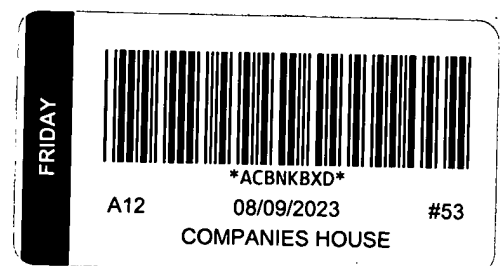


Panini UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Registered number: 01275893



Panini UK Limited

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Panini UK Limited

Strategic report

Review of the business

Panini UK Limited (the “Company”) is a publisher of collectable products and magazines. It is also a licensing entity for the wider Panini Group.

Turnover in the year was £123,214,265 (2021: £61,290,048). The increase in turnover was due to an increase in the collectables football business and in particular the World Cup football tournament at the end of the year.

Operating profit for the financial year was £14,160,709 (2021: Loss £1,135,326) as a result of increased turnover.

Significant investment continues to be made in acquiring licenses for future products including an exclusive license to publish Premier League collectables.

Key performance indicators

In 2022, the Company’s result for the financial year attributable to the equity shareholders of the Company was a profit of £2,812,796 (2021: Loss: £398,177).

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 material sales and purchases in foreign currency, principally US dollars and euros.

The company continues to monitor the impact of higher inflation and wider geopolitical developments. The company regularly forecasts what impacts these have on customer revenue and costs.

Future developments

The directors are confident that the company will maintain its growth forecasts due to the strength of the licences currently held. The development of the Premier League license, including overseas, and strong entertainment licenses are expected to secure long-term growth for the future.

Streamlined energy and carbon reporting

The Company is not required to disclose information regarding its energy use due to its usage being below the set limit for disclosure.

S.172 Companies Act 2006: Statement of directors duties to stakeholders

The Board of Directors of Panini UK Limited believe that they have acted in the way they consider is in good faith and would be most likely to promote the success of the Panini Group and the Company for the benefits of its members as a whole and with regard to other matters as detailed in S.172 (A) – (F).

Long-term consequences of decisions

Management prepare annual forecast for the 10-year period ahead which include modelling of the impact of key decisions made within the Panini Group. The Board aims to grow the company’s business, creating sustainable profits by developing new opportunities for the business and our people.

Employee Engagement

The Board is committed to its focus on employees’ working environment and career development opportunities. Panini UK offers equal work opportunities to all employees, guaranteeing a working environment that promotes the effective and ordered performance of professional activities. The Board is committed to enhancing the channels of communication and ensuring that staff are listened to and are able to continue to work effectively.

Key stakeholder engagement – Customers and suppliers

The Company has many long-standing and highly successful relationships with customers and suppliers. The Company’s relationships with collaborators, suppliers, customers, partners, and other third parties in general must be established and regulated in writing and managed in accordance with the principles of fairness and lawfulness and in compliance with the contents of the Code of Ethics, the corporate management systems, procedures and regulations.

Panini UK Limited


Strategic report

Impact on the community and the environment

The Board considers the company's impact on the wider community and the environment and adheres to the Panini Group's Code of Ethics which promotes a culture of environmental sustainability and energy savings and undertakes to act in compliance with the applicable rules and regulations, applying the technologies available, to facilitate and plan the development of its activities in a way that preserves the environment.

Approved by the Board and signed on its behalf by:

M.T. Riddell
Director



11/7 2023

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 2022.

Going concern

The directors have considered the current position of the Company. At 31 December 2022, the Company had cash of £15,750,918 (2021: £2,947,499) and net current assets of £70,552,318 (2021: £58,464,543). The directors have prepared a trading forecast to December 2023 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, being at least for the next twelve months from the approval of these financial statements. 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 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 company and Panini UK has access to the Panini Group's cash pooling facility.

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 (2021 - £nil).

Directors

The directors who served throughout the year are shown below:

M.T. Riddell
A.H. Sallustro
J.P. Harris (resigned 30 November 2022)
Giorgio Aravecchia (appointed 1 December 2022)

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.

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.

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.

Kreston Reeves LLP were appointed in the year and 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


11/7 2023

Registered Office:

Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

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), 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 (continued)

Panini UK Limited

Independent auditor's report to the members

Opinion

We have audited the financial statements of Panini UK Limited for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes of equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements and its profit for the year ended:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and 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.

