

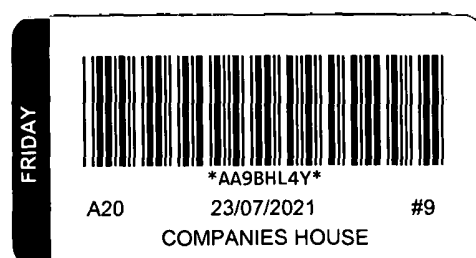
Tobar International Limited

Report and Financial Statements

Period Ended

30 June 2020

Company Number 09925230



Tobar International Limited

Company Information

Directors	M E Colley D J Mordecai J E Burton
Registered number	09925230
Registered office	Unit 7 Tobar Ipswich Road Brome Eye Suffolk IP23 8AW
Independent auditor	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

Tobar International Limited

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Tobar International Limited

Group Strategic Report For the Period Ended 30 June 2020

Introduction

The Directors present their Group Strategic Report together with the audited financial statements for the 18 month period ended 30 June 2020.

The Company extended its accounting reference date to 30 June 2020. The comparative figures presented in the audited financial statements (including related notes) are for the year ended 31 December 2018 and therefore are not entirely comparable with those presented for the 18 month period ended 30 June 2020.

Business review

The Group is a wholesaler and retailer of toys, games and gifts primarily within the United Kingdom and Europe but also to the rest of the world.

In February 2019, the Group purchased the trade and assets of Kit For Kids, providing goods and products to the education market. This has strengthened the Group's product offering and with increased access to a wider range of customers and markets.

During early 2020 the Group undertook a restructure in order to strengthen the Group, reduce complexities and cost and streamline the business the result of which will start to be seen next year. This decision was taken with the aim to improve profitability given the challenging trading conditions particularly in the retail sector.

The impact of COVID-19 saw sales for the Group reduce by 50% from March to June. This additionally caused the Directors to review costs, processes and further streamlining and make the best use of available grants. Further details are provided in the going concern section of the Directors' Report.

Principal risks and uncertainties

The risks faced by the Group are reviewed by the Directors and appropriate processes are put in place to monitor and mitigate them.

The key risk for the Group derives from its supply chain. A significant amount of purchases are from outside the UK and are transacted in foreign currencies. The movement in exchange rates and delays that have been faced at port this year could therefore have an impact on gross margins. The Group maintains close relationships with all of its customers and suppliers to ensure continuity of supply and early communication of changes in cost base or pricing strategy.

Brexit

Brexit has presented its challenges within the export market and the directors have reviewed the export strategy and business options and processes to ensure timely, cost efficient, compliant sales to the EU export market.

Within the Group are two EU based subsidiaries which minimises the risk and increases the options for trade within the EU.

Future developments

The Directors continue to concentrate on the Group's core activities and forecast continued growth.

The focus for the Group will continue to be on product development. In particular the Group will concentrate on in-house designed exclusive products which appeal to both existing and new customers alike.

Export sales growth is expected to continue with the development and evolution of existing and new sales and distribution resources in overseas territories.

Tobar International Limited

Group Strategic Report (continued) For the Period Ended 30 June 2020

Financial key performance indicators

The Directors review detailed management accounts each month to monitor current business performance against budgeted and prior year performance.

The Directors consider the most relevant key performance indicators to be the gross margin and the change in turnover and EBITDA achieved by the Group.

The key financial highlights for the 18 month period/year are as follows:

	18 month period ended 30 June 2020	Year ended 31 December 2018
Turnover	£41,035,962	£39,089,476
Gross profit margin	34.40%	40.90%
EBITDA	£(3,910,415)	£1,535,336

Following the Group restructure and the COVID impact the turnover and EBITDA is in line with forecast expectations.

S172 (1) Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation for good business conduct when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Group for its members in the long term.

We explain below how the Board engages with its stakeholders:

Employee matters

The Group continues to work closely with the employees to drive efficiencies through process improvement. The comprehensive personal development review process provides valuable input, it is a fabulous source of ideas for business improvement and staff wellbeing.

