

Company Registration No. 01275893

Panini UK Limited

Annual Report and Financial Statements

31 December 2012

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Panini UK Limited

Annual report and financial statements 2012

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Panini UK Limited

Annual report and financial statements 2012

Officers and professional advisers

Directors

M T Riddell
A H Sallustro
J P Harris

Secretary

P Dobson

Registered office

Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

Bankers

Barclays Bank Plc
2nd Floor, 30 Tower View
Kings Hill
West Malling
Kent
ME19 4UY

Fortis Bank Plc
5 Albermarbury Square
London
EC2V 7HR

Solicitors

Cripps Harries Hall
Wallside House
12 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EG

Auditor

Deloitte LLP
Chartered Accountants
Crawley

Panini UK Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activity

The company's principal activity is the exploitation of licences in the entertainment industry

Review of the business

Panini UK had good results from the Olympics and European Football Championships collections, and both Disney and Marvel licenses performed well within the collectables and the magazine sectors. Adverse exchange rate losses of £681,034 (2011 £360,548) included within administrative expenses greatly affected the operating results. The net result was a profit of £61,630.

The directors are satisfied with the financial position of the company at 31 December 2012.

Key performance indicators

Turnover is in line with the previous year, but cost of sales and admin expenses have increased due to adverse exchange rate movements as described above. This resulted in an Operating loss of £509,211 (Operating profit 2011 £672,124).

Principal risks and uncertainties

The company's performance is largely dependent upon the quality and availability of sport and entertainment licences and the retention of key senior employees.

Future prospects

The directors are confident that the company will increase its profitability due to the strength of the licences currently held.

The directors have received assurances that the company will continue to receive the financial support of its parent undertaking, Panini SpA, for the foreseeable future.

Going concern

The directors have considered the current position of the company. At 31 December 2012 the company had net cash of £1,378,775 (2011 - £462,483) and net current assets of £11,970,144 (2011 - £15,796,188). The directors have prepared a trading forecast for the coming year and received a confirmation from Panini SpA, the parent company, that it intends to continue to support the company for the foreseeable future. After making these enquiries the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Financial risk management objectives and policies

The company's activities expose it to limited amounts of financial risk including credit risk, cash flow risk, liquidity risk and price risk. The company does not use derivative financial instruments.

Credit risk

There is a credit risk on the company's trade debtors. The trade debtors are mostly owed by one customer with whom the company has a long-standing relationship. A provision is made for doubtful debts and for sales returns. The company has established systems to monitor the on-going accuracy of these provisions. Prepayments and accrued income include minimum guarantees paid under licensing contracts. The recoverability of these is dependent upon the success of future collections.

Panini UK Limited

Directors' report

Financial risk management objectives and policies (continued)

Cash flow risk

The company's expenditure and income is primarily Sterling denominated. The company is not significantly exposed to interest rate risk.

Liquidity risk

Liquidity is managed by the parent group and the company is reliant upon their continued support to ensure adequate liquidity.

Price risk

The company has no significant exposure to commodity price risk.

Foreign exchange risk

The company faces exposure to foreign exchange rate movements due to international trading in Euro, Brazilian real, Mexican Peso, Swiss Franc, US Dollar and Japanese Yen.

Dividends

No dividend is recommended for the year (2011 - £nil).

Directors

The directors who served throughout the year are shown below.

M T Riddell
A H Sallustro
J P Harris

Independent auditor and statement of provision of information to the independent auditor

Each of the persons who is a director at the date of approval of this report confirms that:

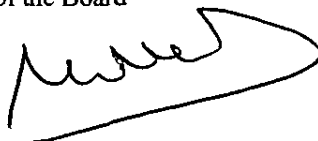
- (1) So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as the company's auditor and appropriate arrangements are being made for them to be reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M T Riddell
Director



26/5

2013

Panini UK Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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.

Independent auditor's report to the members of Panini UK Limited

We have audited the financial statements of Panini UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit 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.

