

Panini UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2017

Registered number: 01275893



Panini UK Limited

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Panini UK Limited

Strategic report

Review of the business

Panini UK Limited is a publisher of collectable products and magazines. It is also a licensing entity for the wider Panini group.

Turnover in the year was £28,392,744 (2016: £55,726,889) as a result of the prior year including turnover from Euro football related products. Operating profit was adversely affected by exchange losses of £602,269 (2016 exchange gain: £6,077,085).and these factors have resulted in an operating loss of £445,344 (2016 operating profit: £11,612,699).

Significant investment has been made in acquiring licenses for future products. This has increased the prepayments (licenses to be used) as a proportion of this relates to the Fifa World Cup 2018. There has also been a corresponding increase in accruals, relating to payments due to license holders.

Key performance indicators

In 2017 Panini UK is reporting a loss for the financial year attributable to the equity shareholders of the company of £627,413 (2015 net profit: £9,749,045) after exchange losses of £602,269 (2016 exchange gain: £6,077,085).

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. Exposure to foreign exchange movements provides a principal risk due to inter group trading.

The decision made by the UK electorate in June 2016 to leave the EU is expected to have a limited effect on the business which may include potential delays at customs immediately following the departure from the EU. The Company expects fluctuations in exchange rates over this period which could impact reported profits. At this point in time, it is difficult to predict the impact on future revenues, however, the departure from the EU could lead to changes in withholding taxes applied on royalties generated overseas.

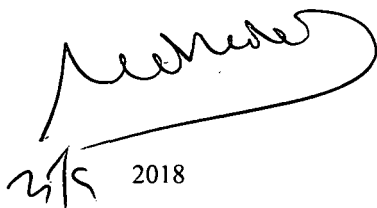
Further risk details can be found in the Directors' report.

Future developments

The directors are confident that the company will increase its profitability due to the strength of the licences currently held. These licenses including the Fifa World Cup 2018, which will see an increase from 2017 in terms of both revenue and profit. The development of the new Partwork range of products shows long term growth in the future.

Approved by the Board and signed on its behalf by:

M.T. Riddell
Director



2018

Registered Office:

Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

Panini UK Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2017.

Going concern

The directors have considered the current position of the company. At 31 December 2017 the company has net cash of £3,730,664 (2016: £3,047,060) and net current assets of £50,453,572 (2016: £64,522,766). The directors have prepared a trading forecast to September 2019 and considered the strength of ongoing licenses. 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 financial risk including credit risk, cash flow risk, liquidity risk, price risk and foreign exchange risk. The impact of Brexit is still being assessed. 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.

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.

Foreign exchange risk

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

Dividends

No dividend is recommended for the year (2016 - £nil).

Directors

The directors who served throughout the year are shown below:

M.T. Riddell
A.H. Sallustro
J.P. Harris

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Company Secretary

P. Dobson

Panini UK Limited

Directors' report (continued)

Future developments

Details of future developments can be found in the Strategic Report on page 1.

Post balance sheet events

There are no post balance sheet events affecting the financial statements of the Company.

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

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

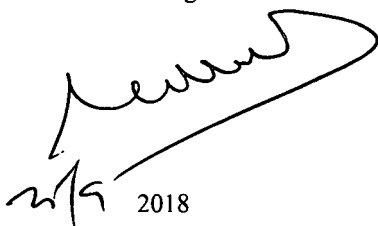
- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's 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 and signed on its behalf by:

M.T Riddell
Director



2018

Registered Office:

Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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

Opinion

Report on the audit of the financial statements

In our opinion the financial statements of Panini UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income incorporating the profit and loss account
- the balance sheet;
- the statement of changes in equity;
- and the related notes 1 to 21.

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).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

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 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 respect of these matters.

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

Responsibilities of directors

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, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

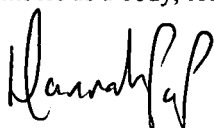
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

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

Use of our report

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.



