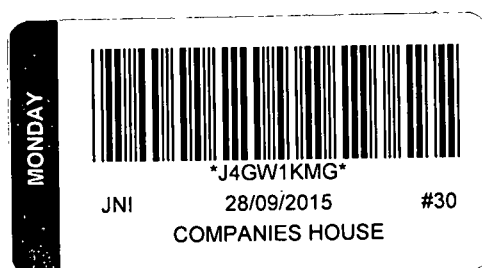


Smyths Toys NI Limited

**Annual Report
Year ended 31 December 2014**

Registered number: NI060832



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DIRECTORS AND OTHER INFORMATION

Directors

Anthony Smyth
Liam Smyth
Patrick Smyth
Thomas Smyth

Solicitors

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

Secretary and Registered Office

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

Bankers

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

Registered number: NI060832

Auditors

PricewaterhouseCoopers
Harris House
IDA Small Business Centre
Tuam Road
Galway
Ireland

STRATEGIC REPORT

Strategic report for the year ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

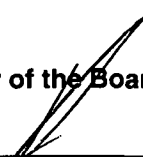
The principal activity of the company is the sale of toys and associated products from retail outlets in Northern Ireland. Turnover has increased by £2.4m to £32m for the year ended 31 December 2014. The company's profit before tax for the year increased to £0.5m from £0.4m in the prior year. The directors are very pleased with this result particularly given the current economic climate and increased competition in the market place.

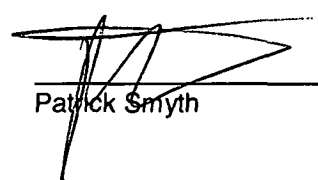
The company has six stores in operation in Northern Ireland and there were no new stores opened during the year. The average staff numbers increased slightly from 146 in 2013 to 159 in 2014.

General

As outlined in the directors' report, the directors do not plan to make any changes to the activities of the company.

By order of the Board



Anthony Smyth

Patrick Smyth

DIRECTORS' REPORT

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

Future developments

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

Financial risk management

The company has in place a programme to manage the financial risk exposures of the company. Under the company's trading structure with its parent company, Smyths Toys HQ, 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 limited price risk due to the trading structure under which it operates with Smyths Toys HQ. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk

The company bears minimal foreign exchange risk as its activities are primarily denominated in Sterling.

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. The group maintains an appropriate level of available finance to ensure the company has sufficient available funds for operations and planned expansions.

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 8. The company's profit for the year was £0.3m (2013: £0.3m). No dividends were paid during the year or the prior year.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

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 Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Disclosure of information to auditors

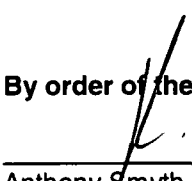
So far as each of the directors in office at the date of approval of these financial statements is aware:

- 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.

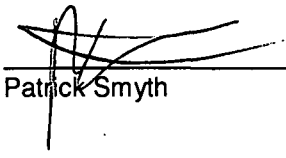
Independent Auditors

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

By order of the Board



Anthony Smyth



Patrick Smyth

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 December 2014 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 Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.



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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

A handwritten signature in cursive script, appearing to read 'Ann Lavin', written over a horizontal line.

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

29 May 2015

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2014

	Notes	31 December 2014 £'000	31 December 2013 £'000
Turnover	2	31,969	29,589
Cost of sales		<u>(25,668)</u>	<u>(23,555)</u>
Gross profit		6,301	6,034
Selling and distribution expenses		<u>(5,821)</u>	<u>(5,590)</u>
Operating profit and profit on ordinary activities before taxation	3	480	444
Tax on profit on ordinary activities	6	<u>(196)</u>	<u>(185)</u>
Profit for the financial year		<u>284</u>	<u>259</u>

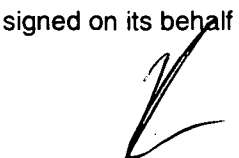
Turnover and operating profit arose solely from continuing operations.

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.

