# **Smyths Toys NI Limited**

Directors' Report and Financial Statements Year Ended 31 March 2011

Registered number: NI060832

COMPANIES HOUSE

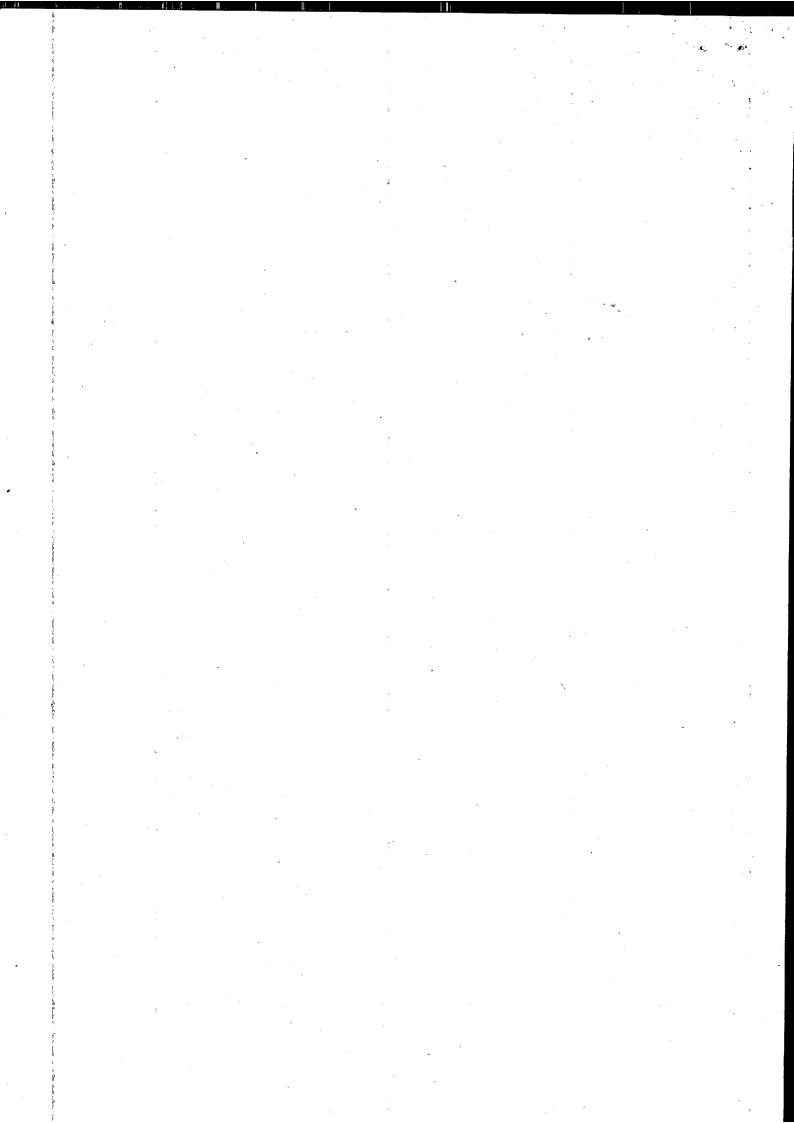
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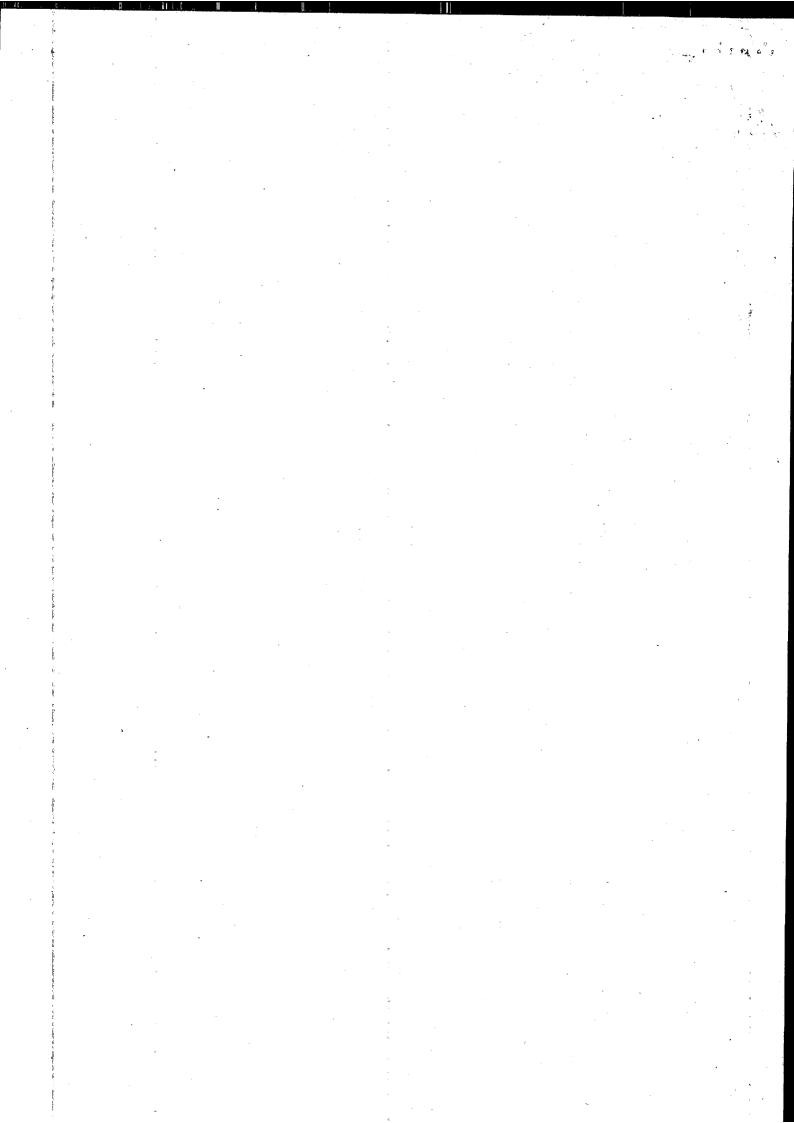
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# **DIRECTORS AND OTHER INFORMATION**

