

Registered number: 10862657

# **TEAL GROUP HOLDINGS LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 25 JANUARY 2020**



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**TEAL GROUP HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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**Directors**

Mr G P Grant  
Mrs C A Grant  
Mr D P Grant  
Mr S J Grant  
Mr M J Campbell

**Registered number**

10862657

**Registered office**

Boughton Business Park  
Bell Lane  
Little Chalfont  
Amersham  
Buckinghamshire  
HP6 6GL

**Independent auditor**

Crowe U.K. LLP  
Aquis House  
49-51 Blagrove Street  
Reading  
Berkshire  
RG1 1PL

**Bankers**

Barclays Bank plc  
PO Box 729  
Second Floor 28 George Street  
Luton  
Bedfordshire  
LU1 3US

**Solicitors**

Taylor Walton  
28 - 44 Alma Street  
Luton  
Bedfordshire  
LU1 2PL

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**TEAL GROUP HOLDINGS LIMITED**

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## **TEAL GROUP HOLDINGS LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 25 JANUARY 2020**

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#### **Introduction**

TEAL Group Holdings Limited is an investment holding company. It owns 100% shareholding in The Entertainer (Amersham) Limited, Addo Play Limited, The Entertainer International Limited, TEAL Brands Limited, TEAL Malta Limited and TEAL Sourcing Limited (Dormant).

The Entertainer is a toy retailer with over 170 stores in the UK, a very active online business, and a growing international presence. On 22nd March 2019 the Group acquired the Early Learning Centre (ELC) from Mothercare PLC and subsequently integrated the international, UK and online business into The Entertainer.

Addo's principal activity is the design, development and supply of toys and related products.

The Entertainer International Limited owns 100% of TEAL Retail Spain SL, which trades as Poly Juguetes, a Spanish toy retailer with over 40 stores and a growing online business.

#### **Business Review and Future Developments**

2019 was a disappointing year for the industry with sales in the UK being adversely affected by Brexit fears and the late December election impacting demand in the key trading month of the year. In addition to this there were no key toy crazes in the year compared to a record performance the prior year driven by the LOL doll craze.

Against this backdrop the group achieved sales growth of +15.6% year-on-year, with The Entertainer growing its store and concession portfolio as well as increasing its international presence, Addo continuing to grow its international customer base and Poly began rebuilding the foundations of the business for future success. TEAL Sourcing Ltd remained dormant during the year.

Profit before tax for the period was down by £11.1m year-on-year driven by the challenging high street conditions and lack of any key toy crazes, additional costs incurred investing in new channels and markets and the costs associated with integrating the ELC business to ensure a successful platform for growth for future years.

On 30th January 2020 the World Health Organisation declared a Public Health Emergency in regard to the Covid-19 outbreak. It declared a pandemic on 11 March 2020. This pandemic has had a huge impact on the wider retail market, however since the beginning of the pandemic the UK toy market has proved resilient.

The Entertainer stores were closed for 12 weeks due to the lockdown and during that time internet sales were up as an off set. Poly, the groups Spanish retail business, saw stores close for 9 weeks and saw internet sales rise during that period. Significant work has been carried out to accelerate the businesses web capability and permanently increase fulfilment capacity to enable the businesses to weather any future potential lockdowns.

As well as a focus on trading across the group businesses since the start of the pandemic, the directors developed a significant list of self-help measures, including but not limited to, deferring all non-critical capital expenditure, a full review of all costs within the businesses and stopping all non-essential revenue expenditure, cancelling or deferring many orders and agreeing extended payment terms with suppliers. In addition to this, the group businesses have benefitted from government provided support including government furlough schemes and the 12-month business rates holiday.

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## TEAL GROUP HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 25 JANUARY 2020

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#### Principal risks and uncertainties

The Groups companies are exposed to a variety of financial risks that include the effects of changes in market prices, exchange rate risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs. The key policies are set out below.

##### Market prices risk

As a retailer the company manages its market prices effectively through its buying and merchandising function, ensuring appropriate prices are quoted when liaising with suppliers.

##### Exchange rate risk

The group companies are exposed to exchange rate risk through their operations, particularly through the importation of goods for resale from overseas which are usually priced in \$US. During the year the company has hedged part of this risk and continues to monitor ongoing currency movements to mitigate as much exchange rate risk as possible.

##### Credit risk

The Group manages its credit risk effectively through its credit control function and credit policy, ensuring appropriate checks are carried out before any credit sales are made.

##### Liquidity risk

The group ensures that there are sufficient levels of committed facilities to ensure the group has adequate funds for its operations and any planned expansion.

The policies set out by the Board of Directors are implemented by the group companies finance departments. The policies in place reflect the group's current size and nature of its operations; should these change then the directors will review the appropriateness of these policies.

##### Interest rate risk

Interest rate risk is managed at group level. The group ensures that the facilities in place are agreed in advance with banks, ensuring that the group is not subject to significant interest rate fluctuations.

##### Brexit risk

The risk from the UK leaving the EU is being managed closely by a Director led workstream across the group working through each specific risk area and putting in place mitigating actions to effectively manage the risk.

#### Financial key performance indicators

The directors consider that the key financial performance indicators are as follows:

- Turnover has increased year on year by £31,904,000 to £236,312,000.
- Gross profit has increased by £12,347,000 to £127,260,000.
- The company had a cash balance at the period end of £17,912,000.

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## TEAL GROUP HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 25 JANUARY 2020

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#### Directors' statement of compliance with duty to promote the success of the Group

##### Directors' duties

The Directors are required to act in a manner which complies with their duties as set out in the UK Companies Act 2006. In summary, Section 172 of the UK's Companies Act requires a Director of a company to act in the way he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- company's reputation for high standards of business conduct;
- need to act fairly between members of the company.