Hannah Pop FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom

26 September 2018

Panini UK Limited

Statement of Comprehensive Income incorporating the Profit and Loss Account For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	28,392,744	55,726,889
Cost of sales		(25,878,399)	(40,753,029)
Gross profit		<u>2,514,345</u>	<u>14,973,860</u>
Administrative expenses		(2,959,689)	(3,361,161)
Operating (loss)/profit		<u>(445,344)</u>	<u>11,612,699</u>
Finance costs (net)	4	(269,739)	(329,692)
(Loss)/profit before taxation	5	<u>(715,083)</u>	<u>11,283,007</u>
Tax credit/(charge) on profit on ordinary activities	9	87,670	(1,533,962)
(Loss)/profit for the financial year attributable to the equity shareholders of the Company		<u><u>(627,413)</u></u>	<u><u>9,749,045</u></u>

All activities derive from continuing operations.

There are no items of other comprehensive income in either the current or preceding financial year other than as shown in the profit and loss account.

Panini UK Limited

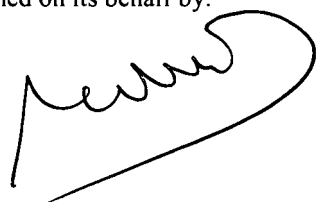
Balance Sheet At 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	10	200	200
Tangible assets	11	74,755	17,425
		<u>74,955</u>	<u>17,625</u>
Current assets			
Stocks	12	1,798,581	1,531,269
Debtors:			
- due within one year	13	46,442,701	42,189,706
- due after one year	14	21,637,512	36,178,805
Cash at bank and in hand		3,730,664	3,047,060
		<u>73,609,458</u>	<u>82,946,840</u>
Creditors – amounts falling due within one year	15	<u>(23,155,886)</u>	<u>(18,394,074)</u>
Net current assets		<u>50,453,572</u>	<u>64,552,766</u>
Total assets less current liabilities		50,528,527	64,570,391
Creditors – amounts falling due after more than one year	16	<u>(20,961,539)</u>	<u>(34,375,990)</u>
Net assets		<u>29,566,988</u>	<u>30,194,401</u>
Capital and reserves			
Called up share capital	17	13,672,039	13,672,039
Profit and loss account	18	15,894,949	16,522,362
Equity		<u>29,566,988</u>	<u>30,194,401</u>

These financial statements of Panini UK Limited (registered number: 01275893) were approved by the Board of Directors and authorised for issue on 21/9 2018.

They were signed on its behalf by:

M. T. Riddell
Director



Panini UK Limited

Statement of Changes in Equity Year ended 31 December 2017

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2016	13,672,039	6,773,317	20,445,356
Total comprehensive income 2016	-	9,749,045	9,749,045
At 1 January 2017	13,672,039	16,522,362	30,194,401
Total comprehensive income 2017	-	(627,413)	(627,413)
At 31 December 2017	13,672,039	15,894,949	29,566,988

Panini UK Limited

Notes to the financial statements Year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

a. General information and basis of accounting

Panini UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is Brockbourne House, 77 Mount Ephraim, Tunbridge Wells, Kent, TN4 8BS. The Company's principal activities are the publication and sale of magazines and collectable products.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Panini UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Panini UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Panini UK Limited is consolidated in the financial statements of its parent, Panini SpA, which may be obtained from Panini SpA, Viale Emilio PO, 380- 41126 Modena, Italy. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Company; its cash flows, liquidity and its exposure to credit risk and liquidity risk.

The current economic conditions create uncertainty particularly over the level of demand for the Company's products and the exchange rate between sterling and Euro and thus the consequence for the cost of the Company's stock.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, of each asset on a straight-line basis over its expected useful life, as follows:

Office Equipment 3 years / 33% per annum

Notes to the financial statements (continued)
Year ended 31 December 2017

1. Accounting policies (continued)

d. Taxation

Current tax, including UK corporation tax and foreign tax, 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 tax is recognised in respect of 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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

e. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Turnover from the sale of publishing and collectable products is predominantly on a "sale or return" basis. Thus the customer has the right to return any unsold goods, within a reasonable period of time, after off sale date. Turnover is recognised net of a returns provision.