The Group continues to promote a positive health and safety culture following the Covid-19 regulations. The efforts during the past 12 month period of the pandemic are a clear demonstration of how staff at all levels embrace and drive safe working practices.


Business relationships

The Board recognises that it is essential for the continued success and reputation of the business to maintain positive relationships with suppliers and of course, our customers.

The Board regularly reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

Customer feedback is gained through a multitude of channels and acted upon to drive process and experience improvement.

This report was approved by the Board on 25 JUNE 2021 and signed on its behalf.


J E Burton
Director

Tobar International Limited

Directors' Report For the Period Ended 30 June 2020

The Directors present their report together with the audited financial statements for the 18 month period ended 30 June 2020.

Principal activity

The principal activity of the Group was that of wholesalers and retailers of toys, games and gifts.

The principal activity of the Company was that of a holding company.

Results and dividends

The loss for the period, after taxation, amounted to £3,583,185 (year ended 31 December 2018 - profit of £590,840).

The Directors do not recommend a dividend for the period ended 30 June 2020 (year ended 31 December 2018 - £Nil).

Directors

The Directors who served during the period were:

M E Colley
G Loveday (resigned 31 August 2020)
D J Mordecai
M Grossman (resigned 15 December 2020)

On 1 September 2020, J E Burton was appointed as a Director of the Company.

Financial instruments

The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is to finance working capital through retained earnings and through borrowings.

The Group has therefore minimised its exposure to the price risk of financial instruments by only purchasing forward currencies for known purchasing requirements. Its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms, matching the maturity of the currency purchases.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report, together with details of the principal risks and uncertainties.

Whilst the current economic conditions create uncertainty, the toy market has remained buoyant throughout and the Group has a diverse portfolio of customers and products to continue to trade at pre-pandemic levels.

Tobar International Limited

Directors' Report (continued) For the Period Ended 30 June 2020

Going concern (continued)

These financial statements have been prepared on a going concern basis. The Directors have assessed the impact of the Coronavirus pandemic on the Group and consider that there has been an impact on sales due to government imposed lockdowns and closures of non-essential retail, the impact has been mitigated through streamlining of costs and processes and withdrawal from the retail sector following the group restructure. As such the Group has out-performed their forecasts and continued to trade efficiently on a lower cost base.

The Directors expect to see no significant impact on sales levels going forward from continuing streams, resulting from early indications of sales in 2021, discussions with key customers, new product and current trend lines.

In February 2020, following the group restructure the Group entered into a new Asset Based Finance Facilities agreement with IGF. The total facility is for £10m and is to provide the business with sufficient funding to support its strategic aspirations and maintain a robust level of headroom. IGF have also provided CBILS loans to support the business during the pandemic.

Based on the current level of predicted activity and forecast sales the Directors have assessed that the Group will continue to operate within its financial covenants for the foreseeable future.

The Directors believe that the forecasts prepared accurately represent the likely impact of the Coronavirus pandemic on the Group. There is a risk that the pandemic may continue to adversely affect the Group, particularly around shipping delays and cost inflation, but the current customer demand and order book levels are positive.

Having assessed the principal risks and having regard for the above, the Directors consider that they have sufficient control over costs to ensure that adequate savings can be made to guarantee that they meet all financial covenants, and as such the Directors have considered it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements. These financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

Engagement with employees

Employee information is systematically provided by the use of meetings. Employees are encouraged to give their views to management as the need arises. Staff are kept informed of the financial and economic factors affecting the Group's performance by regular meetings.

Disabled employees

The Group gives full and fair consideration to the employment of disabled persons, having regard to their particular aptitudes and abilities. Continuing employment and training is provided wherever possible for any employee who, for any reason, becomes disabled.

Matters covered in the Group Strategic Report

The Directors have included a business review and details of future developments within the Group Strategic Report. These form part of this report by cross reference, in accordance with Section 414C(ii) of the Companies Act 2006.

Tobar International Limited

Directors' Report (continued) For the Period Ended 30 June 2020

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 25 JUNE 2021 and signed on its behalf.