### **Directors**

Anthony Smyth Liam Smyth Patrick Smyth Thomas Smyth

# Secretary and Registered Office

Anthony Smyth c/o Johnston Kennedy DFK 10 Pilots View Heron Road Belfast BT3 9LE Co Antrim

Registered number: NI 060832

## **Statutory auditors**

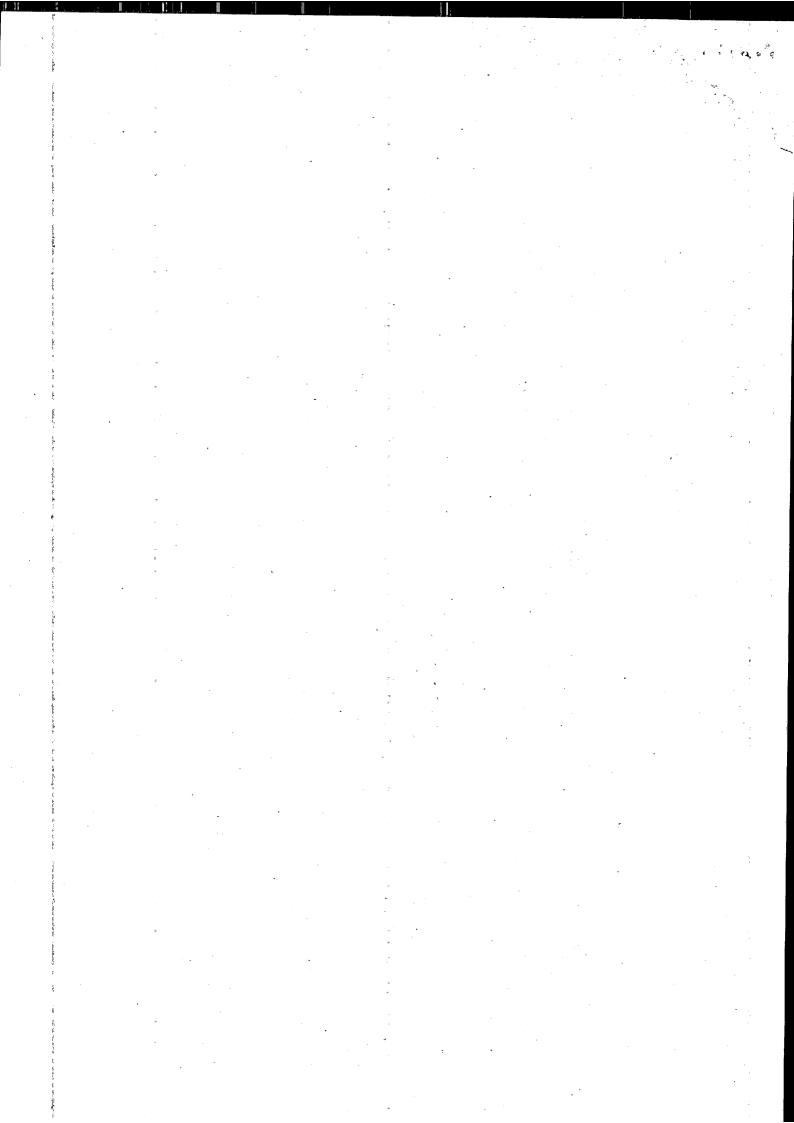
PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Harris House
IDA Small Business Centre
Tuam Road
Galway
Ireland

### **Solicitors**

Tughans Solicitors Marlborough House 30 Victoria Street Belfast BT1 3GS Co Antrim

### **Bankers**

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



#### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2011.

**Principal activity** 

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

#### **Business review**

The company has six stores in operation in Northern Ireland. Turnover has decreased by £4.5m year on year, due primarily to a reduction in cross-border shopping. The company's headcount and cost base have remained stable year on year. The principal risks and uncertainties facing the company include competitive pressures and the current general economic climate.

**Future developments** 

The directors do not plan to make any changes to the activities of the company.

Financial risk management

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

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

#### Price risk

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

Foreign exchange risk

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

Credit risk

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

Liquidity risk

Liquidity risk is managed at group level.