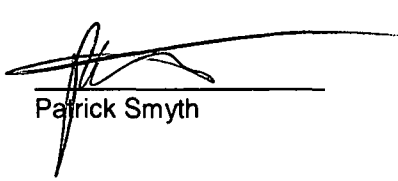
BALANCE SHEET
31 December 2014

	Notes	31 December 2014 £'000	31 December 2013 £'000
Fixed assets			
Intangible assets	7	2,877	3,112
Tangible assets	8	<u>1,731</u>	<u>1,919</u>
		<u>4,608</u>	<u>5,031</u>
Current assets			
Debtors	9	3,908	3,070
Cash at bank and in hand		<u>313</u>	<u>389</u>
		4,221	3,459
Creditors - amounts falling due within one year	10	<u>(810)</u>	<u>(747)</u>
Net current assets		<u>3,411</u>	<u>2,712</u>
Total assets less current liabilities		8,019	7,743
Creditors – amount falling due after more than one year	11	(6,679)	(6,679)
Provisions for liabilities	12	<u>(52)</u>	<u>(60)</u>
Net assets		<u>1,288</u>	<u>1,004</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	<u>1,288</u>	<u>1,004</u>
Equity shareholders' funds	15	<u>1,288</u>	<u>1,004</u>

The financial statements on pages 8 to 18 were approved by the board of directors on 29 July 2015 and were signed on its behalf by:



Anthony Smyth



Patrick Smyth

Smyths Toys NI Limited
Registered number: NI060832

CASH FLOW STATEMENT
Year ended 31 December 2014

	Notes	31 December 2014 £'000	31 December 2013 £'000
Net cash inflow from operating activities	18(a)	285	16
Taxation paid		(203)	(179)
Capital expenditure and financial investment	18(b)	<u>(158)</u>	<u>(62)</u>
Decrease in cash for the year		<u>(76)</u>	<u>(225)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH		31 December 2014 £'000	31 December 2013 £'000
Decrease in cash for the year		(76)	(225)
Opening net cash		<u>389</u>	<u>614</u>
Closing net cash	19	<u>313</u>	<u>389</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

These financial statements have been prepared on a 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.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period to which they relate. Differences between contributions payable for the year and contributions actually paid are shown as accruals or prepayments in the balance sheet.

Dividends

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

2 Turnover

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

3 Operating profit	31 December 2014 £'000	31 December 2013 £'000
Operating profit is stated after charging the following:		
Staff costs (note 4)	1,934	1,693
Goodwill amortisation (note 7)	235	235
Depreciation of tangible fixed assets (note 8)	346	326
Operating lease rentals - premises	1,547	1,495
Services provided by the company's auditor:		
Fees payable for the audit	9	9
Fees payable for other services - taxation	3	4

4 Employee information	31 December 2014 £'000	31 December 2013 £'000
Staff costs		
Wages and salaries	1,818	1,600
Social security costs	104	92
Pension costs	12	1
	<u>1,934</u>	<u>1,693</u>

The average number of persons employed by the company (including executive directors) during the year was 159 (2013: 146) and is analysed as follows:

	31 December 2014 Number	31 December 2013 Number
Selling and distribution	<u>159</u>	<u>146</u>

5 Directors' emoluments	31 December 2014 £'000	31 December 2013 £'000
Aggregate emoluments	<u>-</u>	<u>-</u>
Highest paid director		
Total emoluments	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Tax on profit on ordinary activities	31 December 2014 £'000	31 December 2013 £'000
Current tax		
UK corporation tax on profit for year	204	210
Adjustment in respect of prior years	-	-
Current tax charge for the year	<u>204</u>	<u>210</u>
Deferred tax		
Credit for the year (note 12)	(8)	(14)
Effect of decrease in tax rate on opening deferred tax liability	-	(11)
Total deferred tax credit for the year	<u>(8)</u>	<u>(25)</u>
Total tax on profit on ordinary activities	<u>196</u>	<u>185</u>

The current tax charge for the year differs from that which would result from applying the standard rate of corporation tax in Northern Ireland (21.49%) to the profit for the year. The differences are explained below:

	31 December 2014 £'000	31 December 2013 £'000
Profit on ordinary activities before tax	<u>480</u>	<u>444</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in NI of 21.49% (2013: 23.25%)	103	103
Effects of:		
Expenses not deductible for tax purposes	92	91
Difference between capital allowances and depreciation	<u>9</u>	<u>15</u>
Current tax charge for year	<u>204</u>	<u>209</u>

Factors affecting current and future tax charges

Changes in the UK Corporation Tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. The deferred tax balance has been measured at 20% at both balance sheet dates.

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Intangible fixed assets	Goodwill	Total
	£'000	£'000
Cost		
At 1 January 2014 and 31 December 2014	<u>4,698</u>	<u>4,698</u>
Amortisation		
At 1 January 2014	1,586	1,586
Charge for the year	<u>235</u>	<u>235</u>
At 31 December 2014	<u>1,821</u>	<u>1,821</u>
Net book value		
At 31 December 2014	<u>2,877</u>	<u>2,877</u>
At 31 December 2013	<u>3,112</u>	<u>3,112</u>

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.