J E Burton
Director

Tobar International Limited

Directors' Responsibilities Statement For the Period Ended 30 June 2020

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

Company law requires the Directors to prepare financial statements for each financial period. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

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

Tobar International Limited

Independent Auditor's Report to the Members of Tobar International Limited

Qualified opinion

We have audited the financial statements of Tobar International Limited ("the Parent Company") and its subsidiaries ("the Group") for the 18 month period ended 30 June 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

A physical inventory count was not performed by the Group at the end of the period. Accordingly, we were not able to observe the counting of physical inventories at the end of the period due to restrictions and control measures arising as a result of the COVID 19 pandemic. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2020, which are included in the Statement of Financial Position at £8,438,738 by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount or related amounts were necessary.

In addition, were any adjustment to the inventory balance to be required the Group Strategic Report and the Directors' Report would also need to be amended.

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 Group and the Parent 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the 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 Group or Parent 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.

Tobar International Limited

Independent Auditor's Report to the Members of Tobar International Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities included in the Statement of Financial Position of £8,438,738 held at 30 June 2020. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis of qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and Directors' Report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Tobar International Limited

Independent Auditor's Report to the Members of Tobar International 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

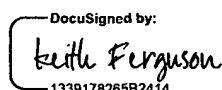
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at: <https://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Keith Ferguson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Ipswich
United Kingdom

Date: 25 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Tobar International Limited

Consolidated Statement of Comprehensive Income For the Period Ended 30 June 2020

		Continuing operations 18 month period ended 30 June 2020 £	Discontin'd operations 18 month period ended 30 June 2020 £	Total 18 month period ended 30 June 2020 £	Continuing operations Year ended 31 December 2018 £	Discontin'd operations Year ended 31 December 2018 £	Total Year ended 31 December 2018 £
	Note						
Turnover	3	34,948,692	6,087,270	41,035,962	23,812,577	15,276,899	39,089,476
Cost of sales		(25,823,212)	(1,095,528)	(26,918,740)	(15,092,072)	(7,992,285)	(23,084,357)
Gross profit		9,125,480	4,991,742	14,117,222	8,720,505	7,284,614	16,005,119
Administrative expenses		(12,982,936)	(6,170,761)	(19,153,697)	(6,816,876)	(8,267,277)	(15,084,153)
Exceptional administrative expenses	4	1,374,050	-	1,374,050	(20,794)	-	(20,794)
Other operating income	5	546,045	168	546,213	120,303	93	120,396
Fair value movements		-	-	-	19,081	-	19,081
Operating (loss)/profit	6	(1,937,361)	(1,178,851)	(3,116,212)	2,022,219	(982,570)	1,039,649
Interest receivable and similar income		2,218	34	2,252	1,767	-	1,767
Interest payable and similar expenses	9	(957,596)	(3,647)	(961,243)	(426,024)	(3,491)	(429,515)
(Loss)/profit before taxation		(2,892,739)	(1,182,464)	(4,075,203)	1,597,962	(986,061)	611,901
Tax on (loss)/profit	10	492,018	-	492,018	(28,778)	7,717	(21,061)
(Loss)/profit for the financial period/year		(2,400,721)	(1,182,464)	(3,583,185)	1,569,184	(978,344)	590,840
Currency translation differences				(32,893)			4,762
Movements in the fair value of foreign exchange contracts held at the period/year end				-			490,358
Cash flow hedge reserve recycled to profit or loss				(147,150)			-
Other comprehensive income for the period/year				(180,043)			495,120
Total comprehensive income for the period/year				(3,763,228)			1,085,960

All (loss)/profit and comprehensive income is attributable to the owners of the Parent Company.