Interest rate and cash flow risk

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

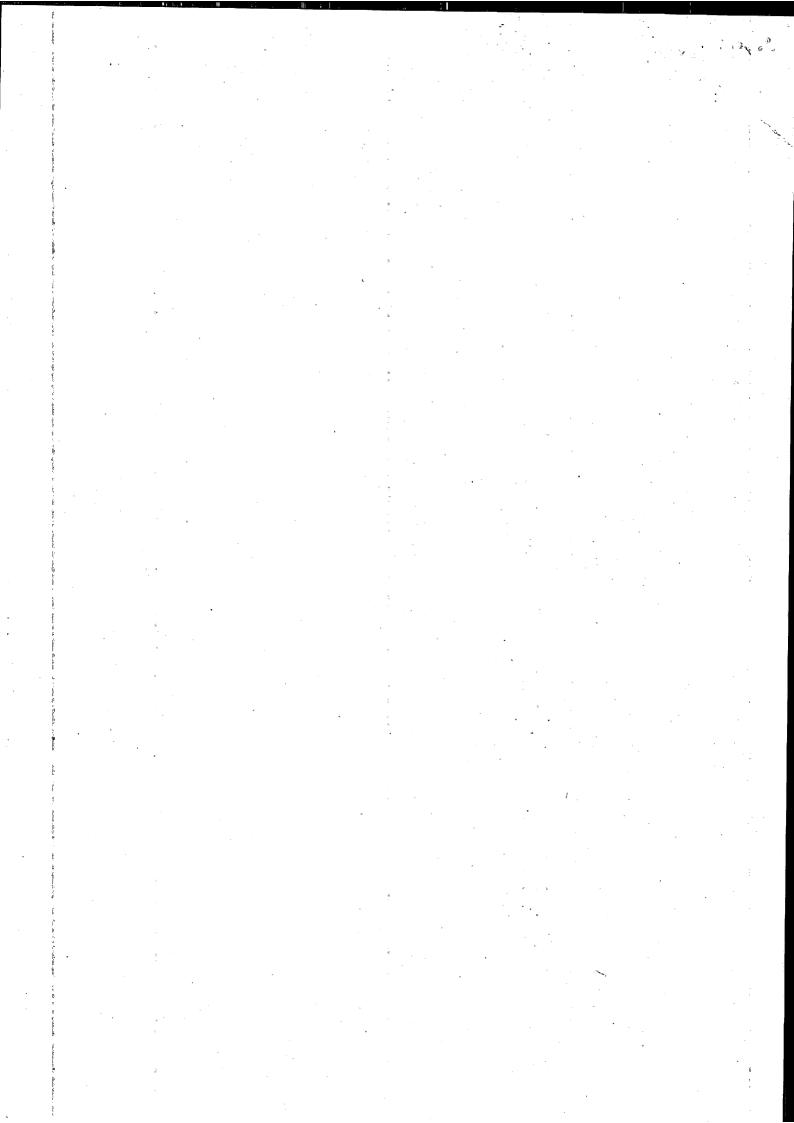
Results and dividends

The profit and loss account for the year is set out on page 7. The profit before tax for the financial year was £827,346 (2010: £940,615). There were no dividends proposed or paid during the year.

#### **Directors**

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

Anthony Smyth Liam Smyth Patrick Smyth Thomas Smyth



## **DIRECTORS' REPORT - continued**

#### Post balance sheet events

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

## Research and development

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

# Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Statement of disclosure of information to auditors

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

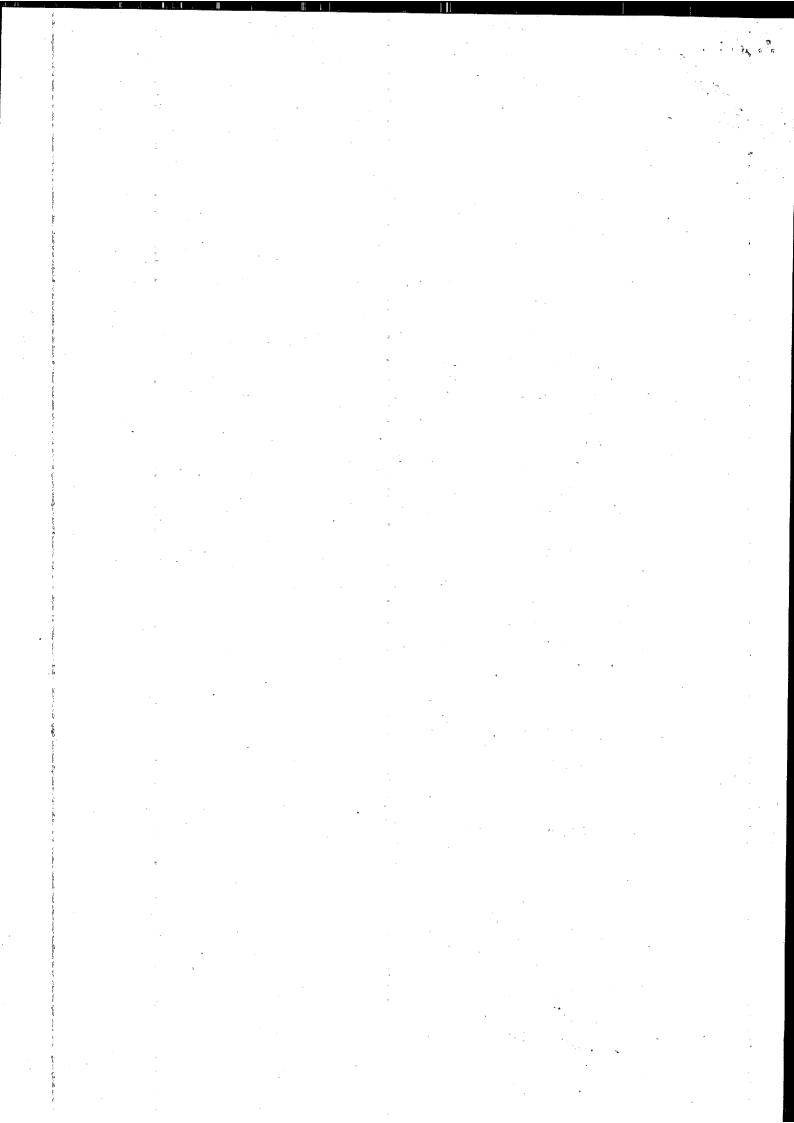
- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

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

Anthony Smyth

30 September 2011





# Independent auditors' report to the members of Smyths Toys NI Limited

We have audited the financial statements of Smyths Toys NI Limited for the year ended 31 March 2011, which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