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.



Neil Harris (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

26 September 2013

Panini UK Limited

Profit and loss account Year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	31,417,713	31,770,142
Cost of sales		(28,837,869)	(28,184,758)
Gross profit		2,579,844	3,585,384
Administrative expenses		(3,089,055)	(2,913,260)
Operating (loss) / profit		(509,211)	672,124
Interest receivable and similar income		240	4,598
Interest payable and similar charges	5	(288,949)	(127,644)
(Loss) / profit on ordinary activities before taxation	6	(797,920)	549,078
Tax credit / (charge) on (loss) / profit on ordinary activities	7	859,550	(48,254)
Profit for the financial year	17	61,630	500,824

There were no recognised gains or losses for the current or prior year other than the profit attributable to shareholders of the company as disclosed in the profit and loss account. Accordingly no statement of total recognised gains and losses is presented.

All results for the current and prior year derive from continuing operations.

Panini UK Limited

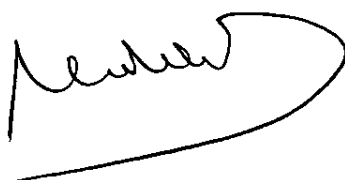
Balance sheet 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	8	-	166,000
Tangible assets	9	90,024	73,086
		<u>90,024</u>	<u>239,086</u>
Current assets			
Stocks	10	1,423,000	1,340,143
Debtors	11	48,703,840	49,528,958
Cash at bank and in hand		1,378,775	462,483
		<u>51,505,615</u>	<u>51,331,584</u>
Creditors – amounts falling due within one year	12	<u>(39,535,471)</u>	<u>(35,535,396)</u>
Net current assets		<u>11,970,144</u>	<u>15,796,188</u>
Total assets less current liabilities		<u>12,060,168</u>	<u>16,035,274</u>
Creditors – amounts falling due after more than one year	13	<u>(869,780)</u>	<u>(4,906,516)</u>
Net assets		<u><u>11,190,388</u></u>	<u><u>11,128,758</u></u>
Capital and reserves			
Called up share capital	16,17	13,672,039	13,672,039
Profit and loss account - deficit	17	<u>(2,481,651)</u>	<u>(2,543,281)</u>
Shareholders' funds	17	<u><u>11,190,388</u></u>	<u><u>11,128,758</u></u>

These financial statements of Panini UK Limited, company registration no 01275893, were approved by the Board of Directors and authorised for issue on 26/9 2013

Signed on behalf of the Board of Directors

M Riddell
Director



Notes to the financial statements Year ended 31 December 2012

1. Accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the current and preceding year, is set out below

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

Going concern

The directors have considered the current position of the company. The Directors Report on page 2 gives an overview of the businesses' performance during the year, the principal business risks and uncertainties which it faces and the risk management policies it adopts to mitigate its main financial risks. At 31 December 2012 the company had net cash of £1,378,775 (2011 - £462,483) and net current assets of £11,970,144 (2011 - £15,796,188). The directors have prepared a trading forecast for the coming year and received a confirmation from Panini SpA, a parent company, that it intends to continue to support the company for the foreseeable future. After making these enquiries the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover from the supply of goods excludes value added tax and trade discounts and is net of a distribution fee. The turnover represents the value of goods supplied, on a sale or return basis, net of an estimated provision for returns. The estimated provision for returns is based on historic sales trends and information received from distributors.

Royalties from licensing activities are recognised in line with the company's performance under the licensing contract.

Intangible fixed assets

Trademarks are included at cost and depreciated in equal annual instalments over the period of their estimated useful economic life of six years. Provision is made for any impairment.

Tangible fixed assets

Fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are as follows:

Office equipment and furniture	-	20% - 33%
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Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes labour, transport and handling costs. Net realisable value is the higher of the price at which stock can be sold or returned to the supplier. Provision is made where necessary for obsolete, slow moving and defective stocks.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

Notes to the financial statements
Year ended 31 December 2012

1. Accounting policies (continued)

Taxation

UK corporation tax and foreign tax incurred is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension scheme arrangements

The company makes contributions to personal pension schemes for certain employees. See note 15 for further information.