Tobar International Limited

Consolidated Statement of Comprehensive Income (continued) For the Period Ended 30 June 2020

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
Reconciliation of (loss)/profit for the period/year to earnings before extraordinary items, interest, tax, depreciation and amortisation for the period ended 30 June 2020		
(Loss)/profit for the financial period/year	(3,583,185)	590,840
Amortisation	100,193	(128,779)
Depreciation	479,654	403,672
Interest payable	961,243	429,515
Interest receivable	(2,252)	(1,767)
Taxation charge	(492,018)	21,061
Exceptional expenses	758	20,794
Costs relating to operational restructuring	(1,374,808)	200,000
EBITDA*	(3,910,415)	1,535,336

*EBITDA is earnings before extraordinary items, interest, taxation, depreciation and amortisation.

In addition to measuring financial performance based on profit, the Directors have also chosen to disclose the adjusted EBITDA. This is because, in the Directors' view, EBITDA reflects the underlying operating cash generation, by eliminating extraordinary items, depreciation and amortisation and the Directors consider EBITDA to be a useful measure of the Group's operating performance. Since this is a non-UK GAAP measure, it may not be directly comparable to the EBITDA of other companies, as they may define it differently.

The notes on pages 19 to 43 form part of these financial statements.

Tobar International Limited
Registered number: 09925230

Consolidated Statement of Financial Position
As at 30 June 2020

	Note	30 June 2020 £	31 December 2018 £
Fixed assets			
Goodwill	11	914,331	2,989,167
Negative goodwill	11	-	(2,620,840)
		<u>914,331</u>	<u>368,327</u>
Other intangible fixed assets	11	1,072	142,133
Tangible fixed assets	12	289,719	1,205,869
		<u>1,205,122</u>	<u>1,716,329</u>
Current assets			
Stocks	14	8,438,740	11,033,814
Debtors: amounts falling due within one year	15	3,822,220	7,055,227
Cash at bank and in hand		584,116	3,335,659
		<u>12,845,076</u>	<u>21,424,700</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(9,823,292)	(17,150,895)
Net current assets		<u>3,021,784</u>	<u>4,273,805</u>
Net assets		<u><u>4,226,906</u></u>	<u><u>5,990,134</u></u>
Capital and reserves			
Called up share capital	19	2,000,102	105
Share premium account	20	499,995	499,995
Capital redemption reserve	20	3	-
Cash flow hedge reserve	20	-	147,150
Profit and loss account	20	1,726,806	5,342,884
		<u><u>4,226,906</u></u>	<u><u>5,990,134</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on



25 JUNE 2021

J E Burton
Director

The notes on pages 19 to 43 form part of these financial statements.

Tobar International Limited

Registered number:09925230

Company Statement of Financial Position As at 30 June 2020

	Note	30 June 2020 £	31 December 2018 £
Fixed assets			
Investments	13	836,784	919,401
		<u>836,784</u>	<u>919,401</u>
Current assets			
Debtors: amounts falling due after more than one year	15	2,732,321	760,850
Debtors: amounts falling due within one year	15	2,223,855	2,000,836
Cash at bank and in hand		-	640
		<u>4,956,176</u>	<u>2,762,326</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(738,438)	(4,222,450)
Net current assets/(liabilities)		<u>4,217,738</u>	<u>(1,460,124)</u>
Net assets/(liabilities)		<u>5,054,522</u>	<u>(540,723)</u>
Capital and reserves			
Called up share capital	19	2,000,102	105
Share premium account	20	499,995	499,995
Capital redemption reserve	20	3	-
Profit and loss account brought forward		(1,040,823)	(821,891)
Profit/(loss) for the period/year		3,595,245	(218,932)
Profit and loss account carried forward		<u>2,554,422</u>	<u>(1,040,823)</u>
		<u>5,054,522</u>	<u>(540,723)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on



25 JUNE 2021

J E Burton
Director

The notes on pages 19 to 43 form part of these financial statements.