Royalty income is recognised in line with 3rd party sales.

f. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for Exchange differences arising on gains or losses on non-monetary items which are recognised in other Comprehensive Income:

g. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

h. Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Notes to the financial statements (continued)
Year ended 31 December 2017

1. Accounting policies (continued)

i. Employee Benefits

The Company holds a defined contribution scheme for its employees. The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

j. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Equity instruments

Equity instruments issued by the Company are recorded received or receivable, net of transaction costs.

2. Critical accounting judgements made and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Carrying value of minimum guarantees:

Panini record minimum guarantees on licenses on the balance sheet. In order to support the carrying value of these licenses management must consider forecast future sales products. This is an area of judgement and managements' forecasts may differ to what transpires.

The forecasted future sales of products support the carrying values of licenses held on the balance sheet. The carrying value of these licenses recorded in prepayments is £41,043,719 (2016: £44,984,968), of this 2017 balance £21,637,512 is due in more than one year.

Notes to the financial statements (continued)
Year ended 31 December 2017

2. Critical accounting judgements made and key sources of estimation uncertainty (continued)

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Returns Provision:

Management estimate the returns provision at the balance sheet date, based on historical experience and trends. The key judgement is around the volume of products that will be returned by customers, where a sale has been made on a sale or return basis.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The returns provision as at the balance sheet date is £6,313,092 (2016: £5,536,889).

3. Turnover and revenue

	2017 £	2016 £
Turnover can be attributed to the following product divisions:		
Collectables and publishing	17,924,720	33,590,896
Licensing	10,468,024	22,135,993
	<u>28,392,744</u>	<u>55,726,889</u>

4. Finance costs (net)

	2017 £	2016 £
Interest payable and similar expenses		
Bank loans and interest payable	-	3,692
Interest payable to Group undertakings	442,142	404,158
	<u>442,142</u>	<u>407,850</u>
Investment income		
Bank loans interest receivable	(13,056)	(107)
Interest receivable from Group undertakings	(159,347)	(78,051)
	<u>(172,403)</u>	<u>(78,158)</u>
Finance costs (net)	<u>269,739</u>	<u>329,692</u>

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2017

5. (Loss)/profit before taxation

	2017 £	2016 £
(Loss)/profit before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 11)	13,937	14,620
Operating lease rentals	139,842	157,461
Foreign exchange loss / (gain)	602,269	(6,077,085)
	<u>602,269</u>	<u>(6,077,085)</u>

6. Auditor's remuneration

Fees payable to Deloitte and their associates for the audit of the company's annual accounts were £52,500 (2016: £49,000). Fees payable to Deloitte and their associates for non-audit services were £20,000 (2016: £16,500).

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2017 Number	2016 Number
Editorial and Production	22	24
Marketing	6	6
Administration	7	7
	<u>35</u>	<u>37</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,467,684	1,927,948
Social security costs	156,434	206,368
Pension costs (note 20)	86,477	90,483
	<u>1,710,595</u>	<u>2,224,799</u>

8. Directors' remuneration and transactions

	2017 £	2016 £
Directors' remuneration		
Emoluments	162,680	451,825
Company contributions to money purchase pension schemes	22,433	21,875
	<u>185,113</u>	<u>473,700</u>

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2017

9. Tax on profit on ordinary activities

The tax charge comprises:

	2017 £	2016 £
Current tax on (loss)/profit		
UK corporation tax	-	2,245,847
Adjustment in respect of previous periods	(53,945)	(739,325)
Foreign tax suffered	72,021	-
Total current tax	18,076	1,506,522
Deferred tax		
Timing differences, origination and reversal of timing	(122,161)	13,429
Adjustment in respect of previous periods	2,156	-
Effect of change in tax rates	14,259	14,011
Total deferred tax	(105,746)	27,440
Total tax on (loss)/profit	(87,670)	1,533,962

The standard rate of tax applied to reported loss on ordinary activities is 19.25% (2016: 20%).