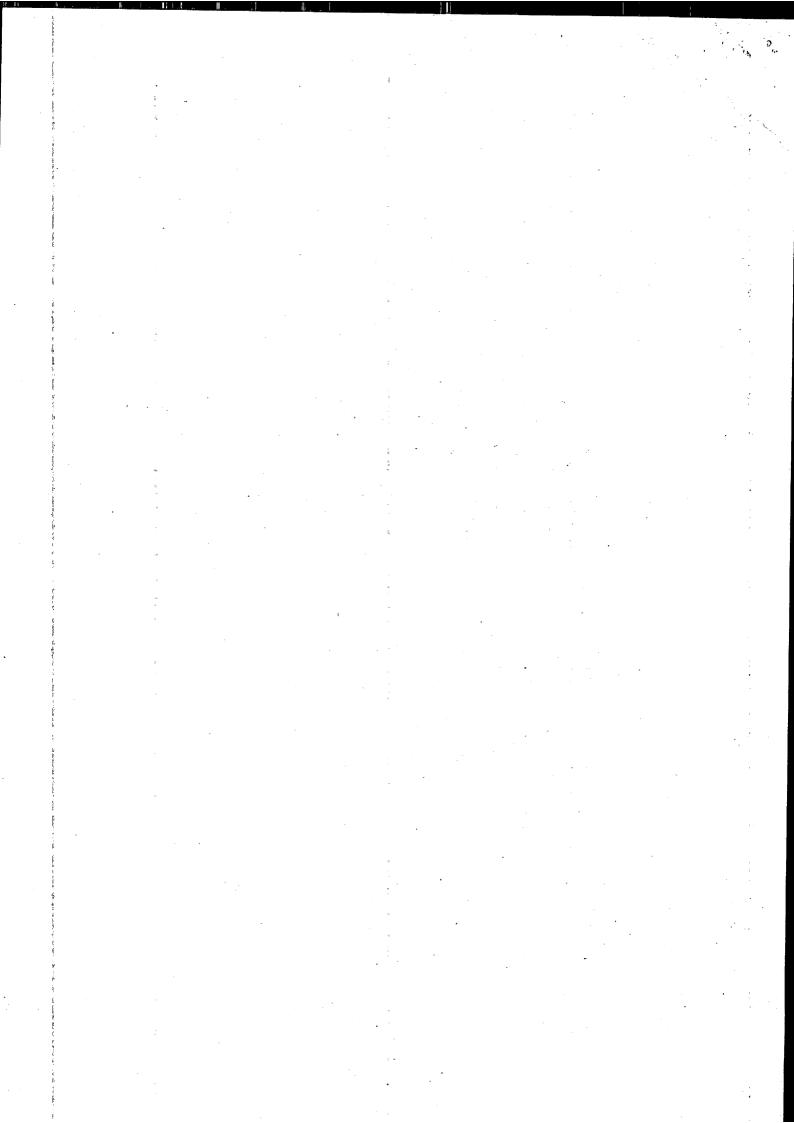
## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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





# Independent auditors' report to the members of Smyths Toys NI Limited - continued Matters on which we are required to report by exception

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

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

(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors

Galway, Ireland

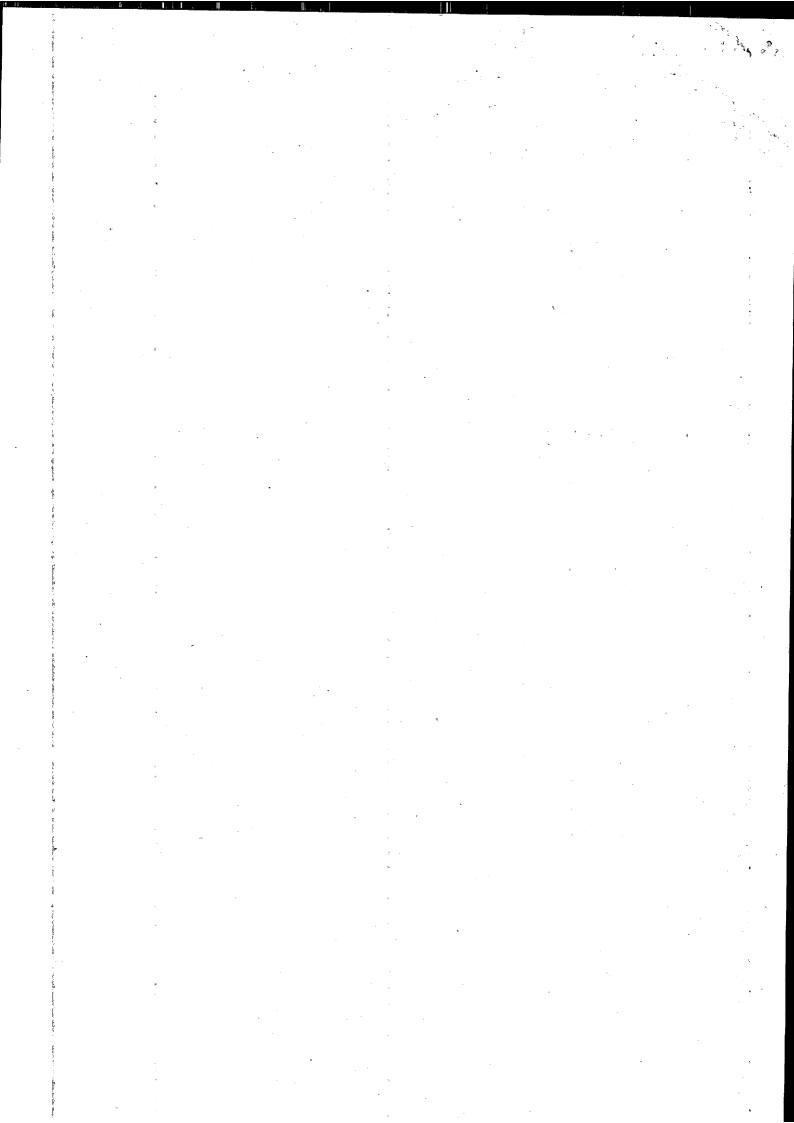
6 October 2011

## PROFIT AND LOSS ACCOUNT Year Ended 31 March 2011

	Notes	2011 £	2010 £
Turnover	2	33,093,857	37,624,557
Cost of sales		(26,466,897)	(30,371,223)
Gross profit		6,626,960	7,253,334
Administrative expenses		(5,799,614)	(6,312,719)
Operating profit and profit on ordinary activities before taxation	3	827,346	940,615
Tax on profit on ordinary activities	6	(343,765)	(332,026)
Profit for the year		483,581	608,589

All amounts above relate to continuing operations of the company.

The company had no recognised gains and losses other than those reflected in the profit and loss account above and, therefore, no separate statement of total recognised gains and losses has been presented.