Tobar International Limited

Consolidated Statement of Changes in Equity For the Period Ended 30 June 2020

	Called up share capital	Share premium account	Capital redemption reserve	Cash flow hedge reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019	105	499,995	-	147,150	5,342,884	5,990,134
Comprehensive income for the period						
Loss for the period	-	-	-	-	(3,583,185)	(3,583,185)
Currency translation differences	-	-	-	-	(32,893)	(32,893)
Cash flow hedge reserve recycled to profit or loss	-	-	-	(147,150)	-	(147,150)
Other comprehensive income for the period	-	-	-	(147,150)	(32,893)	(180,043)
Total comprehensive income for the period	-	-	-	(147,150)	(3,616,078)	(3,763,228)
Contributions by and distributions to owners						
Purchase of own shares	-	-	3	-	-	3
Shares issued during the period	2,000,000	-	-	-	-	2,000,000
Shares cancelled during the period	(3)	-	-	-	-	(3)
Total transactions with owners	1,999,997	-	3	-	-	2,000,000
At 30 June 2020	2,000,102	499,995	3	-	1,726,806	4,226,906

The notes on pages 19 to 43 form part of these financial statements.

Tobar International Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £	Share premium account £	Cash flow hedge reserve £	Profit and loss account £	Total equity £
At 1 January 2018	100	-	(343,208)	5,156,682	4,813,574
Comprehensive income for the year					
Profit for the year	-	-	-	590,840	590,840
Currency translation differences	-	-	-	4,762	4,762
Movements in the fair value of foreign exchange contracts held at the year end	-	-	490,358	-	490,358
Other comprehensive income for the year	-	-	490,358	4,762	495,120
Total comprehensive income for the year	-	-	490,358	595,602	1,085,960
Contributions by and distributions to owners					
Shares issued during the year	5	499,995	-	-	500,000
Adjustment for settled hedging transactions to which hedge accounting had not been applied	-	-	-	(409,400)	(409,400)
Total transactions with owners	5	499,995	-	(409,400)	90,600
At 31 December 2018	105	499,995	147,150	5,342,884	5,990,134

The notes on pages 19 to 43 form part of these financial statements.

Tobar International Limited

Company Statement of Changes in Equity For the Period Ended 30 June 2020

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2019	105	499,995	-	(1,040,823)	(540,723)
Comprehensive income for the period					
Profit for the period	-	-	-	3,595,245	3,595,245
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,595,245</u>	<u>3,595,245</u>
Contributions by and distributions to owners					
Purchase of own shares	-	-	3	-	3
Shares issued during the period	2,000,000	-	-	-	2,000,000
Shares cancelled during the period	(3)	-	-	-	(3)
Total transactions with owners	<u>1,999,997</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>2,000,000</u>
At 30 June 2020	<u>2,000,102</u>	<u>499,995</u>	<u>3</u>	<u>2,554,422</u>	<u>5,054,522</u>

Company Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	100	-	(821,891)	(821,791)
Comprehensive income for the year				
Loss for the year	-	-	(218,932)	(218,932)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(218,932)</u>	<u>(218,932)</u>
Contributions by and distributions to owners				
Shares issued during the year	5	499,995	-	500,000
Total transactions with owners	<u>5</u>	<u>499,995</u>	<u>-</u>	<u>500,000</u>
At 31 December 2018	<u>105</u>	<u>499,995</u>	<u>(1,040,823)</u>	<u>(540,723)</u>

The notes on pages 19 to 43 form part of these financial statements.

Tobar International Limited

Consolidated Statement of Cash Flows For the Period Ended 30 June 2020

	30 June 2020 £	31 December 2018 £
Cash flows from operating activities		
(Loss)/profit for the financial period/year	(3,583,185)	590,840
Adjustments for:		
Amortisation of intangible assets	100,193	(128,779)
Depreciation of tangible assets	479,654	403,672
Government grants	(368,024)	-
Interest paid	961,243	429,515
Interest received	(2,252)	(1,767)
Taxation charge	(492,018)	21,061
Decrease/(increase) in stocks	1,393,426	(1,389,747)
(Increase)/decrease in debtors	(3,431,205)	544,865
Increase in creditors	3,404,130	472,442
Net fair value losses/(gains) recognised in profit or loss	-	(19,081)
Corporation tax paid	(169,320)	(229,379)
Foreign exchange adjustments	(180,043)	9,573
Reorganisation costs	4,687,701	-
Net cash generated from operating activities	2,800,300	703,215
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,090)	(16,007)
Sale of intangible assets	142,133	-
Purchase of tangible fixed assets	(736,770)	(430,165)
Sale of tangible fixed assets	85	-
Government grants received	368,024	-
Interest received	2,252	1,767
Acquisition of subsidiary, net of cash acquired	-	(1,013,862)
Disposal of subsidiary, net of cash disposed	(2,998,755)	-
Cash disposed on disposal of subsidiary	(1,439,134)	-
Net cash used in investing activities	(4,663,255)	(1,458,267)