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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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

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.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations

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

that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the provision of stock, returns. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance, reviewing and reviewing correspondence with relevant tax and regulatory authorities; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, 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.

Kreston Reeves LLP

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Michael Cook BA (Hons) FCA (Senior Statutory Auditor)

For and on behalf of Kreston Reeves LLP

Chartered Accountants and Statutory Auditors

London

Date: 25 July 2023

Panini UK Limited

Statement of Comprehensive Income incorporating the Profit and Loss Account for the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	123,214,265	61,290,048
Cost of sales		(104,508,862)	(59,267,489)
Gross profit		18,705,403	2,022,559
Administrative expenses		(4,544,694)	(3,157,885)
Operating profit (loss)		14,160,709	(1,135,326)
Finance costs (net)	4	(1,617,094)	(567,089)
Profit (Loss) before taxation	5	12,543,616	(1,702,415)
Tax (charge) / credit on profit / loss	9	(9,730,820)	1,304,238
Profit (Loss) for the financial year attributable to the equity shareholders of the Company		2,812,796	(398,177)

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

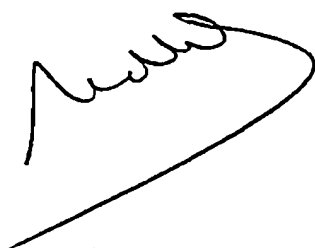
Balance Sheet At 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	10	0	200
Tangible assets	11	30,194	38,136
		<u>30,194</u>	<u>38,336</u>
Current assets			
Stocks	12	1,410,358	1,708,085
Debtors:			
- due within one year	13	120,498,048	79,019,630
- due after one year	14	42,111,608	33,880,966
Cash at bank and in hand		15,750,918	2,947,499
		<u>179,770,932</u>	<u>117,556,180</u>
Creditors – amounts falling due within one year	15	<u>(109,218,614)</u>	<u>(59,091,636)</u>
Net current assets		<u>70,552,318</u>	<u>58,464,543</u>
Total assets less current liabilities		<u>70,582,511</u>	<u>58,502,880</u>
Creditors – amounts falling due after more than one year	16	<u>(40,819,761)</u>	<u>(31,552,924)</u>
Net assets		<u><u>29,762,750</u></u>	<u><u>26,949,955</u></u>
Capital and reserves			
Called up share capital	17	13,672,039	13,672,039
Profit and loss account	18	16,090,711	13,277,916
Equity		<u><u>29,762,750</u></u>	<u><u>26,949,955</u></u>

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

They were signed on its behalf by:

M. T. Riddell
Director

11/2/23


Panini UK Limited

Statement of Changes in Equity Year ended 31 December 2022

	Called-up share capital	Profit and loss account	Total
	£	£	£
At 1 January 2021	13,672,039	13,676,092	27,348,131
Total comprehensive income 2021	-	(398,177)	(398,177)
At 1 January 2022	13,672,039	13,277,916	26,949,955
Total comprehensive income 2022	-	2,812,796	2,812,796
At 31 December 2022	13,672,039	16,090,711	29,762,750

Panini UK Limited

Notes to the financial statements Year ended 31 December 2022

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 and principal place of business 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. All balances are rounded to the nearest £.

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 as at 31 December 2022. These financial statements may be obtained from Panini SpA, Viale Emilio Po 380, 41126 Modena, Italy (the company's registered address).

Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

The Company is exempt by virtue of Section 405 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. The only subsidiary of the Company is dormant, its inclusion is not material for the purpose of giving a true and fair view to the reader.

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 (a) the level of demand for the Company's products; (b) the exchange rate between Sterling and Euro and thus the consequence for the cost of the Company's stock; and (c) the availability of group finance from the parent company (Panini SpA).

After reviewing cash flow forecasts for the wider Panini Group companies, together with availability of group-wide financing in the light of a group support letter being provided to the UK company by the immediate parent, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least for the next twelve months from the approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b. 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

Panini UK Limited

Notes to the financial statements (continued) **Year ended 31 December 2022**

1. Accounting policies (continued)

c. 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.

d. 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.

e. 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:

f. 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.

g. Investments

Investments in subsidiaries are measured at cost less impairment.