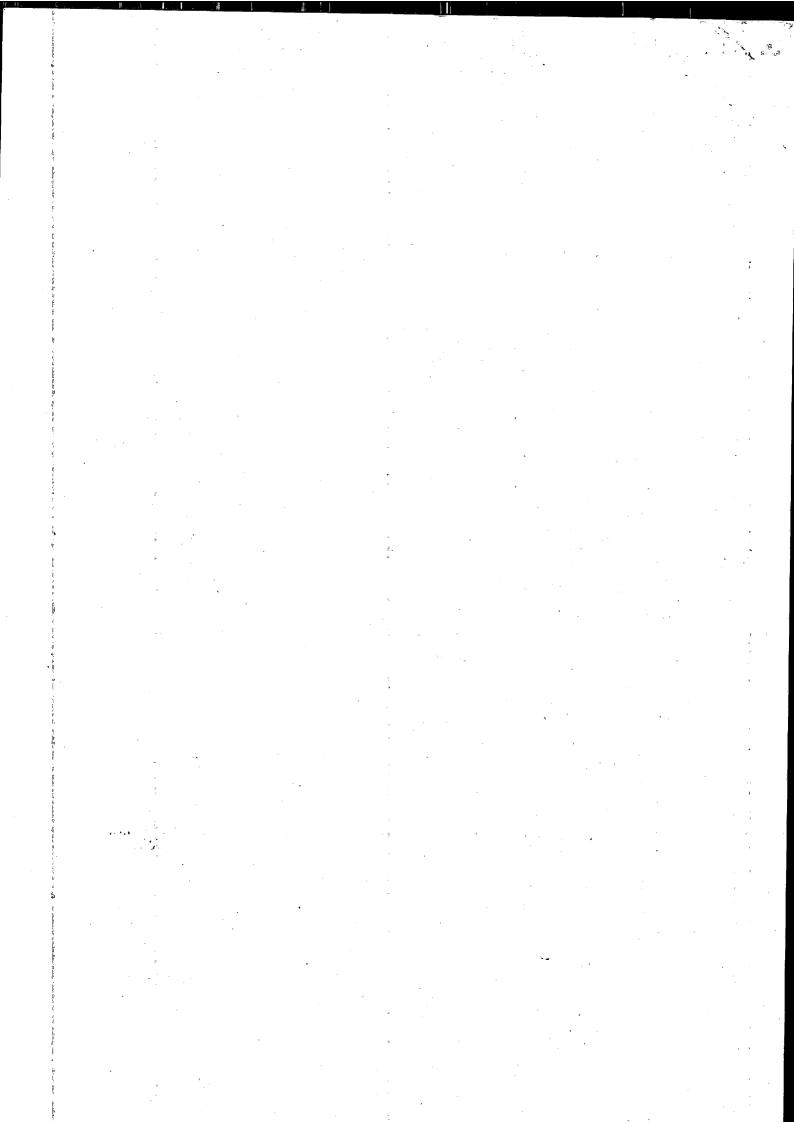
# BALANCE SHEET 31 March 2011

	Notes	2011 £	2010 £
Fixed assets Intangible assets Tangible assets	7 8	3,758,542 2,717,331 6,475,873	3,993,451 3,025,236 7,018,687
Current assets Debtors Cash at bank and in hand	9	2,430,670 408,126 2,838,796	1,290,598 384,192 1,674,790
Creditors - amounts falling due within one year	10	(469,605)	(329,930)
Net current assets		2,369,191	1,344,860
Total assets less current liabilities		8,845,064	8,363,547
Creditors – amount falling due after more than one year	11	(6,679,185)	(6,679,185)
Provisions for liabilities and charges	12	(111,523)	(113,587)
Net assets		2,054,356	1,570,775
Capital and reserves Called up share capital Profit and loss account Equity shareholders' funds	13 14 15	100 2,054,256 2,054,356	100 1,570,675 1,570,775
Equity siluicitation faring			

The financial statements on pages 7 to 16 were approved by the board of directors on 30 September and were signed on its behalf by:

Anthony Smyth

Smyths Toys NI Limited Registered number: NI060832



## CASH FLOW STATEMENT Year Ended 31 March 2011

	<b>N</b> 1.1.	2011	2010 £
	Note	£	L
Net cash inflow from operating activities	18(a)	256,889	604,183
Taxation paid		(229,543)	(551,971)
Capital expenditure and financial investment	18(b)	(3,412)	(5,543)
Increase in cash for the year		23,934	46,669
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH		2011 £	2010 £
		L	L
Increase in cash for the year		23,934	46,669
Opening net cash		384,192	337,523
Closing net cash	19	408,126	384,192

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# NOTES TO THE FINANCIAL STATEMENTS

## 1 Accounting policies

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

## **Historical cost convention**

The financial statements are prepared under the historical cost convention.

## Turnover and revenue recognition

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

#### Goodwill

Purchased goodwill is amortised through the profit and loss account over its estimated useful economic life of 20 years.

## Tangible fixed assets and depreciation

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

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

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

### Foreign currency

The financial statements are presented in Sterling ("£").

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

#### **Taxation**

Corporation tax is provided on taxable profits at current rates.

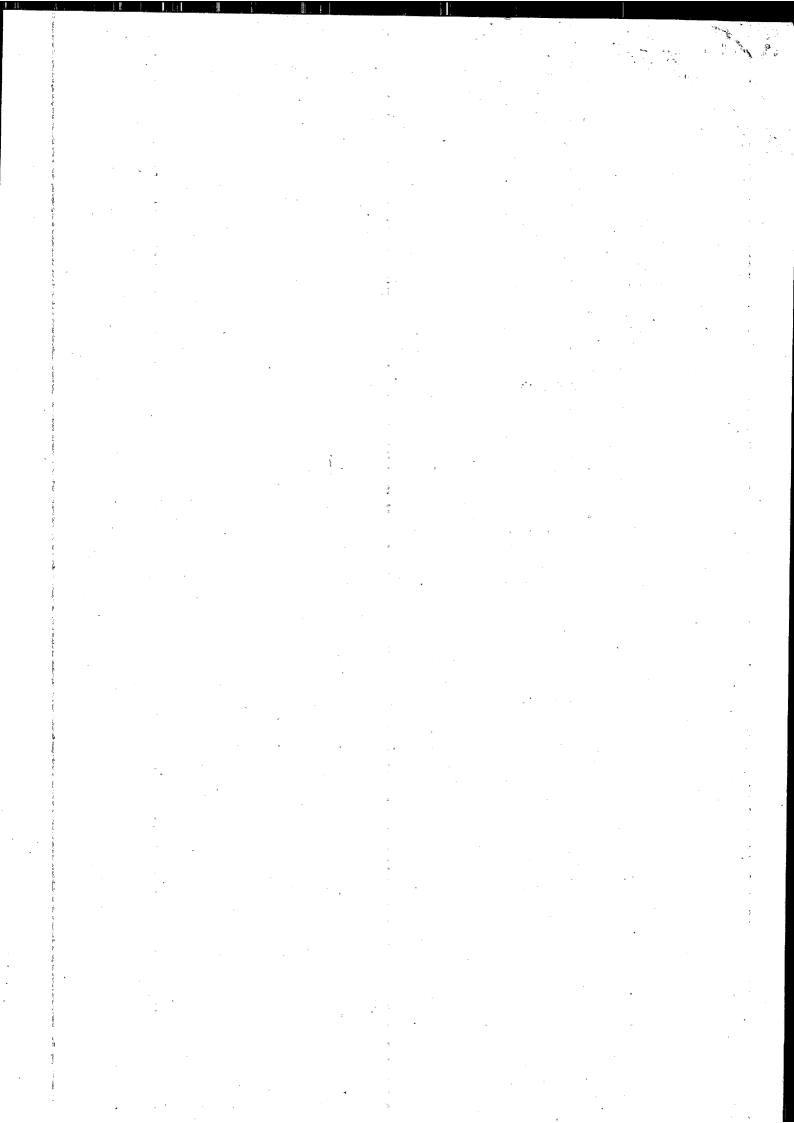
Deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date.