Tobar International Limited

Consolidated Statement of Cash Flows (continued) For the Period Ended 30 June 2020

	30 June 2020 £	31 December 2018 £
Cash flows from financing activities		
Issue of preference shares	2,000,000	-
Movements on invoice discounting	(2,535,678)	1,907,381
Movements on factored debt	608,295	-
Interest paid	(961,243)	(386,134)
Net cash (used in)/generated from financing activities	(888,626)	1,521,247
Net (decrease)/increase in cash and cash equivalents	(2,751,581)	766,195
Cash and cash equivalents at beginning of period/year	3,335,659	2,569,464
Cash and cash equivalents at the end of period/year	584,078	3,335,659
Cash and cash equivalents at the end of period/year comprise:		
Cash at bank and in hand	584,116	3,335,659
Bank overdrafts	(38)	-
	584,078	3,335,659

The notes on pages 19 to 43 form part of these financial statements.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

1. Accounting policies

1.1 Basis of preparation of financial statements

Tobar International Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company and Group's operations and its principal activities are set out in the Director's Report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102"), and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Group's accounting policies (see note 2).

The Group's presentational currency is GBP.

Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Parent Company would be identical;
- No Cash Flow Statement has been presented for the Parent Company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole;
- The Parent Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method (see note 21). In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

1. Accounting policies (continued)

1.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Strategic Report, together with details of the principal risks and uncertainties.

Whilst the current economic conditions create uncertainty, the toy market has remained buoyant throughout and the Group has a diverse portfolio of customers and products to continue to trade at pre-pandemic levels.

These financial statements have been prepared on a going concern basis. The Directors have assessed the impact of the Coronavirus pandemic on the Group and consider that there has been an impact on sales due to government imposed lockdowns and closures of non-essential retail, the impact has been mitigated through streamlining of costs and processes and withdrawal from the retail sector following the group restructure. As such the Group has out-performed their forecasts and continued to trade efficiently on a lower cost base.

The Directors expect to see no significant impact on sales levels going forward from continuing streams, resulting from early indications of sales in 2021, discussions with key customers, new product and current trend lines.

In February 2020, following the group restructure the Group entered into a new Asset Based Finance Facilities agreement with IGF. The total facility is for £10m and is to provide the business with sufficient funding to support its strategic aspirations and maintain a robust level of headroom. IGF have also provided CBILS loans to support the business during the pandemic.

Based on the current level of predicted activity and forecast sales the Directors have assessed that the Group will continue to operate within its financial covenants for the foreseeable future.

The Directors believe that the forecasts prepared accurately represent the likely impact of the Coronavirus pandemic on the Group. There is a risk that the pandemic may continue to adversely affect the Group, particularly around shipping delays and cost inflation, but the current customer demand and order book levels are positive.

Having assessed the principal risks and having regard for the above, the Directors consider that they have sufficient control over costs to ensure that adequate savings can be made to guarantee that they meet all financial covenants, and as such the Directors have considered it appropriate to continue to adopt the going concern basis of accounting in preparing these financial statements. These financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

1. Accounting policies (continued)

1.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Online and wholesale generated turnover is recognised when an invoice is issued. Invoices are raised when goods are dispatched.

Retail turnover generated from any of the Group's shops is recognised on a daily basis as goods are sold.

1.5 Government grants

Grants of a revenue nature are recognised in "other income" within the Consolidated Statement of Comprehensive Income in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

The Group has not directly benefited from any other forms of government assistance.

