equivalent disclosures have been given in the consolidated financial statements presented alongside the parent company's own financial statements).

##### **Basis of consolidation**

The group financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) prepared to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

## **EAGLEMOSS CAPITAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **Basis of consolidation (continued)**

The company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes.

##### **Going concern**

The group results show consolidated operating income in the year ended 31 December 2018 of £1,410k (2017: £1,761k) and a consolidated loss after taxation of £138k (2017: loss after taxation £1,210k).

The group had net assets at 31 December 2018 of £12,068k (2017: £839k). £3,591k is included in liabilities in respect of a revolving credit facility that is due for repayment by October 2020. The directors have prepared financial forecasts that assume that funding support at a substantially reduced level will be available on commercial terms. However, the financial forecasts prepared by the Directors support a repayment of the revolving credit facility in full, should the facility be required to be repaid on October 2020.

After making enquiries the directors have a reasonable expectation that the group and company will have adequate resources to continue in operational existence for the foreseeable future.

##### **Business combinations and goodwill**

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

The cost of a business combination is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group in exchange for control and the costs directly attributable to the business combination. The consideration transferred includes the estimate of any asset or liability resulting from a contingent consideration arrangement where the transfer of further consideration is probable and can be measured reliably. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. Contingent liabilities are only recognised where the fair value can be measured reliably.

The group measures goodwill at the acquisition date as the excess of the cost of the business combination over the acquirer's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised. Subsequently goodwill is amortised on a straight line basis over its useful life of 5 years.

When the excess is negative, the negative goodwill arising is recognised separately on the face of the balance sheet and released up to the fair value of the non-monetary assets as the non-monetary assets are recovered and otherwise in the periods expected to be benefited.

##### **Revenue recognition**

Revenue is derived from the company's principal activity being research, production and sale of collectibles.

## **EAGLEMOSS CAPITAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **Revenue recognition (continued)**

Revenue is measured at the fair value of consideration received or receivable and represents the amount receivable for goods supplied and services rendered, net of returns, discounts, rebates, value added tax and other sales taxes.

The company bases its estimate of returns on historical results, taking into consideration the specifics of each customer, transaction and arrangement.

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The company has transferred the significant risks and rewards of ownership to the buyer;
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the transaction; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Foreign currency**

###### ***Functional and presentation currency***

The Group financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is pound sterling.

###### ***Transactions and balances***

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 presented within the profit and loss account within net interest payable or net interest receivable. Differences on all other transactions are presented in the profit and loss account above operating profit and loss. The assets and liabilities of foreign branches are translated into sterling at the rate of exchange ruling at reporting date and their income statement is translated at average rate for the period. Exchange differences arising are dealt with in the statement of comprehensive income.

###### ***Translation***

The trading results of Group undertakings are translated into pound sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

## **EAGLEMOSS CAPITAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **Share-based payments**

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares is recognised as an employee benefit expense in profit or loss. Shares issued to directors employed by a subsidiary entity, who are also shareholders of Eaglemoss Capital, are treated as a capital contribution to the subsidiary in the profit and loss account and booked to the 'transactions with owners' reserve.

##### **Employee benefits**

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Joint arrangements**

Joint arrangements are arrangements with partner companies for the production of a particular partworks series, with each partner's contribution and share of profits agreed at the outset. The operations are either fully managed by one of the Eaglemoss group entities, including all assets and liabilities, or by the partner. No assets or liabilities are shared. Cash advances may be received from or provided to the partner company to help fund the initial operations and are included within creditors until repaid. The income statement reflects 100% of the turnover and cost of goods sold in relation to these arrangements that are operated by the Eaglemoss group companies. The partner companies' share of net profit/loss is then shown in the statement of comprehensive income. Where the partner manages the operations, the Eaglemoss group includes their share of losses or gains in the statement of comprehensive income. Amounts owed by joint arrangement partners is presented as part of debtors and amounts owed to joint arrangement partners is presented as part of creditors.

##### **Exceptional items**

The company is disclosing every significant uncommon transaction so as to separate normal business operations from unusual ones in note 5.

##### **Finance leased assets**

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

## **EAGLEMOSS CAPITAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **Operating 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.

##### **Pension costs**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **Interest payable and similar charges**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

##### **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. Withholding tax on royalty income is expensed to the profit and loss account.

Current or deferred taxation assets and liabilities are not discounted.

##### **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 year end.

##### **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 except for certain exceptions. 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.