Operating lease rentals

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Cash flow statement

The company is exempt from preparing a cash flow statement under FRS 1 'Cash flow statements (revised 1996)' on the basis that its results are consolidated in the publically available financial statements of its ultimate parent company.

2. Segment information

It is the opinion of the directors that, in view of the nature of the company's business, the markets in which it operates do not differ substantially from each other and are therefore treated as one market for the purposes of disclosing particulars of turnover in these accounts.

3. Directors' remuneration

	2012 £	2011 £
Emoluments	160,098	145,786
Company contributions to money purchase schemes	21,876	19,850
	<u>181,974</u>	<u>165,636</u>
	2012 No.	2011 No.
Directors who were members of the defined contribution pension scheme	<u>1</u>	<u>1</u>

Panini UK Limited

Notes to the financial statements Year ended 31 December 2012

4. Staff costs

	2012 £	2011 £
Wages and salaries	1,388,174	1,348,970
Social security costs	140,677	130,788
Pension costs	48,574	44,327
	<u>1,577,425</u>	<u>1,524,085</u>

The average weekly number of persons (including directors) employed during the year was

	2012 No.	2011 No.
Editorial and production	27	30
Marketing	5	5
Administration	7	7
	<u>39</u>	<u>42</u>

5. Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdrafts	26,436	25,371
On amounts owed to Group undertakings	262,513	102,273
	<u>288,949</u>	<u>127,644</u>

6. Profit on ordinary activities before taxation

	2012 £	2011 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	67,685	77,493
Amortisation	166,000	241,800
Operating lease rentals - other	189,542	191,964
Foreign exchange loss	681,034	360,548
	<u></u>	<u></u>

	2012 £	2011 £
The analysis of auditor's remuneration is as follows		
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>28,561</u>	<u>25,500</u>
Tax compliance services	<u>4,000</u>	<u>4,525</u>

Panini UK Limited

Notes to the financial statements Year ended 31 December 2012

7. Tax charge on profit on ordinary activities

(a) Tax charge on (loss) / profit on ordinary activities

	2012 £	2011 £
Current tax		
United Kingdom corporation tax at 24% (2011 – 27%) based on the profit for the year	-	-
Foreign tax suffered	29,450	48,254
	<u>29,450</u>	<u>48,254</u>
Deferred tax		
Timing differences, origination and reversal of timing	(889,000)	-
	<u>(889,000)</u>	<u>-</u>
Tax (credit) / charge on (loss) / profit on ordinary activities	<u>(859,550)</u>	<u>48,254</u>

(b) Factors affecting current tax charge for the year

The tax assessment for the year is lower (2011 – lower) than that resulting from applying the standard rate of corporation tax in the UK of 24% (2011 – 27%) The differences are explained below

	2012 %	2011 %
Standard tax rate for year as a percentage of (loss) / profits	24	27
Effects of		
Tax losses utilised	(24)	(27)
Withholding tax on royalties	4	9
	<u>4</u>	<u>9</u>
Current tax rate for year as a percentage of (loss) / profits	<u>4</u>	<u>9</u>

Panini UK Limited

Notes to the financial statements Year ended 31 December 2012

8. Intangible fixed assets

	Trademarks £
Cost	
At 1 January 2012 and at 31 December 2012	1,450,000
Accumulated amortisation	
At 1 January 2012	1,284,000
Provided during the year	166,000
At 31 December 2012	1,450,000
Net book value	
At 31 December 2012	-
At 31 December 2011	166,000