The following is an overview of how the Board has performed its duties in this regard during the year.

##### People

The groups employees are fundamental to the successful performance of the group. The Board receives regular updates on matters relating to its employees including feedback from engagement surveys and reports on health and safety matters. These views are considered by the Board when reviewing policies such as its remuneration and reward policy as well as being used to help reinforce company values and ensure the right culture is in place to fulfil the strategic needs of the group.

##### Business Relationships

In order to successfully manage the group businesses, strong relationships are maintained with business partners. Long-term partnerships are valued with expectations that suppliers conform to the group businesses Supplier Code of Conduct to ensure good practice across the supply base.

Engagement is sought regularly from customers to get feedback on how group companies do business be it through anonymous feedback via in-store surveys or on-line through product reviews or through social media channels.

##### Community & Environment

The group recognises that it has an important role in contributing to wider society. It is the aim of the directors to donate 10% of group trading profits, on average over time, to a range of charitable causes.

The Board is conscious of the impact business can have on the environment and is constantly reviewing ways this impact can be reduced.

##### Shareholders

As a family owned business, the Board has regular contact with the shareholders and receives regular updates on their views which are considered when the Board makes decisions.

This report was approved by the board on 8 September 2020 and signed on its behalf.



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**Mr G P Grant**  
Director

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## TEAL GROUP HOLDINGS LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 25 JANUARY 2020

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The directors present their report and the financial statements for the period ended 25 January 2020.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 for the Group's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 to 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.

#### Results and dividends

The profit for the period, after taxation, amounted to £1,207,000 (2019 - £10,603,000).

#### Directors

The directors who served during the period were:

Mr G P Grant  
Mrs C A Grant  
Mr D P Grant  
Mr S J Grant  
Mr M J Campbell

#### Future developments

Details of the Company's future developments are included in the Group Strategic Report.

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## TEAL GROUP HOLDINGS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 25 JANUARY 2020

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#### Engagement with employees

The Entertainer sends out regular communications to its employees via The Entertainer's intranet site, ToyTalk. All policy documents and updates are shared there, which keeps staff up to date with relevant information about the company and ensures that staff are consulted about any significant changes affecting them.

#### Disabled employees

The Company is committed to being an equal opportunities employer and to deal with all our employees, workers, suppliers, stakeholders, partners and customers in a fair non discriminatory manner.

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.

#### Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

#### Post balance sheet events

On 30th January 2020, the World Health Organisation declared a Public Health Emergency regarding the Covid-19 outbreak. It declared a pandemic on 11 March 2020. This pandemic has had a huge impact on the wider retail market, however since the beginning of the pandemic the toy market has proved resilient with the group business benefitting on-line to help offset lost sales from stores during the lockdown period. Significant work has been carried out to accelerate the group businesses web capability and permanently increase fulfilment capacity to enable the group business to weather any potential future lockdowns.

#### Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 September 2020 and signed on its behalf.



**Mr G P Grant**  
Director



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## TEAL GROUP HOLDINGS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEAL GROUP HOLDINGS LIMITED

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#### Opinion

We have audited the financial statements of TEAL Group Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 25 January 2020, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated Statement of cash flows and net debt, the Consolidated and Company Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 25 January 2020 and of the Group's profit and cash flows for the period 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

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## TEAL GROUP HOLDINGS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEAL GROUP HOLDINGS LIMITED (CONTINUED)

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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 Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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 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, 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.

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TEAL GROUP HOLDINGS LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEAL GROUP HOLDINGS LIMITED  
(CONTINUED)

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



Jeremy Cooper (Senior statutory auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

Aquis House  
49-51 Blagrove Street  
Reading  
Berkshire  
RG1 1PL  
Date: 11 September 2020

**TEAL GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 25 JANUARY 2020**

	Note	2020 £000	2019 £000
Turnover	4	236,312	204,408
Cost of sales		(109,052)	(89,495)
<b>Gross profit</b>		<b>127,260</b>	<b>114,913</b>
Administrative expenses		(121,992)	(99,826)
Exceptional administrative expenses	14	(1,480)	(589)
Other operating income	5	29	17
<b>Operating profit</b>	6	<b>3,817</b>	<b>14,515</b>
Share of profit of joint venture		18	112
<b>Total operating profit</b>		<b>3,835</b>	<b>14,627</b>
Interest receivable and similar income	10	311	219
Interest payable and similar expenses	11	(489)	(108)
<b>Profit before taxation</b>		<b>3,657</b>	<b>14,738</b>
Tax on profit	12	(2,450)	(4,135)
<b>Profit for the financial period</b>		<b>1,207</b>	<b>10,603</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent Company		1,207	10,603
		<b>1,207</b>	<b>10,603</b>

There was no other comprehensive income for 2020 (2019:£000NIL).

The notes on pages 17 to 47 form part of these financial statements.