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2022

1. Accounting policies (continued)

h. 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.

i. Financial instruments

Financial assets and financial liabilities are recognised when the Company 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.

j. Inventories

Inventory is stated at the lower of cost and estimated selling price in accordance with FRS 102.

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 records minimum guarantee amounts due on license contracts on the balance sheet. In order to support the carrying value of these licenses management must consider forecast future sales of products. This is an area of judgement and management's 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 £57,945,940 (2021: £57,377,485), and of this balance £42,111,608 (2021: £33,880,966) is due in more than one year.

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2022

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 £11,157,778 (2021: £8,933,874).

3. Turnover

	2022 £	2021 £
Turnover can be attributed to the following product divisions:		
Collectables and publishing	43,099,154	31,310,205
Licensing	80,115,112	29,979,843
	<u>123,214,265</u>	<u>61,290,048</u>

4. Finance costs (net)

	2022 £	2021 £
Interest payable and similar expenses		
Interest payable and similar expenses	0	133
Interest payable to Group undertakings	1,955,444	788,125
	<u>1,955,444</u>	<u>788,258</u>
Investment income		
Bank interest receivable	(158)	(6)
Interest receivable from Group undertakings	(338,193)	(221,163)
	<u>(338,351)</u>	<u>(221,169)</u>
Finance costs (net)	<u>1,617,094</u>	<u>567,089</u>

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2022

5. Profit (Loss) before taxation

	2022 £	2021 £
Profit/(Loss) before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 11)	21,007	28,704
Operating lease rentals	68,303	90,783
Foreign exchange (gain)/loss	(1,740,505)	4,278,558

6. Auditor's remuneration

Fees payable to Kreston Reeves LLP for the audit of the company's annual accounts were £25,000. Fees payable to Saffery Champness LLP for the audit of the company's annual accounts in 2021 were £47,500.

7. Staff numbers and costs

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

	2022 Number	2021 Number
Editorial and Production	16	18
Marketing	6	7
Administration	6	5
	29	30

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,852,420	1,425,262
Social security costs	235,922	153,797
Pension costs (note 20)	97,371	95,428
	2,185,713	1,674,487

8. Directors' remuneration and transactions

	2022 £	2021 £
Directors' remuneration		
Emoluments	158,086	167,678
Company contributions to money purchase pension schemes	13,392	25,151
	171,478	192,829

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2022

9. Tax on profit

The tax charge comprises:

	2022 £	2021 £
Current tax on profit/(loss)		
UK corporation tax	763,320	-
Adjustment in respect of previous periods	361,780	-
Foreign tax relief	(763,320)	-
Foreign tax suffered	7,176,451	-
Total current tax	7,538,231	-
Deferred tax		
Timing differences, origination and reversal of timing	(14,315)	20,481
Adjustment in respect of previous periods	-	39,021
Effect of change in tax rates	-	(1,021,421)
Deferred Tax loss carried forward	2,206,904	(342,319)
Total deferred tax	2,192,589	(1,304,238)
Total tax on profit/(loss)	9,730,820	(1,304,238)

The standard rate of tax applied to the reported loss on ordinary activities is 19.00% (2021: 19.00%).

During the year ended 31 December 2022, 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:

	2022 £	2021 £
Profit (Loss) for the period	12,543,616	(1,702,415)
Tax on profit at standard UK corporation tax rate of 19.00% (2021: 19.00%)	2,383,287	(323,459)
Effects of:		
- Super deduction	(770)	-
- Expenses not deductible for tax purposes	83,245	1,621
- Effects of loss relief claimed	-	-
- Effects of overseas tax rates	-	-
- Adjustment in respect of prior periods	851,928	39,021
- Withholding tax – not recoverable	6,413,131	-
- Tax rate change	-	(1,021,421)
Total tax charge for period	9,730,820	(1,304,238)

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2022

Factors that may affect future tax charges

On 24 May 2021, the Finance Bill 2021 was substantively enacted, increasing the main rate of corporation tax to 25% on 1 April 2023, for companies with taxable profits above £250,000. Companies with taxable profits below £50,000 will continue to pay at 19%, and marginal relief will apply between these thresholds.

Deferred taxes have been measured using rates substantively enacted at the reporting date and reflected in these financial statements."