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

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

### **Operating leases**

Operating lease rentals are charged to the profit and loss account in the period to which they relate. Operating lease incentives are recognised in the profit and loss account on a straight line basis over the term of the lease.



Aggregate emoluments

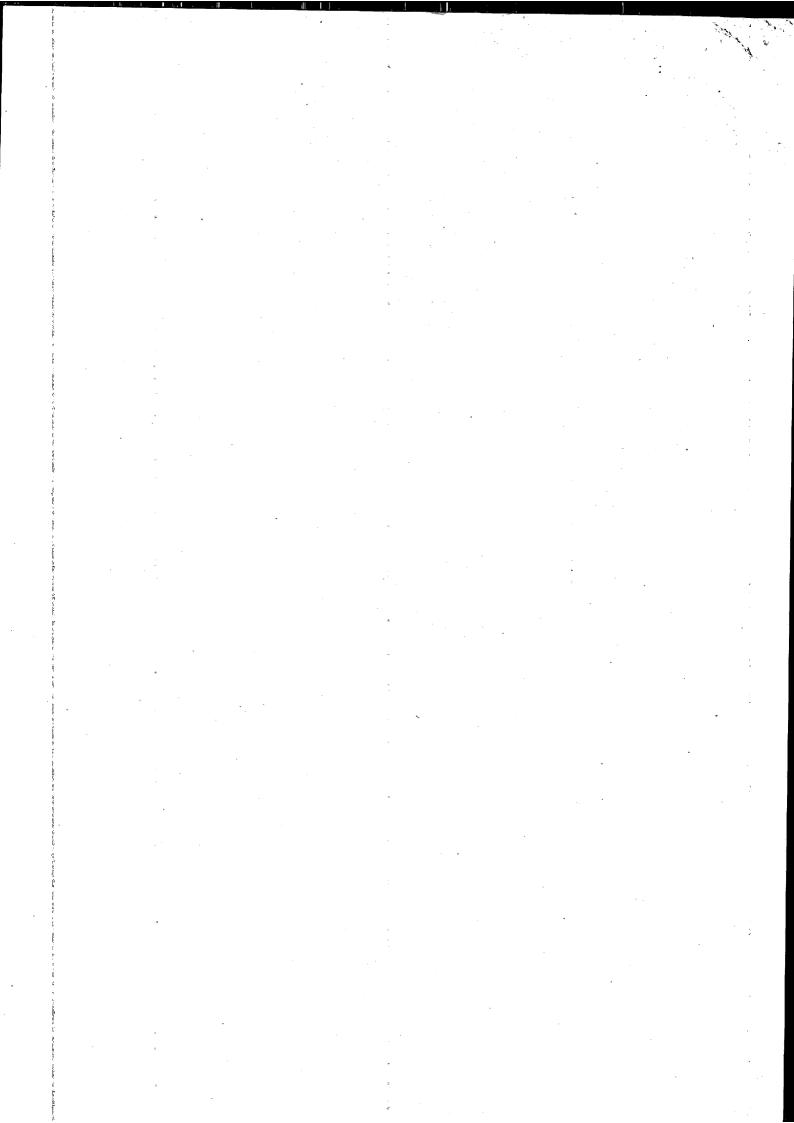
Highest paid director Total emoluments

# NOTES TO THE FINANCIAL STATEMENTS - continued

### 2 Turnover

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

	undertaken in Westers		
3	Operating profit	2011 £	2010 £
	Operating profit is stated after charging the following:	۲	~
	Staff costs (note 4)	2,012,074	2,203,835
	Goodwill amortisation (note 7)	234,909	234,909
	Depreciation of tangible fixed assets (note 8)	311,317	310,976
	Operating lease rentals - premises	1,470,611	1,516,751
	Services provided by the company's auditor:		<b>-</b>
	Fees payable for the audit	7,500	7,500
	Fees payable for other services - taxation	5,750	3,425
4	Employee information	2011	2010
4	Employee information	£	£
	Staff costs		
	Wages and salaries	1,897,571	2,064,910
	Social security costs	129,086	138,925
	•	2,026,657	2,203,835
Th ex	e average monthly number of persons (full time equivalents) employed ecutive directors) during the period was 103 (2010: 113) and is analysed as foll	by the compa ows:	ny (including
		2011	2010
		Number	Number
	Selling and distribution	103	113
			2012
5	Directors' emoluments	2011	2010
		£	£



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# NOTES TO THE FINANCIAL STATEMENTS - continued