**TEAL GROUP HOLDINGS LIMITED**  
**REGISTERED NUMBER: 10862657**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 25 JANUARY 2020**

	Note	25 January 2020 £000	26 January 2019 £000
<b>Fixed assets</b>			
Intangible assets	15	6,045	672
Tangible assets	16	31,250	30,522
Investments	17	989	1,071
		<u>38,284</u>	<u>32,265</u>
<b>Current assets</b>			
Stocks	18	35,672	24,360
Debtors: amounts falling due after more than one year	19	12,092	10,506
Debtors: amounts falling due within one year	19	18,574	11,088
Cash at bank and in hand	20	17,912	42,875
		<u>84,250</u>	<u>88,829</u>
Creditors: amounts falling due within one year	21	(51,970)	(50,059)
<b>Net current assets</b>		<u>32,280</u>	<u>38,770</u>
<b>Total assets less current liabilities</b>		<u>70,564</u>	<u>71,035</u>
<b>Provisions for liabilities</b>			
Deferred taxation	23	(486)	(346)
Other provisions	24	(3,490)	(2,880)
		<u>(3,976)</u>	<u>(3,226)</u>
Accruals and deferred income	25	(23,543)	(25,971)
<b>Net assets</b>		<u><u>43,045</u></u>	<u><u>41,838</u></u>

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TEAL GROUP HOLDINGS LIMITED  
REGISTERED NUMBER: 10862657

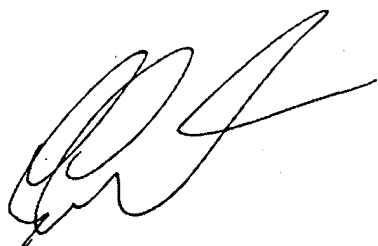
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CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 25 JANUARY 2020

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	Note	25 January 2020 £000	26 January 2019 £000
<b>Capital and reserves</b>			
Called up share capital	26	10	10
Merger reserve	27	18,140	18,140
Profit and loss account	27	24,895	23,688
<b>Equity attributable to owners of the parent Company</b>		<u>43,045</u>	<u>41,838</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 September 2020.



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**Mr G P Grant**  
Director

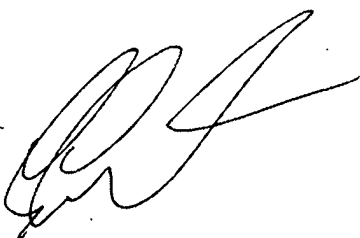
The notes on pages 17 to 47 form part of these financial statements.

**TEAL GROUP HOLDINGS LIMITED**  
**REGISTERED NUMBER: 10862657**

**COMPANY BALANCE SHEET**  
**AS AT 25 JANUARY 2020**

	Note	25 January 2020 £000	26 January 2019 £000
<b>Fixed assets</b>			
Investments	17	10	11
		<u>10</u>	<u>11</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	19	4,194	2,710
Debtors: amounts falling due within one year	19	5,405	5,358
Cash at bank and in hand	20	1	1
		<u>9,600</u>	<u>8,069</u>
Creditors: amounts falling due within one year	21	(719)	(168)
<b>Net current assets</b>		<u>8,881</u>	<u>7,901</u>
<b>Total assets less current liabilities</b>		<u>8,891</u>	<u>7,912</u>
<b>Net assets</b>		<u>8,891</u>	<u>7,912</u>
<b>Capital and reserves</b>			
Called up share capital	26	10	10
Profit and loss account	27	8,881	7,902
		<u>8,891</u>	<u>7,912</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 September 2020.



**Mr G P Grant**  
Director

The notes on pages 17 to 47 form part of these financial statements.

**TEAL GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 25 JANUARY 2020**

	<b>Called up share capital</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>	<b>Equity attributable to owners of parent Company</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 27 January 2018</b>	<b>10</b>	<b>18,140</b>	<b>15,656</b>	<b>33,806</b>	<b>33,806</b>
Profit for the year	-	-	10,603	10,603	10,603
Dividends: Equity capital	-	-	(2,571)	(2,571)	(2,571)
<b>At 26 January 2019</b>	<b>10</b>	<b>18,140</b>	<b>23,688</b>	<b>41,838</b>	<b>41,838</b>
Profit for the period	-	-	1,207	1,207	1,207
<b>At 25 January 2020</b>	<b>10</b>	<b>18,140</b>	<b>24,895</b>	<b>43,045</b>	<b>43,045</b>

The notes on pages 17 to 47 form part of these financial statements.



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TEAL GROUP HOLDINGS LIMITED

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 25 JANUARY 2020

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	Called up share capital £000	Profit and loss account £000	Total equity £000
At 27 January 2018	10	4,108	4,118
Profit for the year	-	4,765	4,765
Dividends: Equity capital	-	(971)	(971)
At 26 January 2019	10	7,902	7,912
Profit for the period	-	979	979
At 25 January 2020	10	8,881	8,891

The notes on pages 17 to 47 form part of these financial statements.

**TEAL GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

	25 January 2020 £000	26 January 2019 £000
<b>Cash flows from operating activities</b>		
Profit for the financial period	1,207	10,603
<b>Adjustments for:</b>		
Amortisation of intangible assets	490	6
Depreciation of tangible assets	6,546	5,356
Impairments of fixed assets	(22)	209
Loss on disposal of tangible assets	106	70
Interest paid	489	108
Interest received	(311)	(219)
Taxation charge	2,450	4,135
(Increase) in stocks	(5,977)	(1,167)
(Increase) in debtors	(9,071)	(9,000)
Increase in creditors	115	23,532
Increase in provisions	610	-
Corporation tax (paid)	(2,942)	(3,003)
<b>Net cash (used in) / generated from operating activities</b>	<b>(6,310)</b>	<b>30,630</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(6,369)	(9,131)
Sale of tangible fixed assets	110	5
Movement in joint venture investment	57	(4)
Acquisition of trade and assets (note 28)	(12,323)	(892)
Interest received	311	219
HP interest paid	-	(2)
<b>Net cash from investing activities</b>	<b>(18,214)</b>	<b>(9,805)</b>