8 Tangible fixed assets	Leasehold property improvements	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2014	3,623	837	4,460
Additions	<u>-</u>	<u>158</u>	<u>158</u>
At 31 December 2014	<u>3,623</u>	<u>995</u>	<u>4,618</u>
Accumulated depreciation			
At 1 January 2014	1,892	649	2,541
Charge for the year	<u>241</u>	<u>105</u>	<u>346</u>
At 31 December 2014	<u>2,133</u>	<u>754</u>	<u>2,887</u>
Net book amount			
At 31 December 2014	<u>1,490</u>	<u>241</u>	<u>1,731</u>
At 31 December 2013	<u>1,731</u>	<u>188</u>	<u>1,919</u>

9 Debtors	31 December 2014	31 December 2013
	£'000	£'000
Amounts due from parent undertaking	3,544	2,605
Prepayments and accrued income	<u>364</u>	<u>465</u>
	<u>3,908</u>	<u>3,070</u>

Amounts due from parent undertaking are unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Creditors - amounts falling due within one year	31 December 2014 £'000	31 December 2013 £'000
Corporation tax	98	97
Accruals and deferred income	365	390
Value added tax	162	74
Other taxes and social security	48	49
Amounts owed to fellow subsidiary undertakings	<u>137</u>	<u>137</u>
	<u>810</u>	<u>747</u>

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

11 Creditors - amounts falling due after more than one year	31 December 2014 £'000	31 December 2013 £'000
Amounts due to parent undertaking	<u>6,679</u>	<u>6,679</u>
	<u>6,679</u>	<u>6,679</u>

Amounts due to parent undertaking are unsecured, interest free and fall due after more than one year.

12 Provisions for liabilities	Deferred Taxation £'000
At 1 January 2014	60
Credit for the year	<u>(8)</u>
At 31 December 2014	<u>52</u>

Deferred taxation arises entirely due to timing differences on fixed assets.

13 Share capital	31 December 2014 £	31 December 2013 £
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	£	£
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Reserves	Profit and loss account £'000	Total £'000
Profit for the year	284	284
At 1 January 2014	<u>1,004</u>	<u>1,004</u>
At 31 December 2014	<u>1,288</u>	<u>1,288</u>

15 Reconciliation of movements in equity shareholders' funds	31 December 2014 £'000	31 December 2013 £'000
Profit for the year	<u>284</u>	<u>259</u>
Net addition to equity shareholders' funds	284	259
Equity shareholders' funds at 1 January	<u>1,004</u>	<u>745</u>
Equity shareholders' funds at 31 December	<u>1,288</u>	<u>1,004</u>

16 Capital commitments

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

17 Financial commitments

Operating leases

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

	31 December 2014 £'000	31 December 2013 £'000
Within one year	-	-
Within two to five years	748	604
After five years	<u>769</u>	<u>891</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Notes to cash flow statement		31 December 2014 £'000	31 December 2013 £'000
a) Reconciliation of operating profit to net cashflow from operating activities			
Operating profit		480	444
Depreciation of tangible fixed assets		346	326
Amortisation of goodwill		235	235
(Increase) in debtors		(838)	(662)
Increase/(decrease) in creditors		62	(327)
Net cash inflow from operating activities		<u>285</u>	<u>16</u>
b) Capital expenditure and financial investment			
		31 December 2014 £'000	31 December 2013 £'000
Payments to acquire tangible fixed assets		<u>158</u>	<u>62</u>
19 Analysis of net cash			
	At 31 December 2013 £'000	Cash flow £'000	At 31 December 2014 £'000
Cash at bank and in hand	<u>389</u>	<u>(76)</u>	<u>313</u>

20 Guarantees

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

21 Pension costs

The company operates a defined contribution pension scheme for employees. The charge for the year was £0.012m (2013: £0.001m) none of which was outstanding at the balance sheet date.

22 Related party transactions

The company has availed of the exemption contained in FRS8 "Related Party Disclosures", in respect of subsidiary undertakings, which are wholly owned within the group. Consequently, the financial statements do not contain disclosures of transactions with entities which are wholly owned in the Smyths Toys Holding group.

During the year ended 31 December 2014, the company participated in certain transactions with other related parties. Smyths Partners, a partnership which comprised of the shareholders of the ultimate parent company, Smyths Toys Holding, charged rent of £22,653 (2013: £271,841). There was no balance outstanding at either balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Parent undertaking

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