)	Taxation on profit for the year	2011 £	2010 £
	Current tax  UK corporation tax on profit for year  Adjustment in respect of prior years	334,674 11,155	353,041 (62,654)
	Current tax charge for the year	345,829	290,387
	Deferred tax Charge for year (note 12) Adjustment in respect of prior years Effect of decrease in tax rate on opening deferred tax liability	6,050 - (8,114)	17,375 24,264
	Deferred tax (credit)/charge for the year  Total tax on profit on ordinary activities	(2,064) 343,765	41,639 332,026

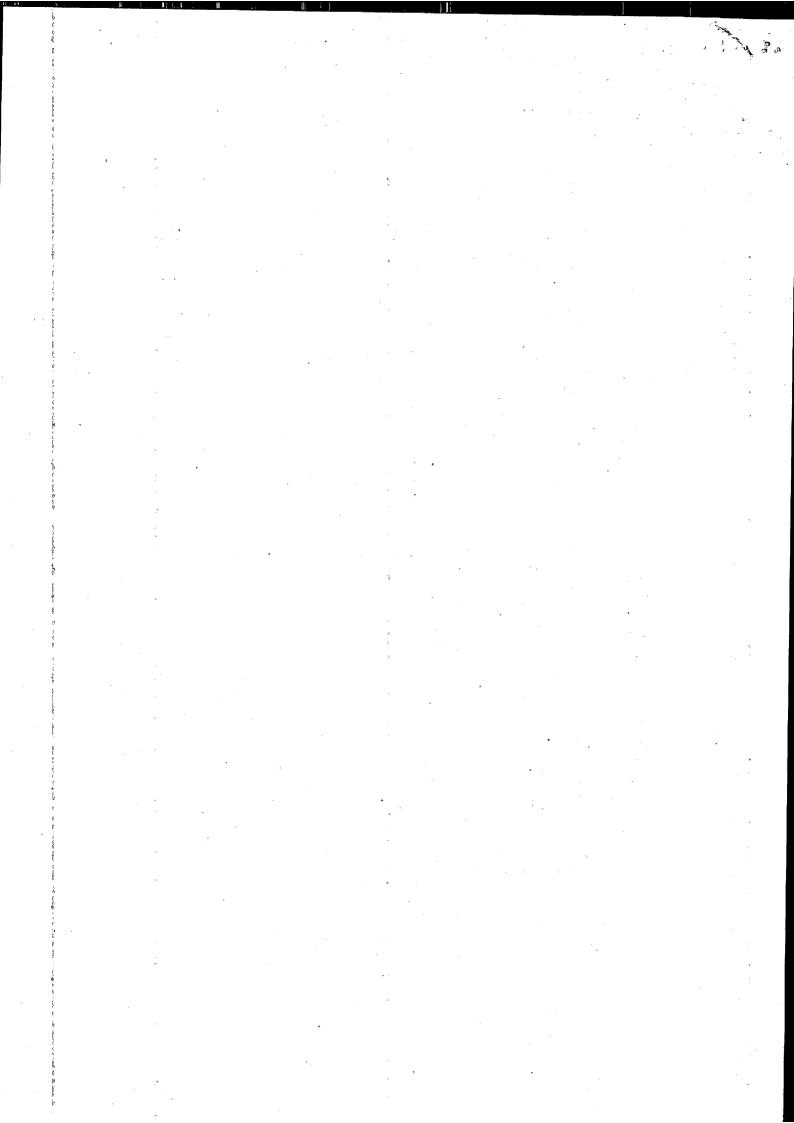
The current tax charge for the year differs from that which would result from applying the standard rate of corporation tax in NI (28%) to the profit for the year. The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	827,346	940,615
Profit on ordinary activities multiplied by standard rate of corporation tax in NI of 28% (2010: 28%)	231,657	263,372
Effects of: Expenses not deductible for tax purposes Capital allowances in excess of depreciation Adjustments in respect of prior years Current tax charge for year	107,043 (4,026) 11,155 345,829	107,044 (17,375) (62,654) 290,387

# Factors affecting current and future tax charges:

The standard rate of corporation tax changed from 28% to 26% with effect from 1 April 2011. At this time there are no other factors indentified which might impact current or future tax charges other than budgetary changes.

Deferred tax liabilities have not been discounted.



# NOTES TO THE FINANCIAL STATEMENTS - continued

7	Intangible fixed assets	Goodwill £	Total £
	Cost At 1 April 2010 and 31 March 2011	4,698,178	4,698,178
	Amortisation At 1 April 2010 Charge for the year At 31 March 2011	704,727 234,909 939,636	704,727 234,909 939,636
	Net book value At 31 March 2011 At 31 March 2010	3,758,542 3,993,451	3,758,542 3,993,451

The goodwill arose on the transfer in 2007 of the trade and net assets of the Northern Ireland Branch of Smyths Toys to Smyths Toys NI Limited. The useful economic life of this goodwill is estimated to be 20 years.

improvements £	equipment £	£
3,620,132	753,950 3,412 757,362	4,374,082 3,412 4,377,494
1,005,896 233,681	342,950 77,636	1,348,846 311,317
1,239,577 2,380,555 2,614,236	336,776	2,717,331 3,025,236
	3,620,132 3,620,132 3,620,132 1,005,896 233,681 1,239,577	£ £  3,620,132 753,950 3,412  3,620,132 757,362  1,005,896 342,950 233,681 77,636  1,239,577 420,586  2,380,555 336,776