**TEAL GROUP HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE PERIOD ENDED 25 JANUARY 2020**

	25 January 2020 £000	26 January 2019 £000
<b>Cash flows from financing activities</b>		
Repayment of/new finance leases	-	(95)
Dividends paid	-	(2,571)
Interest paid	(489)	(106)
<b>Net cash used in financing activities</b>	<b>(489)</b>	<b>(2,772)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(25,013)</b>	<b>18,053</b>
Cash and cash equivalents at beginning of period	42,875	24,822
Foreign exchange gains and losses	50	-
<b>Cash and cash equivalents at the end of period</b>	<b>17,912</b>	<b>42,875</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	17,912	42,875
	<b>17,912</b>	<b>42,875</b>

**CONSOLIDATED ANALYSIS OF NET DEBT**  
**FOR THE PERIOD ENDED 25 JANUARY 2020**

	At 27 January 2019 £000	Cash flows £000	Other non- cash changes £000	At 25 January 2020 £000
Cash at bank and in hand	42,875	(25,013)	50	17,912
Debt due within 1 year	-	-	-	-
	<b>42,875</b>	<b>(25,013)</b>	<b>50</b>	<b>17,912</b>

The notes on pages 17 to 47 form part of these financial statements.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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#### 1. General information

TEAL Group Holdings Limited is the parent holding company for The Entertainer (Amersham) Limited, Addo Play Limited, The Entertainer International Limited, TEAL Brands Limited and TEAL Sourcing Limited. Further detail on the Group are shown in note 17.

The company is a private limited company (registered number 10862657), which is incorporated in England. The address of the registered office is Boughton Business Park, Bell Lane, Little Chalfont, Amersham, Buckinghamshire, HP6 6GL.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared for the 52 weeks ended 25 January 2020 (*2019: 52 weeks ended 26 January 2019*).

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the company statement of cash flows.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The financial statements have been prepared on a going concern basis. In forming their conclusion, the directors have reviewed the performance of the group during the lockdown period and have considered the extent to which the observed level of trading could influence the forecast over the period to January 2022 as well as considering the mitigating actions taken across the business to preserve liquidity and ensure compliance with the group's financial covenants.

The Covid-19 pandemic has had a huge impact on the wider retail market, however since the beginning of the pandemic the UK toy market has proved resilient.

The Entertainer stores were closed for 12 weeks due to the lockdown and during that time internet sales were up significantly as a partial off set. Poly, the groups Spanish retail business, saw stores close for 9 weeks and saw a rise in internet sales during that period. Extensive work has been carried out to accelerate the businesses web capability and permanently increase fulfilment capacity to enable the businesses to weather any future potential local store lockdowns.

As well as a focus on trading across the group businesses since the start of the pandemic, the directors developed a significant list of self-help measures, including but not limited to, deferring all non-critical capital expenditure, a full review of all costs within the businesses and stopping all non-essential revenue expenditure, cancelling or deferring many orders and agreeing extended payment terms with suppliers. In addition to this, the group businesses have benefitted from government provided support including government furlough schemes and a 12-month business rates holiday in the UK.

The directors have reviewed future cash forecasts and profit projections. With the uncertainty created by the Covid-19 pandemic the projections have been sensitised to look at the impact of potential future disruption.

The group relies on its banking facilities for its day-to-day capital requirements and has banking facilities in place with a 3-year revolving credit facility effective from March 2019. In addition to this the group has put in place an additional revolving credit facility, via the Government backed CLBILS scheme as well as agreeing relaxed covenant conditions for the remainder of 2020.

The long-term impact of Covid-19 is uncertain and should the impacts of the pandemic on trading conditions be more prolonged or severe than what the Directors consider to be reasonably possible, the Group would need to implement additional operational and financial measures.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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#### 2. Accounting policies (continued)

##### 2.4 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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## 2. Accounting policies (continued)

### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Sale of goods

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

Sales to international franchise partners are recognised on the transfer of control, which is on dispatch.

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement (provided that control of goods has been transferred and consideration is unconditional). Royalty arrangements are based on sales and other measures are recognised by reference to the underlying arrangement.

### 2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 27 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Where the Group has leasehold stores that are loss-making, and projections indicate that their future cash flows will be insufficient to meet the related property costs, provision is made for the expected net cash outflows. These cash flows are discounted using an appropriate rate of return when the impact of such discounting would be material.

### 2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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## 2. Accounting policies (continued)

### 2.8 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

### 2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.



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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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## 2. Accounting policies (continued)

### 2.12 Intangible assets

#### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life, which the directors consider to be 10 years.

#### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All other intangible assets are considered to have a finite useful life. Amortisation is charged on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life, which the directors consider to be 10 years.

### 2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as detailed below.

Depreciation is provided on the following basis:

Leasehold property	- over the lease term
Moulding and tooling	- straight line 33%
Motor vehicles	- reducing balance 25%
Fixtures and fittings	- straight line 10%-25%, reducing balance 15%
Computer equipment	- straight line 10%-25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### 2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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#### 2. Accounting policies (continued)

##### 2.15 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

##### 2.16 Stocks

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

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

##### 2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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#### 2. Accounting policies (continued)

##### 2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

##### 2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and 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 as a profit or loss in finance costs or income as appropriate. The group does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### 2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Actual results in the future may differ from estimates upon which financial information has been prepared. These 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 these are also affected. The estimates and assumptions that affect the current period or have a significant risk of causing a material adjustment within the next financial period are discussed below:

##### **Provision for old or obsolete stocks**

Stock is stated at the lower of cost and net realisable value (NRV). The determination of a provision for stock write down to NRV requires management to exercise judgement in identifying slow-moving and obsolete stock and make estimates of the provision required. The quantity, age and condition of stock is regularly measured and assessed as part of the stock counts undertaken throughout the financial period. The carrying amount of stock at the end of the reporting period is disclosed in Note 17 of the financial statements.