9. Tangible fixed assets

	Office equipment and furniture £
Cost	
At 1 January 2012	430,738
Additions	84,623
Disposals	(15,955)
At 31 December 2012	499,406
Accumulated depreciation	
At 1 January 2012	357,652
Provided during the year	67,685
Disposals	(15,955)
At 31 December 2012	409,382
Net book value	
At 31 December 2012	90,024
At 31 December 2011	73,086

Panini UK Limited

Notes to the financial statements Year ended 31 December 2012

10. Stocks

	2012 £	2011 £
Finished goods	1,225,812	1,128,551
Work-in-progress	197,188	211,592
	<u>1,423,000</u>	<u>1,340,143</u>

11. Debtors

	2012 £	2011 £
Amounts falling due within one year:		
Trade debtors	7,865,464	5,415,557
Amounts due from group undertakings	26,348,241	30,451,330
Other debtors	3,002	84,555
Deferred tax (note 14)	1,932,000	1,043,000
Prepayments and accrued income	11,685,353	7,348,472
	<u>47,834,060</u>	<u>44,342,914</u>
Amounts falling due after more than one year:		
Prepayments	869,780	5,186,044
	<u>48,703,840</u>	<u>49,528,958</u>
Total debtors		

12. Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	2,455,766	3,196,672
Amounts owed to group undertakings	28,036,611	25,775,292
Other taxation and social security	347,096	331,258
Accruals and deferred income	8,695,998	6,232,174
	<u>39,535,471</u>	<u>35,535,396</u>
Total creditors		

Panini UK Limited

Notes to the financial statements Year ended 31 December 2012

13. Creditors: amounts falling due in more than one year

	2012 £	2011 £
Accruals and deferred income	<u>869,780</u>	<u>4,906,516</u>

14. Deferred taxation

	2012 £	2011 £
At 1 January 2012	1,043,000	1,043,000
Credited to profit and loss account	<u>889,000</u>	<u>-</u>
At 31 December 2012	<u>1,932,000</u>	<u>1,043,000</u>

The deferred tax asset above relates to tax losses carried forward

A further deferred tax asset of £131,400 (2011 - £994,292) relating to tax losses has not been recognised as there is insufficient evidence that the asset will be recovered

This asset would be recovered if there were suitable taxable profits in the future against which the asset could be offset

Factors affecting future tax charges

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact future reduction in the main tax rate down to 20% by 1 April 2015. As this tax rate was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

We estimate that the future rate change to 20% would further reduce the UK deferred tax asset by £17,139. The actual impact will be dependent on our deferred tax position at that time.

Panini UK Limited

Notes to the financial statements Year ended 31 December 2012

15. Commitments and contingencies

(a) Pension and similar obligations

From 1 January 1992, certain employees are entitled to a contribution from the company towards their pension schemes of 6% - 15%

The total pension cost for the company was £48,574 (2011 - £44,327)

(b) Operating leases

The company has commitments during the next year under non-cancellable operating leases as follows

	Land and buildings 2012 £	2011 £
Operating leases which expire:		
In two to five years	189,542	191,964

16. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
13,672,039 (2011 - 13,672,039) ordinary shares of £1 each	13,672,039	13,672,039

17. Combined reconciliation of movements in shareholders' funds and statement of movements on reserves

	Share capital £	Profit and loss account £	Total 2012 £	Total 2011 £
At 1 January 2012	13,672,039	(2,543,281)	11,128,758	10,627,934
Profit for the financial year	-	61,630	61,630	500,824
At 31 December 2012	13,672,039	(2,481,651)	11,190,388	11,128,758

18. Ultimate parent undertaking and related party transactions

The immediate parent undertaking is Panini Ireland Limited

The ultimate parent undertaking and controlling entity is ID4 Investimenti Srl, a company incorporated in Italy which is the smallest and largest group for which consolidated accounts are prepared

Copies of these companies' accounts can be obtained from Vaile Emilio PO380, 41100 Modena, Italy

The company has taken advantage of the exemption in paragraph 3(c) of FRS8 from disclosing transactions with related parties that are part of the ID4 Investimenti Srl group of companies