# NOTES TO THE FINANCIAL STATEMENTS - continued

Allotted, called up and fully paid

100 ordinary shares of £1 each

9	Debtors	2011	2010
		£	£
	A Land Community and autobiom	2,153,421	648,556
	Amounts due from parent undertaking Value added tax recoverable	146,131	407,365
	Prepayments and accrued income	131,118	234,677
	Tropaymonto and accided meeting	2,430,670	1,290,598
	Amounts due from parent undertaking are unsecured, interest free and are re	payable on dema	and.
10	Creditors - amounts falling due within one year	2011	2010
10	Cleations - amounts raining and warm one your	£	£
		191,263	74,977
	Corporation tax	180,528	235,728
	Accruals and deferred income Other taxes and social security	40,269	19,225
	Amounts owed to fellow subsidiaries	57,545	-
	Amounts awar to follow associations	469,605	329,930
	Amounts owed to fellow subsidiaries are unsecured, interest free and repayal	ole on demand.	
11	Creditors - amounts falling due after more than one year	2011	2010
• • •	Grounds amount taming	£	£
		6 670 195	6 670 185
	Amounts due to parent undertaking	6,679,185	6,679,185
		6,679,185	6,679,185
	Amounts due to parent undertaking are unsecured, interest free and fall due	after more than o	one year.
40	Provisions for liabilities and charges		Deferred
12	Provisions for liabilities and charges		Taxation
			£
			113,587
	At 1 April 2010		6,050
	Charge for the year  Effect of decrease in tax rate on opening deferred tax liability		(8,114)
			111,523
	At 31 March 2011		
	Deferred taxation arises entirely due to timing differences on fixed assets.		
11	Share capital	2011	2010
15	, onate suprai	£	£
	Authorised		4 000 000
	1,000,000 ordinary shares of £1 each	1,000,000	1,000,000

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# **NOTES TO THE FINANCIAL STATEMENTS - continued**

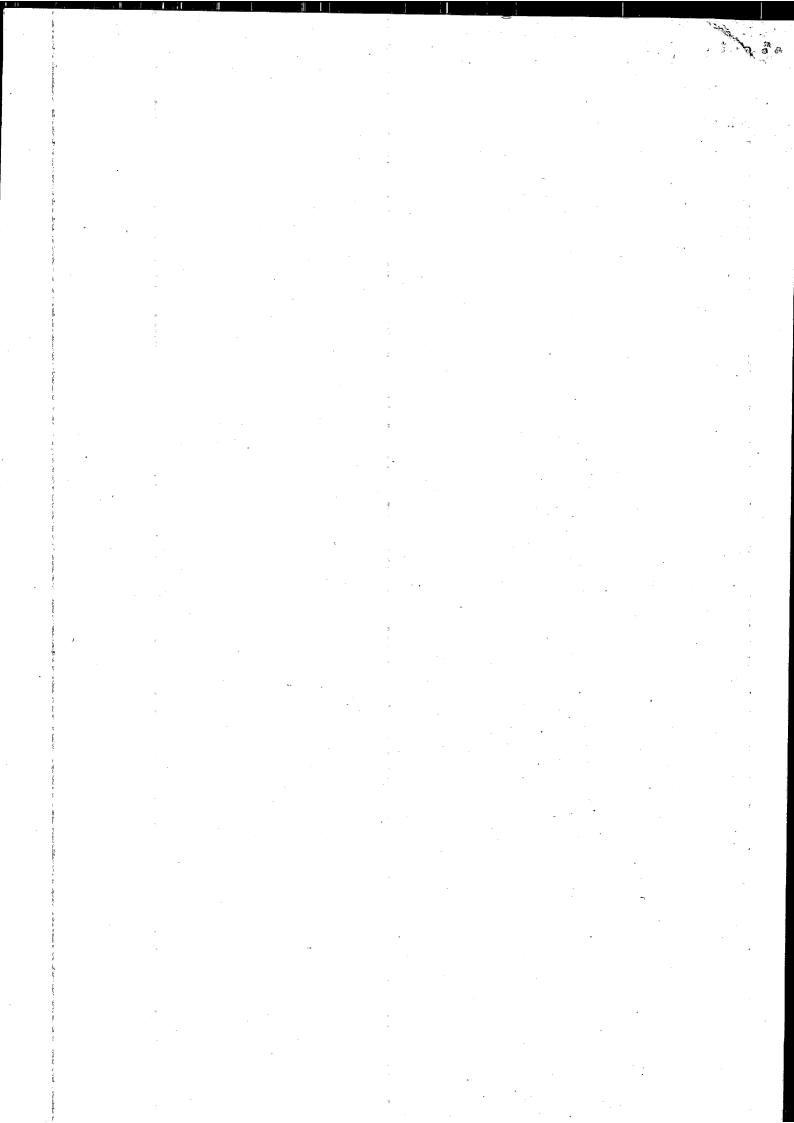
14	Reserves	Profit and loss account £	Total £
	Profit for the year At 1 April 2010 At 31 March 2011	483,581 1,570,675 2,054,256	483,581 1,570,675 2,054,256
15	Reconciliation of movements in equity shareholders' funds	2011 £	2010 £
	Profit for the year  Net addition to equity shareholders' funds  Equity shareholders' funds at 1 April  Equity shareholders' funds at 31 March	483,581 483,581 1,570,775 2,054,356	608,589 608,589 962,186 1,570,775
16	Capital commitments	2011 £	2010 £
	Contracted for but not provided in the financial statements		

# 17 Financial commitments

# **Operating leases**

At 31 March 2011 the company had annual commitments under non-cancellable operating leases on property expiring as follows:

property expiring as follows:	2011	2010
	£	£
Within one year	-	-
In more than one year, but not more than five years  After five years	- 1,471,279	- 1,516,591
THO ITTO YOUR		



#### **NOTES TO THE FINANCIAL STATEMENTS - continued**

### 18 Notes to cash flow statement

	a)	Reconciliation of operating profit to net cashflow from operating activities		2011 £	2010 £
		Operating profit		827,346	940,615
		Depreciation of tangible fixed assets		311,317	310,976
		Amortisation of goodwill		234,909	234,909
		(Increase) in debtors		(1,140,072)	(616,389)
		Increase/(decrease) in creditors		23,389	(265,928)
		Net cash inflow from operating activities		256,889	604,183
	b)	Capital expenditure and financial investment		2011 £	2010 £
		Payments to acquire tangible fixed assets		(3,412)	(5,543)
19	An	alysis of net cash	At 31 March	Cash flow	At 31 March
			2010 £	£	2011 £
	Ca	sh at bank and in hand	384,192	23,934	408,126

### 20 Related party transactions

The company has availed of the exemption contained in FRS8 "Related Party Disclosures", in respect of subsidiary undertakings, all of whose voting rights are controlled within the Group. Consequently, the financial statements do not contain disclosures of transactions with entities in the Smyths Toys Group.

### 21 Parent undertaking

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