## **EAGLEMOSS CAPITAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the depreciable amounts of the assets and their residual values over their useful lives, as follows:

- Software - 3 to 5 years
- Intellectual property - 3 years

Amortisation is charged to administrative expenses in the profit and loss.

##### **Tangible assets**

Tangible assets comprise leasehold improvements, plant and equipment. Leasehold improvements, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	-	Lower of 10 years or remaining life of the lease
Fixtures and fittings	-	Over 5 – 10 years
Computer equipment	-	Over 3 years

##### **Impairment of non-financial assets**

At each balance sheet date, tangible assets and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

##### **Investments in subsidiaries**

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

##### **Stock**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the purchase price. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.



## EAGLEMOSS CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1 Accounting policies (continued)

##### Financial instruments

The Group 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 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.

Derivatives, including options on forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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.

##### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies 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

## **EAGLEMOSS CAPITAL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **Financial instruments (continued)**

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.

#### **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.

The key sources of judgement and estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

##### **Financial instruments**

The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions for classification as basic are met. This requires consideration of the form of the instrument and its return.

##### **Bad debt provisions**

For trade debtors balances of £14,524,000 (2017: £13,278,000) recorded in the consolidated balance sheet, a full line by line review of trade debtors is carried out at the end of the month. Whilst every attempt is made to ensure that the bad debt provision is as accurate as possible, there remains a risk that the provisions do not match the level of debts which may ultimately prove to be uncollectible.

##### **Tax provisions**

The provision balance recorded in the consolidated balance sheet includes a provision of £1,367,000 (2017: £1,942,000) for a potential tax liability which might arise in the future as a result of a foreign tax audit. Whilst every attempt is made to ensure that the provisions are as accurate as possible, there remains a risk that the provisions do not match the final payments which might be paid.

##### **Impairment of intercompany notes**

The amounts owed by group undertakings of £25,755 (2017: £24,720) are net of provisions to write down the amounts receivable. The provisions booked are based on the future cash flow projections of the intercompany entities and management's assessment of the potential risk to the repayment of these balances in the future.

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

### 2 Key sources of estimation uncertainty and judgements (continued)

#### Inventory provisions

The group inventory balance is net of provisions booked to write down the finished goods stock in relation to excess issues that have been returned. The group have estimated that the value of excess issues returned has either zero or nominal net realisable value to the business, depending on the collection involved, and is written down accordingly.

3 Turnover	2018 £'000	2017 £'000
An analysis of the group's turnover is as follows:		
United Kingdom	17,084	22,164
Continental Europe	39,558	45,875
Rest of World	23,363	22,510
	<u>80,005</u>	<u>90,549</u>

Turnover by activity has not been separately disclosed as all revenues relate to the sale of products.

4 Operating income for the year is stated after charging/(crediting):	2018 £'000	2017 £'000
Impairment of stock	181	(91)
Cost of stock recognised as an expense	50,827	57,819
Exceptional items	2,327	900
Depreciation	331	273
Amortisation of intangible assets	23	14
Impairment of trade debtors	135	295
Net foreign exchange losses / (gains)	(280)	752
Auditor's remuneration:		
- Fees payable to the Company's auditor for the audit of the Group (£16,000 relating to the Company)	78	75
- Fees payable to the associates of the Company's auditor for the audit of the Group	21	28
- Non audit fees payable to the Company's auditor	22	27
Operating lease rentals – land and buildings	1,229	1,025
Operating lease rentals – equipment	81	76
Impairment of tangible assets	<u>-</u>	<u>47</u>

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

### 5 Exceptional items

Exceptional costs for the year includes reorganisation and restructure cost of £656,000 (2017: £430,000), prior period expenses of £658,000 and additional provisions for risks in foreign countries of £648,000 (2017: £470,000), costs related to change of overseas distribution of £189,000 and a commercial dispute of £176,000.

### 6 Staff costs – group and company

The average number of persons in the group, including executive directors, was:

	2018 Number	2017 Number
Administration	71	70
Editorial	23	24
Production	47	36
	<hr/> 141	<hr/> 130

	2018 £'000	2017 £'000
Staff costs for the above persons were:		
Wages and salaries	6,773	6,784
Social security costs	832	750
Pension costs	235	208
	<hr/> 7,840	<hr/> 7,742

The parent company has no employees (2017: none).  
The parent company has £nil staff costs (2017: £nil).