##### **Provisions for non-redemption of gift cards**

Included within accruals are liabilities in respect of unredeemed gift cards less an estimated non-use adjustment on liabilities for cards to recognise the proportion of those outstanding vouchers that will never be redeemed. This estimate is based on past performance, along with management's assessment as to the likely redemption of these vouchers, and is considered a key estimate within these financial statements.

##### **Provision for onerous leases**

Provision is made for future leasing obligations of the Group's loss-making stores. These provisions require management's estimate of the costs that will be incurred based on contractual requirements together with the timing of the cash flows.

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TEAL GROUP HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020

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4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Retail of toys and games	228,380	197,675
Design and distribution of toys	7,932	6,733
	<u>236,312</u>	<u>204,408</u>

Sales to international franchise partners and royalty revenue is included within the retail of toys and games class of business.

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	208,858	196,277
Rest of Europe	24,454	6,222
Rest of the World	3,000	1,909
	<u>236,312</u>	<u>204,408</u>

5. Other operating income

	2020 £000	2019 £000
Other operating income	11	-
Net rents receivable	18	17
	<u>29</u>	<u>17</u>

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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**6. Operating profit**

The operating profit is stated after charging:

	2020	2019
	£000	£000
Depreciation of tangible fixed assets	6,546	5,356
Amortisation of intangible fixed assets	490	6
Exchange differences	(2,119)	(2,832)
Other operating lease rentals	20,345	15,270
Defined contribution pension cost	1,248	1,034
	<u>115</u>	<u>86</u>

**7. Auditor's remuneration**

	2020	2019
	£000	£000
Audit fees in respect of the parent company and consolidation	11	11
Audit fees in respect of the subsidiary companies	104	75
	<u>115</u>	<u>86</u>

**Fees payable to the Group's auditor and its associates in respect of non-audit services:**

Taxation compliance services	21	15
All other services	8	18
	<u>29</u>	<u>33</u>

**TEAL GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2020</b>	<i>2019</i>	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Wages and salaries	39,223	31,029	1,405	-
Social security costs	3,505	2,125	74	-
Cost of defined contribution scheme	1,248	1,034	12	-
	<b>43,976</b>	<i>34,188</i>	<b>1,491</b>	<i>-</i>

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

	<b>2020</b>	<i>2019</i>
	<b>No.</b>	<i>No.</i>
Administration staff	234	178
Shop staff	1,987	1,696
Warehouse and distribution staff	127	63
	<b>2,348</b>	<i>1,937</i>

**9. Directors' remuneration**

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
Directors' emoluments	780	976
Company contributions to defined contribution pension schemes	40	39
	<b>820</b>	<i>1,015</i>

During the period retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £258,000 (2019 - £334,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9 thousand (2019 - £NIL).

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TEAL GROUP HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020

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10. Interest receivable

	2020 £000	2019 £000
Other interest receivable	311	219
	<u>311</u>	<u>219</u>

11. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	408	29
Other loan interest payable	63	58
Share of joint ventures	18	19
Finance leases and hire purchase contracts	-	2
	<u>489</u>	<u>108</u>



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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**12. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>2,319</b>	3,451
Adjustments in respect of previous periods	<b>(67)</b>	(19)
	<u><b>2,252</b></u>	<u>3,432</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	<b>58</b>	706
	<u><b>58</b></u>	<u>706</u>
<b>Total current tax</b>	<u><b>2,310</b></u>	<u>4,138</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>141</b>	(3)
Adjustments in respect of previous periods	<b>(1)</b>	-
<b>Total deferred tax</b>	<u><b>140</b></u>	<u>(3)</u>
<b>Taxation on profit on ordinary activities</b>	<u><b>2,450</b></u>	<u>4,135</u>

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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**12. Taxation (continued)**

**Factors affecting tax charge for the period/year**

The tax assessed for the period is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	3,658	14,738
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	695	2,800
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	333	(84)
Capital allowances for period in excess of depreciation	431	272
Adjustments to tax charge in respect of prior periods	(68)	(19)
Short term timing difference leading to an increase / (decrease) in taxation	-	49
Non-taxable income	(392)	-
Deferred tax asset not recognised	1,270	914
Overseas tax paid	-	1
Adjustment to closing rate of deferred tax	123	152
Share of joint venture tax charge	58	50
<b>Total tax charge for the period</b>	<b>2,450</b>	<b>4,135</b>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 25 January 2020 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

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TEAL GROUP HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020

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13. Dividends

	2020 £000	2019 £000
Dividends paid	-	2,571
	<u>-</u>	<u>2,571</u>
	<u>-</u>	<u>2,571</u>

14. Exceptional items

	2020 £000	2019 £000
Exceptional items - legal costs	1,480	589
	<u>1,480</u>	<u>589</u>
	<u>1,480</u>	<u>589</u>

**TEAL GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

**15. Intangible assets**

**Group**

	Brand £000	Trademarks £000	Goodwill £000	Total £000
<b>Cost</b>				
At 27 January 2019	-	87	591	678
Additions	5,000	-	867	5,867
Foreign exchange movement	-	(3)	-	(3)
At 25 January 2020	<u>5,000</u>	<u>84</u>	<u>1,458</u>	<u>6,542</u>
<b>Amortisation</b>				
At 27 January 2019	-	-	6	6
CHarge for the period	417	8	66	491
At 25 January 2020	<u>417</u>	<u>8</u>	<u>72</u>	<u>497</u>
<b>Net book value</b>				
At 25 January 2020	<u>4,583</u>	<u>76</u>	<u>1,386</u>	<u>6,045</u>
At 26 January 2019	<u>-</u>	<u>87</u>	<u>585</u>	<u>672</u>

The goodwill brought forward arose on the acquisition of the trade and assets of Ludendo Commerce Iberia, S.L.U. through the Group's wholly owned subsidiary TEAL Retail Spain, S.L.