Country by Country Reporting

The Capital Requirements (Country by Country Reporting) Regulation 2013 places certain obligations on financial institutions that are within the scope of EU Capital Requirement Directive (CRD IV). The objective of the country by country reporting requirements is to provide increased transparency regarding the source of the financial institution's income and locations of its operations. Panini UK Limited forms part of a group that is required to share this information, for further information please see the consolidated financial statements for Panini SpA which may be obtained from the parent company's registered address, see Note 22.

10. Investments

	2022 £	2021 £
Direct holdings		
Cost and net book value in subsidiary PDTC Limited	0	200

PDTC was dissolved on 5 April 2022. To this date Panini UK Limited held 100% of the ordinary shares in PDTC Limited. The registered address of PDTC Limited was Brockbourne House, 77 Mount Ephraim, Tunbridge Wells, Kent.

Panini UK Limited

Notes to the financial statements (continued) **Year ended 31 December 2022**

11. Tangible fixed assets

	Office Equipment £
At 1 January 2022	305,040
Additions	13,065
Disposals	(14,512)
	<hr/>
At 31 December 2022	303,592
	<hr/>
Depreciation	
At 1 January 2022	266,904
Charge for the year	21,007
Disposals	(14,512)
	<hr/>
At 31 December 2022	273,399
	<hr/>
Net book value	
At 31 December 2021	38,136
	<hr/>
At 31 December 2022	30,194
	<hr/>

12. Stocks

	2022 £	2021 £
Raw Materials	0	245,802
Work in progress	101,181	166,836
Goods for resale	1,309,176	1,295,447
	<hr/>	<hr/>
	1,410,358	1,708,085
	<hr/>	<hr/>

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2022

13. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	32,110,946	24,246,065
Returns provision	(11,157,778)	(8,933,874)
	<u>20,953,167</u>	<u>15,312,191</u>
Amounts due from fellow subsidiaries	79,133,714	31,588,979
Other debtors	306,550	3,859,443
Prepayments	18,031,302	23,993,114
Corporation Tax	9,981	9,981
Deferred tax asset	2,063,334	4,255,922
	<u>120,498,048</u>	<u>79,019,630</u>

Amounts due from parent undertakings and fellow subsidiaries are repayable on demand.

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

	2022 £	2021 £
Prepayments of licenses held	<u>42,111,608</u>	<u>33,880,966</u>

15. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	10,203,090	8,595,300
Amounts owed to parent undertaking	58,098,487	27,382,374
Amounts owed to fellow subsidiaries	5,931,139	8,281,015
Other taxation and social security	1,794,392	2,992,849
Accruals and deferred income	33,191,506	11,840,098
	<u>109,218,614</u>	<u>59,091,636</u>

Amounts owed to fellow subsidiaries and parent undertakings are payable on demand and incur an interest rate of libor plus 100bps.

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

	2022 £	2021 £
Accruals and deferred income	<u>40,819,761</u>	<u>31,552,925</u>

Panini UK Limited

Notes to the financial statements (continued) Year ended 31 December 2022

17. CALLED-UP SHARE CAPITAL AND RESERVES

	2022 £	2021 £
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:

	2022 £	2021 £
Profit and loss account	16,090,711	13,277,916

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:

	2022 £ Buildings	2021 £ Buildings
Less than one year	70,455	86,640
Between two and five years	346,560	346,560
Greater than five years	11,675	108,300
	428,690	541,500

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 2022 was £97,371 (2021: £95,428). There were no amounts outstanding at the year-end or in 2021.

21. Related party transactions

The company has taken the exemption available in FRS 102 section 33 "Related Party Disclosures" whereby it has not disclosed transactions entered into during the year between two or more members of a group, as the company is a wholly owned subsidiary of the Panini Group to which it is party to the transactions. Amounts due to and from the Panini Group undertakings can be seen in notes 13 and 15 to the accounts.

Panini UK Limited

Notes to the financial statements (continued) **Year ended 31 December 2022**

22. 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 company's registered address).

The ultimate parent undertaking and controlling entity is Waterfall Italia SA, a company incorporated in Italy, which is the largest group for which the consolidated accounts are prepared. Copies of that company's financial statements may be obtained from Viale Giosué Carducci 48, 40125 Bologna, Italy (the company's registered address).