### 7 Directors' remuneration

	2018 £'000	2017 £'000
Directors' remuneration comprised:		
Aggregate emoluments	628	721

Two directors received remuneration for their services to the group, paid by the subsidiary company, Eaglemoss Limited. Two directors received pension contributions during the year of £nil (2017: £nil).

	2018 £'000	2017 £'000
Highest paid director's remuneration comprised:		
Aggregate emoluments	419	481

The highest paid director did not exercise any options (2017: £nil) during the year ended 31 December 2018.

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

### 7 Directors' remuneration (continued)

The highest paid director received pension contributions during the year of £nil (2017: £nil).

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the group, or in relation to the company. In the opinion of the board, the group and company's key management are the directors of Eaglemoss Capital Limited and directors of the subsidiary, Eaglemoss Ltd. Their total remuneration in the period was 1,806,016 (2017: £2,005,885) including £51,724 (2017: £61,734) of pension contributions to a defined contribution purchase scheme.

<b>8 Interest receivable and payable</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Bank interest receivable	32	54
<b>Interest receivable and similar income</b>	<b>32</b>	<b>54</b>
Interest payable on bank loans	(204)	(286)
Interest on shareholder loan notes	(201)	(925)
Other interest payable and similar charges	(399)	(1,438)
Foreign exchange losses on cash and borrowings	(748)	(144)
<b>Interest payables and similar charges</b>	<b>(1,552)</b>	<b>(2,793)</b>
<b>9 Taxation</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Corporation tax</b>		
In respect of the current period	(28)	(232)
<b>Total tax expense for the period</b>	<b>(28)</b>	<b>(232)</b>

The tax payable above relates mainly to Eaglemoss Editions Russia LLC.

### Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax of 19% (2017: 19.25%). The differences are explained below:

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

### 9 Taxation (continued)

	2018 £'000	2017 £'000
Profit before taxation	(110)	(978)
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 19%)	(21)	(188)
Effects of:		
Expenses not deductible for tax purposes	18	-
Unused tax losses and another deductible temporary differences	350	596
Difference in tax rate of foreign countries	122	(41)
Utilisation of unrecognised tax losses and other deductions	(450)	(403)
Other difference permanent	9	183
Withholding tax	-	85
Tax credits	-	-
Total tax expense for the period	28	232

Subject to the applicable tax authority's agreement, the group has tax losses of approximately £27,789k (2017: £27,343k) available for carry forward and offset against future non-trading profits. The group has a potential deferred tax asset on these losses of £6,366k (2017: £5,194k), which has not been recognised.

Subject to the UK tax authority's agreement, the company has tax losses of approximately £nil (2017: £nil) available for carry forward and offset against future non-trading profits. The company has a potential deferred tax asset on these losses of £nil (2017: £nil), which has not been recognised.

#### Factors that may affect future tax charges

The main rate of corporation tax was 19% (2017: 19%) from 1 April 2018. In March 2016 a further reduction in corporation tax rate to 17% from 1 April 2020 was substantively enacted. These changes are reflected in the financial statements.

**EAGLEMOSS CAPITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>10 Intangible assets – group</b>	<b>Software and Intellectual property</b>	
	<b>£'000</b>	
<b>Cost</b>		
At 31 December 2017		88
Additions		-
Exchange adjustment		(2)
At 31 December 2018		<u>86</u>
<b>Amortisation</b>		
At 31 December 2017		29
Charge for the period		23
Exchange adjustment		(2)
At 31 December 2018		<u>51</u>
<b>Net book value</b>		
At 31 December 2017		59
At 31 December 2018		<u>35</u>

  

<b>11 Tangible assets – group</b>	<b>Leasehold improvements</b>	<b>Fixtures and fitting &amp; computer equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 31 December 2017	120	888	1,008
Additions	-	592	592
At 31 December 2018	<u>120</u>	<u>1,480</u>	<u>1,600</u>
<b>Depreciation</b>			
At 31 December 2017	109	476	585
Charge for the period	6	325	331
Exchange adjustment	-	2	2
At 31 December 2018	<u>115</u>	<u>803</u>	<u>918</u>
<b>Net book amount</b>			
At 31 December 2017	<u>11</u>	<u>412</u>	<u>423</u>
At 31 December 2018	<u>5</u>	<u>677</u>	<u>682</u>

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Tangible assets – group (continued)

Tangible assets with a carrying value of £682,000 (2017: £423,000) are pledged as security for the group's bank borrowings as disclosed in note 20.