Additions of £5,000,000 relate to the brand following the acquisition of the trade and assets of Early Learning Centre by TEAL Brands Limited on 22 March 2019.

Further goodwill additions of £867,000 arose on the acquisition of certain trade and assets from Mr G P Grant & Mrs C A Grant. See note 28 for further details.

The Company has no intangible fixed assets.

**TEAL GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

**16. Tangible fixed assets**

**Group**

	Leasehold property £000	Moulding and tooling £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>						
At 27 January 2019	46,968	-	219	13,320	5,242	65,749
Additions	4,438	1,052	27	660	1,313	7,490
Disposals	-	-	-	(397)	(28)	(425)
Exchange adjustments	-	-	-	(16)	(6)	(22)
At 25 January 2020	51,406	1,052	246	13,567	6,521	72,792
<b>Depreciation</b>						
At 27 January 2019	21,442	-	215	10,672	2,898	35,227
Charge for the period on owned assets	4,481	567	1	628	869	6,546
Disposals	-	-	-	(182)	(27)	(209)
Impairment charge	-	-	-	67	-	67
Impairment losses written back	-	-	-	(89)	-	(89)
At 25 January 2020	25,923	567	216	11,096	3,740	41,542
<b>Net book value</b>						
At 25 January 2020	25,483	485	30	2,471	2,781	31,250
At 26 January 2019	25,526	-	4	2,648	2,344	30,522

The Company has no tangible fixed assets.

**TEAL GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

**17. Fixed asset investments**

**Group**

	Investments in subsidiary companies £000	Investment in joint ventures £000	Total £000
<b>Cost or valuation</b>			
At 27 January 2019	1	1,070	1,071
Foreign exchange movement	(1)	(24)	(25)
Share of profit/(loss)	-	(57)	(57)
	<u>-</u>	<u>989</u>	<u>989</u>
At 25 January 2020	<u>-</u>	<u>989</u>	<u>989</u>

Included within the investment in joint ventures is a premium on acquisition of John G Cassar Limited and Leisure Stores Limited. This premium is dealt with in accordance with the Group's goodwill policy, with amortisation charged against the share of profit/loss in the year.

**Company**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 27 January 2019	11
Foreign exchange movement	(1)
	<u>10</u>
At 25 January 2020	<u>10</u>

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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**17. Fixed asset investments (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>
The Entertainer (Amersham) Limited	Ordinary	100%
Addo Play Limited	Ordinary	100%
The Entertainer International Limited	Ordinary	100%
TEAL Retail Spain, S.L.*	Ordinary	100%
TEAL Malta Limited*	Ordinary	100%
The Entertainer Limited* (dormant)	Ordinary	100%
TEAL Sourcing Limited (dormant)	Ordinary	100%
TEAL Brands Limited	Ordinary	100%

\* indirect holding

The Entertainer (Amersham) Limited, Addo Play Limited, The Entertainer Limited, TEAL Sourcing Limited, TEAL Brands Limited and The Entertainer International Limited have the registered office of Boughton Business Park, Bell Lane, Little Chalfont, Amersham, Buckinghamshire, HP6 6GL.

Addo Play Limited has the registered office of Unit 7 Anglo Office Park, White Lion Road, Amersham, England, HP7 9FB.

TEAL Malta Limited is registered in Malta, and has an accounting year ending 31 December.

TEAL Retail Spain, S.L. is registered in Spain. The company has an accounting year ending 31 January.

The aggregate of the share capital and reserves as at 25 January 2020 and the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £000</b>	<b>Profit/(Loss) £000</b>
The Entertainer (Amersham) Limited	45,495	8,609
Addo Play Limited	(4,229)	(887)
The Entertainer International Limited (dormant)	1	-
TEAL Retail Spain, S.L.*	(5,707)	(4,985)
TEAL Malta Limited*	(5)	(4)
TEAL Brands Limited	(897)	(897)
TEAL Sourcing Limited (dormant)	-	-
The Entertainer Limited* (dormant)	-	-

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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**17. Fixed asset investments (continued)**

**Joint ventures**

The following were joint ventures of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Holding</b>
John G Cassar Limited	Malta	50%
Leisure Stores Limited	Malta	50%

John G Cassar Limited and Leisure Stores Limited are both registered in Malta, and have accounting periods ending 31 December.

**18. Stocks**

	<b>Group 25 January 2020 £000</b>	<i>Group 26 January 2019 £000</i>
Finished goods and goods for resale	<b>35,672</b>	<i>24,360</i>
	<b><u>35,672</u></b>	<i><u>24,360</u></i>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The Company has no stocks at 25 January 2020 (2019: £nil).