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

During the year ended 31 December 2017, the net movement of deferred tax assets and liabilities, and the adjustment of prior year tax charges is expected to affect the corporation tax. Further reconciliation of the effect of these movements on the total tax charge given in these financial statements can be found below.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2017 £	2016 £
(Loss)/profit for the period	(715,083)	11,283,007
Tax on (loss)/profit at standard UK corporation tax rate of 19.25% (2016: 20%)	(137,629)	2,256,601
Effects of:		
- Expenses not deductible for tax purposes	15,469	2,675
- Effects of loss relief claimed	72,021	-
- Adjustment in respect of prior periods	(51,789)	(739,325)
- Tax rate change	14,258	14,011
Total tax charge for period	(87,670)	1,533,962

Adjustment in respect of prior periods relates to tax receivable from HMRC, in respect of the resubmitted tax computation.

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2017

10. Investments

	2017 £	2016 £
Direct holdings		
Cost and net book value in subsidiary PDTC Limited	200	200

Panini UK Limited directly holds 100% of the ordinary shares in PDTC Limited. The registered address of PDTC Limited is Brockbourne House, 77 Mount Ephraim, Tunbridge Wells, Kent.

11. Tangible fixed assets

	Office Equipment £
At 1 January 2017	338,493
Additions	71,267
Disposals	(73,359)
At 31 December 2017	336,401
Amortisation	
At 1 January 2017	321,068
Charge for the year	13,937
Disposals	(73,359)
At 31 December 2017	261,646
Net book value	
At 31 December 2016	17,425
At 31 December 2017	74,755

12. Stocks

	2017 £	2016 £
Work in progress	249,190	101,320
Goods for resale	1,549,391	1,429,949
	1,798,581	1,531,269

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2017

13. Debtors: amounts falling due within one year

	2017 £	2016 £
Trade debtors	6,551,069	8,672,833
Amounts due from parent undertakings	6,737,365	5,403,166
Amounts due from fellow subsidiaries	12,854,542	17,939,579
Other debtors	2,695	2,475
Prepayments and accrued income	20,111,887	10,092,255
Deferred tax asset	185,143	79,398
	<u>46,442,701</u>	<u>42,189,706</u>

14. Debtors: amounts falling due after more than one year

	2017 £	2016 £
Prepayments of licenses held	<u>21,637,512</u>	<u>36,178,805</u>

15. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	9,754,452	2,790,079
Amounts owed to fellow subsidiaries	4,731,444	5,989,291
Corporation tax	398,074	545,999
Other taxation and social security	375,328	566,442
Accruals and deferred income	7,896,588	8,502,263
	<u>23,155,886</u>	<u>18,394,074</u>

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

	2017 £	2016 £
Accruals and deferred income	<u>20,961,539</u>	<u>34,375,990</u>

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2017

17. Called-up share capital and reserves

	2017 £	2016 £
Allotted, called-up and fully-paid:		
13,672,039 ordinary shares of £1.00 each	13,672,039	13,672,039

The Company has one class of ordinary shares which carry no right to fixed income.

18. The Company's other reserves are as follows:

	2017 £	2016 £
Profit and loss account	15,894,949	16,522,362

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Financial commitments

Total minimum lease commitments under non-cancellable operating leases are as follows:

	2017		2016	
	Buildings £	Other £	Buildings £	Other £
- less than one year	29,026	8,894	129,202	6,720
- between two and five years	-	13,795	29,206	4,228
	29,026	22,689	158,408	10,948

20. Employee Benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees of Panini UK. The total expense charged to profit or loss in the year ended 31 December 2017 was £86,477 (2016: £90,483).

21. Ultimate parent undertaking and controlling party

Panini UK limited is a wholly owned subsidiary of Panini SpA, the immediate parent company.

Panini SpA is the parent of the smallest group within which the results of Panini UK Limited are consolidated. Copies of these consolidated financial statements may be obtained from Panini SpA, Viale Emilio PO 380 – 41126 Modena, Italy (the companies registered address).

The ultimate parent undertaking and controlling entity is ID4 Italia Srl, a company incorporated in Italy, which is the largest group for which the consolidated accounts are prepared. Copies of the companies' financial statements may also be obtained from Viale Emilio PO 380- 41100, Modena, Italy (the companies registered address).