### 12 Debtors: Amount falling due after one year - group

Rent deposit for the office recoverable in 12 January 2028 of £195,000 (2017: £nil).

### 13. Investments – company

#### Subsidiaries

Cost £'000

At 31 December 2017 389

Additions 6,300

At 31 December 2018

6,689

Name of company	Country of incorporation	Nature of business	Registered office	% voting rights and shares held	Capital and reserves £'000	Profit/(Loss) for the year £'000
<b>Subsidiaries</b>						
Eagle Moss Holdings (UK) Ltd	UK	<i>Dormant Company</i>	Beaumont House Avonmore Road London W14 8TS	100% of ordinary shares	-	-
Eagle Moss France	France	<i>Production and sale of partworks</i>	144 Avenue Charles de Gaulle 92200 Neuilly-sur-Seine France	100% of ordinary shares	(830)	573
Vadis International	Belgium	<i>Production and sale of partworks</i>	Avenue des Gloires Nationales 3 Koelkelberg 1081 Bruxelles Belgium	100% of ordinary shares	702	(95)
Eagle Moss Limited	UK	<i>Production and sale of partworks</i>	Beaumont House Avonmore Road London W14 8TS	100% of ordinary shares	( )	(467)



# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

### 13 Investments – company (continued)

Name of company	Country of incorporation	Nature of business	Registered office	% voting rights and shares held	Capital and reserves £'000	Profit/ (Loss) for the year £'000
<b>Subsidiaries</b>						
Eagle Moss Polska sp. z o.o	Poland	<i>Sale of partworks and central warehouse</i>	ul. Broniewskiego 3, 01-785 Warszawa Akacjowy Park lok. 3.2b	100% of ordinary shares	663	50
Eagle Moss Editions Russia LLC	Russia	<i>Sale of partworks</i>	26, Nikoloyamskaya str., b. 1-1a 109004 Moscow, Russia	100% of ordinary shares	1,381	(281)
Eagle Moss Editions Ukraine LLC	Ukraine	<i>Sale of partworks</i>	38 Turgenivska Str., Kyiv, 01054 Ukraine	100% of ordinary shares	(2,912)	64
Eagle Moss Japan Co Ltd	Japan	<i>Sale of partworks</i>	6 – 19 – 19 Shimbashi, Minato-ku, Tokyo 105-004 Japan	100% of ordinary shares	(303)	(4)
Eagle Moss do Brasil Publicações e Distribuição LTDA	Brazil	<i>Sale of partworks</i>	São Paulo, State of São Paulo São Gualter avenue, 1296, 1st floor, room 11 Zip code 05455-002, Brazil	100% of ordinary shares	(3,702)	(492)
Eagle Moss Inc	USA	<i>Sale of partworks</i>	1017 Putnam Blvd, Wallingford PA 19086-6754, USA	100% of ordinary shares	2,315	648

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

<b>14 Stock – group</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials	-	65
Work-in-progress	6,697	8,736
Finished goods	10,923	5,636
	<u>17,620</u>	<u>14,437</u>

<b>15 Debtors – group</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	14,524	13,278
Prepayments	3,996	4,798
Other debtors	5,773	5,649
Financial asset – forward foreign exchange contracts	-	22
	<u>24,293</u>	<u>23,747</u>

<b>16 Debtors – company</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings	25,755	24,720
Other debtors	150	144
	<u>25,905</u>	<u>24,864</u>

Amounts owed by group undertakings are unsecured, repayable on demand and attract interest of EURIBOR + 3.75% p.a.

## **17 Creditors: amounts falling due within one year – group**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Bank loan	-	6,220
Trade creditors	18,882	15,149
Other taxes and social security costs	14	15
Accruals and deferred income	4,253	4,411
Income tax payable	-	-
Other creditors	7,121	7,684
Amounts owed by joint arrangement partners	<u>129</u>	<u>1,562</u>
	<u>30,399</u>	<u>35,041</u>

# **EAGLEMOSS CAPITAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **FOR THE YEAR ENDED 31 DECEMBER 2018**

### **18 Creditors: amounts falling due within one year – company**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	82	94
Accruals & deferred income	134	144
Other creditors	783	624
Amount owed to group undertakings	782	-
Shareholder loan notes	-	200
	<u>1,781</u>	<u>1,062</u>

### **19 Creditors: amounts falling due after more than one year – group**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Shareholders loan notes	-	8,304
Bank loan	<u>3,591</u>	<u>-</u>
	3,591	8,304

On December 24, 2018, the company converted the Shareholders loan notes in the principal amount of EUR 7,886,131 and payment in kind notes in the principal amount of EUR 1,774,717 issued by the Company to certain investors into newly issued D shares of EUR 1.00 each in the capital of the company on a 1:1 basis. Upon the allotment and issue of the D Shares as a consequence of the conversion, the Shareholders loan notes and all amounts outstanding thereon were deemed to have been redeemed in their entirety and cancelled.