TEAL GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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19. Debtors

	Group 25 January 2020 £000	Group 26 January 2019 £000	Company 25 January 2020 £000	Company 26 January 2019 £000
<b>Due after more than one year</b>				
Amounts owed by related parties	10,154	8,648	4,110	2,710
Other debtors	1,854	1,858	-	-
Prepayments and accrued income	84	-	84	-
	<u>12,092</u>	<u>10,506</u>	<u>4,194</u>	<u>2,710</u>
	Group 25 January 2020 £000	Group 26 January 2019 £000	Company 25 January 2020 £000	Company 26 January 2019 £000
<b>Due within one year</b>				
Trade debtors	4,917	3,162	-	-
Amounts owed by group undertakings	-	-	5,326	5,358
Other debtors	1,211	2,072	2	-
Prepayments and accrued income	12,446	5,854	77	-
	<u>18,574</u>	<u>11,088</u>	<u>5,405</u>	<u>5,358</u>

The directors of TEAL Group Holdings Limited have given an undertaken not to require repayment of amounts due from group undertakings for at least a year, or when funds are available to reasonably make repayment. These amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20. Cash and cash equivalents

	Group 25 January 2020 £000	Group 26 January 2019 £000	Company 25 January 2020 £000	Company 26 January 2019 £000
Cash at bank and in hand	17,912	42,875	1	1
	<u>17,912</u>	<u>42,875</u>	<u>1</u>	<u>1</u>

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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**21. Creditors: Amounts falling due within one year**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>25 January</b>	<i>26 January</i>	<b>25 January</b>	<i>26 January</i>
	<b>2020</b>	<i>2019</i>	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Trade creditors	32,077	29,297	-	-
Corporation tax	1,369	2,001	253	168
Other taxation and social security	9,840	12,425	-	-
Other creditors	7,695	6,119	-	-
Accruals and deferred income	989	217	466	-
	<u>51,970</u>	<u>50,059</u>	<u>719</u>	<u>168</u>

The bank facilities are secured by a cross-guarantee supported by a debenture creating a fixed and floating charge over the assets of TEAL Group Holdings Limited, The Entertainer (Amersham) Limited, The Entertainer International Limited and TEAL Brands Limited. The balance drawn on these facilities at the period end was £nil (2019: £nil).

TEAL GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020

22. Financial instruments

	Group 25 January 2020 £000	Group 26 January 2019 £000	Company 25 January 2020 £000	Company 26 January 2019 £000
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	-	81	-	-
Financial assets measured at amortised cost	18,134	15,740	11,011	8,068
	<u>18,134</u>	<u>15,821</u>	<u>11,011</u>	<u>8,068</u>
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss	(164)	-	-	-
Financial liabilities measured at amortised cost	(64,140)	(35,633)	(466)	-
	<u>(64,304)</u>	<u>(35,633)</u>	<u>(466)</u>	<u>-</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditor balances, amounts owed to group undertakings, other creditors and accruals.

At the year end the group had entered into a number of forward foreign exchange contracts to purchase \$US. These were entered into in order to hedge against future purchases of stock bought in \$US. At the year end these contracts had a fair value of £164,000 (2019: £81,000 asset). This profit or loss on fair value has been recognised in the Statement of comprehensive income in the period.

**TEAL GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

**23. Deferred taxation**

**Group**

	<b>2020 £000</b>	<b>2019 £000</b>
At beginning of year	(346)	(349)
Charged to profit or loss	(140)	3
<b>At end of year</b>	<b>(486)</b>	<b>(346)</b>

The provision for deferred taxation is made up as follows:

	<b>Group 25 January 2020 £000</b>	<b>Group 26 January 2019 £000</b>
Fixed asset timing difference	(1,038)	(1,030)
Short term timing difference	30	53
Losses and other deductions	522	631
	<b>(486)</b>	<b>(346)</b>

The Company had no deferred tax provision.

The Group has an unrecognised deferred tax asset of £2,062,801 (2019: £914,000) in relation to losses.

**24. Provisions**

**Group**

	<b>Onerous leases £000</b>	<b>Provision for restructuring £000</b>	<b>Total £000</b>
At 27 January 2019	2,880	-	2,880
Charged to profit or loss	389	221	610
<b>At 25 January 2020</b>	<b>3,269</b>	<b>221</b>	<b>3,490</b>

An onerous lease provision has been made for the remaining period of the leases which on average is 1.4 years (2019: 1.9 years).

The Company had no provisions.

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TEAL GROUP HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020

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25. Accruals and deferred income

	Group 25 January 2020 £000	Group 26 January 2019 £000
Amounts falling due within one year	9,123	11,338
Amounts falling due after one year	14,420	14,633
	<u>23,543</u>	<u>25,971</u>

Accruals and deferred income mainly relate to reverse premiums in respect of property leases, and which are released over the life of the lease.

The Company has no accruals and deferred income.

26. Share capital

	25 January 2020 £000	26 January 2019 £000
<b>Allotted, called up and fully paid</b>		
10,000 (2019 - 10,000) Ordinary shares of £1.00 each	10	10
16 (2019 - 16) A Ordinary shares of £1.00 each	-	-
2 (2019 - 2) B Ordinary shares of £1.00 each	-	-
	<u>10</u>	<u>10</u>

There are no differences in the rights in the company with respect to voting, dividends and distributions across the different class of shares.

27. Reserves

**Merger Reserve**

During the period ended 27 January 2018 the group undertook a group reconstruction. The Directors took advantage of merger accounting to prepare accounts as if the current structure had always existed.

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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**28. Business Combinations**

On 22 March 2019, TEAL Brands Limited, a subsidiary company, acquired the trade and assets of Early Learning Centre Limited for a total consideration of £11,335,078. TEAL Brands Limited was dormant prior to the acquisition.