### **20 Creditors: amounts falling due after more than one year – company**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Shareholder loan notes (note 19)	-	8,304
Bank loan	<u>3,591</u>	<u>-</u>
	3,591	8,304

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

<b>21</b>	<b>Borrowings - group</b>	<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Falling due within one Year</b>		
	Revolving credit facility – drawdown (note 17)	-	6,220
		<hr/>	
	<b>Falling due after more than one year</b>		
	Shareholder loan notes (note 19)	-	8,304
	Bank loan	3,591	

### **21 Borrowings – group (continued)**

The €4,000,000 drawdown under the bank revolving credit facility is secured by way of a fixed and floating charge over the assets of the company and subsidiaries. Interest is payable on the balance drawdown under the revolving bank credit facility at a variable rate of EURIBOR +3.50% updated every 6 months.

<b>22</b>	<b>Borrowings - company</b>	<b>2018</b>	<b>2017</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Falling due after more than one year</b>		
	Shareholder loan notes (note 20)	-	8,304
	Bank loan	3,591	-
		<hr/>	

The shareholder loan note is repayable in more than five years.

### **23 Provisions for liabilities and charges – group**

	<b>£'000</b>
At 31 December 2017	1,942
Movement	(575)
At 31 December 2018	<u>1,367</u>

The group has booked a provision for a potential foreign tax liability following a tax audit assessment. The final payment is contingent on the final outcome of the audit, which is currently being challenged by the group. The directors expect the authorities to reach a conclusion within the next year.

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

### 24 Called up share capital – group and company

	Number	£'000
<b>Issued and fully paid 'A' ordinary shares</b>		
<b>At 31 December 2017</b>		
A ordinary shares of €0.0001 each	3,241,561	-
Shares issued in the year	1,441,968	-
<b>At 31 December 2018</b>	<b>4,656,529</b>	<b>-</b>
<b>Issued 'B' ordinary shares</b>		
<b>At 31 December 2017 and at 31 December 2018</b>		
B ordinary shares of €0.0001 each	778,260	-
<b>Issued and fully paid 'C' ordinary shares</b>		
<b>At 31 December 2017 and as at 31 December 2018</b>		
C ordinary shares of €0.0001 each	6,902,820	1
Shares issued in the year	2,393,794	-
<b>At 31 December 2018</b>	<b>9,296,614</b>	<b>1</b>
<b>Issued and fully paid 'D' ordinary shares</b>		
<b>At 31 December 2017</b>		
D ordinary shares of €1 each	-	-
Shares issued in the year	12,696,633	11,440
<b>At 31 December 2018</b>	<b>12,696,633</b>	<b>11,440</b>

On 24 December 2018, the shareholders invested EUR 3,075,000 in the company and converted the Shareholders loan notes of EUR 7,886,131 and payment in kind notes of EUR 1,774,717 into newly issued D shares of EUR 1.00 each in the capital of the company on a 1:1 basis. The company also allotted 1,441,968 A ordinary shares of EUR 0.0001 each in the capital of the company; 2,393,794 C ordinary shares of EUR 0.0001 each in the capital of the company; and 12,696,633 D shares of EUR 1.00 each.

A, B and C Shares rank equally in terms of voting rights and D Shares shall not carry the right to vote on any written resolution of the Company. If the business is sold, holders of D Shares are paid first and then the A, B and C Shares rank equally unless the A Shareholders achieve a 10% IRR on their investment. In this instance, 20% of the proceeds in excess of the 10% IRR are to be reallocated to the holders of the A Shares and the B Shares.

### 25 Reserves

A description of each reserve is set out below.

#### Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at an amount in excess of nominal value.

#### Transactions with owners reserve

This reserve relates to the fair value of the shares granted in the parent to employees of the subsidiaries (please see Note 1).

#### Retained earnings

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

# EAGLEMOSS CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

### 26 Net cash used in operating activities – group

	2018 £'000	2017 £'000
<b>(Loss) / Profit after tax</b>	<b>(138)</b>	<b>(1,210)</b>
Tax charge	28	232
Depreciation charge	331	272
Amortisation	23	14
Loss on disposal of fixed assets	-	11
Current derivatives purchase	(123)	(1,116)
Net finance costs	804	2,331
Increase in stock	(3,112)	(2,614)
(Increase)/Decrease in debtors	(930)	822
Increase/(Decrease) in creditors	1,834	(1,831)
(Decrease)/Increase in provisions	(575)	249
Loss on foreign exchange	70	1,787
<b>Cash used in continuing operations</b>	<b>(1,788)</b>	<b>(1,053)</b>
Tax payment	(25)	(494)
<b>Net cash flows used in operations</b>	<b>(1,813)</b>	<b>(1,547)</b>

### 27 Obligations under leases and hire purchase contracts – group

The group has one hire purchase contract for IT equipment. At the balance sheet date the group has operating lease agreements in respect of properties and equipment for an average of three years with fixed rentals over the lease.

The future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
<b>Due:</b>		
Within one year	875	563
Within two to five years	2,417	532
After five years	2,347	-
	5,639	1,095

The future minimum lease payments under non-cancellable hire purchase agreements are as follows:

	2018 £'000	2017 £'000
<b>Due:</b>		
Within one year	18	17
Within two to five years	-	18
	18	35

## EAGLEMOSS CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 28 Related party transactions and ultimate controlling party

The company has taken advantage of the exemption in FRS102 Related Party Disclosures from disclosing transactions with its wholly owned subsidiaries.

The group incurred royalty fees of £4,883 (2017: £13,542) in relation to Calmels Design and Construction Ltd, a company controlled by the spouse of a director of Eaglemoss Limited and shareholder of Eaglemoss Capital Ltd. At the year end, £nil (2017: £nil) was outstanding to be paid.

The group paid consulting fees of £nil (2017: £420) to Financière Mistletoe Sprl, a company controlled by a director. As at 31 December 2018, there was £nil (2017: £nil) owing to this company.

The group paid for professional fees of £35,781 (2017: £35,128) from Verdoso S.A.S, a company controlled by a director and shareholder. At the year end, £nil (2017: £nil) was outstanding to be paid.

The group accrued for professional fees of £13,299 (2017: £33,321) to Cesar Capital, a company controlled by a director and shareholder. At the year end, £13,299 (2017: £33,321) was outstanding to be paid.

The ultimate controlling party of the group is Verdoso S.A., a company registered in Luxembourg, holding 27% 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.

During the year the shareholder loan notes of €7,886,131 and the payment in kind notes of €1,774,717 were converted into newly issued D shares of EUR 1.00 each in the capital of the Company on a 1:1 basis.

#### 29 Financial instruments – group

	2018 £'000	2017 £'000
Financial assets at fair value through profit or loss	-	22
Financial assets measured at amortised cost		
Cash	4,600	7,460
Trade & other receivables	24,488	23,725
	<u>29,087</u>	<u>31,185</u>
Financial liabilities measured at amortised cost	<u>33,990</u>	<u>43,345</u>

The group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency transactions. The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for EUR:USD, GBP:EUR. The fair value of the forward foreign currency contracts is disclosed above.

## EAGLEMOSS CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 30 Financial instruments – company

	2018 £'000	2017 £'000
Financial assets measured at amortised cost		
Cash	722	12
Trade & other receivables	<u>25,905</u>	<u>24,864</u>
	<u>26,627</u>	<u>24,876</u>
Financial liabilities measured at amortised cost	<u>5,372</u>	<u>9,366</u>

#### 31 Contingent liabilities

The group has booked a provision for a potential foreign tax liability following a tax audit assessment. The final payment is contingent on the final outcome of the audit, which is currently being challenged by the group. The amount is included within provisions in the consolidated balance sheet. (note 22).

Under the terms of the sale on 30 June 2015 of the Eaglemoss group to Eaglemoss Capital Limited, there was a deferred consideration clause included. Deferred consideration will have to be paid to the former senior and the mezzanine lenders of Financière Aurenis if the shareholders of the Company generate an internal rate of return of 15% from any future sale. If this situation arises, then the first €2,900,000 of the excess will be payable to the former senior and along with 2% of any remaining amount. There is no expiration date but the directors consider this liability to be remote and have therefore not included any provision for any payment within the financial statements. The potential liability would also be impossible to quantify at this time.

#### 32 Post balance sheet events

There are no post balance sheet events.