The fair value of the net assets acquired have been assessed and no adjustments to book value were deemed necessary. The book value and fair value of the net assets acquired are summarised in the following table:

	<b>Book and fair value £000</b>
<b>Fixed assets</b>	
Intangible fixed assets	5,000
Tangible fixed assets	1,000
<b>Current assets</b>	
Stock	5,335
<b>Net assets</b>	<u>11,335</u>

On 20 January 2020, The Entertainer (Amersham) Limited, a subsidiary company, acquired certain trade and assets from Mr G P Grant and Mrs C A Grant for a total consideration of £988,494.

The fair value of the net assets acquired have been assessed and no adjustments to book value were deemed necessary. The book value and fair value of the net assets acquired are summarised in the following table:

	<b>Book and fair value £000</b>
<b>Fixed assets</b>	
Intangible fixed assets	867
Tangible fixed assets	121
<b>Net assets</b>	<u>988</u>

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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**29. Capital commitments**

At 25 January 2020 the Group had capital commitments as follows:

	<b>Group 25 January 2020 £000</b>	<b>Group 26 January 2019 £000</b>
Contracted for but not provided in these financial statements	<b>904</b>	<b>432</b>
	<b>904</b>	<b>432</b>

The Company has no capital commitments.

**30. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,248,000 (2019: £1,034,000). There were amounts of £190,000 outstanding at 25 January 2020 (2019: £126,000) in respect of contributions to the scheme.

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**TEAL GROUP HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 25 JANUARY 2020**

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**31. Commitments under operating leases**

At 25 January 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 25 January 2020 £000</b>	<i>Group 26 January 2019 £000</i>
<b>Land and Buildings</b>		
Not later than 1 year	20,035	19,119
Later than 1 year and not later than 5 years	59,787	56,566
Later than 5 years	34,760	38,136
	<u>114,582</u>	<u>113,821</u>
	<b>Group 25 January 2020 £000</b>	<i>Group 26 January 2019 £000</i>
<b>Other operating leases</b>		
Not later than 1 year	254	303
Later than 1 year and not later than 5 years	348	579
Later than 5 years	32	89
	<u>634</u>	<u>971</u>

The Company has no commitments under operating leases.



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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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#### 32. Related party transactions

During the period the group purchased certain trade and assets from a Partnership in which two of the shareholders are principals for £988,494.

During the period the group sold goods to a Partnership, in which two of the shareholders are the principals, for £864,900 (2019: £1,147,542) and recharged expenses totalling £86,877 (2019: £189,170). Amounts will be repaid within normal agreed credit terms. As at 25 January 2020 there was an amount due from this partnership in respect of these transactions of £1,759 (2019: £662,184).

The group operates from two properties which are owned by a pension scheme, of which one of the shareholders is a trustee and beneficiary. The rent charged in the period for the use of these properties amounted to £114,000 (2019: £114,000). At the balance sheet date the group had future minimum lease payments under non-cancellable operating leases in respect of these properties of £445,000 (2019: £559,000).

Some of the properties from which the group operates are owned personally by three of the shareholders. The rent charged in the period for the use of these properties amounted to £789,660 (2019: £789,660). At the balance sheet date the group had future minimum lease payments under non-cancellable operating leases in respect of these properties of £2,259,100 (2019: £3,134,185).

The group operates from two properties which are owned by a pension scheme in which four of the shareholders are beneficiaries. The rent charged in the period for the use of these properties amounted to £80,000 (2019: £170,000). In respect of the properties there are future minimum lease payments under non-cancellable operating leases of £400,000 (2019: £615,000). During the year ended 27 January 2018 the group entered into a loan agreement with this pension scheme. At the year end there was an outstanding loan due from the scheme of £700,000 (2019: £90,000). This loan attracts interest of 2.75% above base, and is repayable by 31 December 2020. A total of £297 was charged for 2020.

During the period, the group made donations to a charity in which two of the directors are trustees totalling £nil (2019: £230,000).

During the period, the group made donations to a charity in which certain of the directors are trustees totalling £nil (2019: £790,000).

During the period, the group made a transfer of £1,056,076 (2019: £5,207,500) to a company which has the same shareholders as the group. The balance outstanding at the year end is £10,153,576 (2019: £8,647,500). Interest is charged on this loan at 2.25%. During the period rent charged by this company to the group totalled £781,279 (2019: £589,424).

In addition to directors remuneration, amounts of £1,728,439 (2019: £1,382,922) were paid to key management personnel during the year.

As at the year end, £887,606 (2019: £750,000) was owed to directors or family members of the directors. Where interest has been charged this was at a rate of 2.5% for February 2019 to April 2019, 5% until November 2019 and 2.5% until the year end. During the year a total of £42,723 (2019: £37,162) interest was charged, with accrued loan interest of £nil recognised within creditors at the year end (2019: £15,414).

The group has taken advantage of the exemptions allowed by FRS102, not to disclose transactions with related party undertakings which are 100% owned by the group.

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## TEAL GROUP HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 25 JANUARY 2020

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#### **33. Post balance sheet events**

On 30th January 2020, the World Health Organisation declared a Public Health Emergency regarding the Covid-19 outbreak. It declared a pandemic on 11 March 2020. This pandemic has had a huge impact on the wider retail market, however since the beginning of the pandemic the toy market has proved resilient with the group business benefitting on-line to help offset lost sales from stores during the lockdown period. Significant work has been carried out to accelerate the group businesses web capability and permanently increase fulfilment capacity to enable the group business to weather any potential future local store lockdowns.

#### **34. Controlling party**

Throughout the period, the ultimate controlling party is considered to be Mr G P Grant and Mrs C A Grant, by virtue of their majority shareholding in TEAL Group Holdings Limited.