1.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.7 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

1. Accounting policies (continued)

1.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill and other intangibles are amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over their useful economic life. Amortisation is charged within administrative expenses.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Estimates of the useful economic life of goodwill and other intangibles are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Intellectual property	-	5 % straight line
Goodwill	-	5 % straight line
Other intangible assets	-	5 % straight line

1.9 Negative goodwill

Negative goodwill represents the value of net assets acquired over and above the consideration in relation to business combinations. Any excess above the fair value of the non-monetary assets acquired is recognised in the Statement of Comprehensive Income in the period in which the benefit is expected to be received.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

1. Accounting policies (continued)

1.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses are determined by comparing the proceeds with the carrying amount and are recognised within "other operating income or losses" in the Statement of Comprehensive Income.

Depreciation is provided on the following basis:

Improvements to leasehold property	-	10% - 33% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% straight line/ reducing balance
Office equipment	-	25% straight line

Impairment of fixed assets

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.11 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

1.12 Valuation of investments

Investments in subsidiaries are valued at cost less provision for impairment.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

1. Accounting policies (continued)

1.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to sell.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

1.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.15 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other amounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.16 Invoice financing

The Group has an invoice discounting arrangement. The amount owed by customers to the Group is included within trade debtors and the amount owed to the invoice discounting company is included within creditors. The amount owed to the invoice discounting company represents the difference between the amounts advanced by the discounting group and the invoices discounted. The interest element of the invoice discounting charges and other related costs are recognised as they accrue and included in the Statement of Comprehensive Income with other interest charges.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

1. Accounting policies (continued)

1.17 Hedge accounting

The Group had entered into forward contracts to manage its exposure to foreign exchange fluctuations. These contracts were for the purchase of stock in US Dollars. These derivatives were measured at fair value at the prior periods reporting date. To the extent the hedge was effective, movements in fair value were recognised in other comprehensive income and presented in a separate cash flow hedge reserve. This amount was reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. Any ineffective portions of those movement were recognised in profit or loss for the period in question.

1.18 Foreign currency translation

Functional and presentational currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

1.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

1. Accounting policies (continued)

1.21 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the date of the Statement of Financial Position, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries and Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including positive and negative goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generated unit, the viability and expected future performance of that unit.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

2. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other key sources of estimation uncertainty:

- Investments (see note 13)

Unlisted investments are carried at fair value through profit or loss. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology. The factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the investment.

- Stock provision (see note 14)

For continuing stock the provision is based on the level of overstock held, which is determined as the total stock less the estimated sales quantity over a given period. The provision is then set at 75% of the overstock held.

Discontinued stock is provided for based on 100% of the stock held, with the provision set at either 75% or 100% depending on age.

- Trade debtors (see note 15)

Trade debtors are reviewed to consider whether any bad debt provision is required, with debts provided for on a specific basis. Factors considered include customer payment history and agreed payment term.

3. Turnover

The whole of the turnover is attributable to the sale of toys, games and gifts.

Analysis of turnover by country of destination:

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
United Kingdom	32,666,076	31,832,691
Rest of Europe	5,545,344	5,352,693
Rest of the world	2,824,542	1,904,092
	<u>41,035,962</u>	<u>39,089,476</u>

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

4. Exceptional items

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
Other exceptional items	1,668,097	20,794
Disposal of subsidiary Tobar Group Trading Limited	(135,502)	-
Disposal of subsidiary Hawkin's Bazaar Ltd	(2,906,645)	-
	<u>(1,374,050)</u>	<u>20,794</u>

Other exceptional items includes group restructuring costs totalling £1,667,339 (year ended 31 December 2018 - £Nil). On 23 January 2020 and 14 February 2020, Hawkin's Bazaar Ltd and Tobar Group Trading Limited went into administration and effectively left the Group, at the respective dates, see note 21. On 14 February 2020, Tobar Group Trading Limited sold its assets and trade to H Grossman Limited, impairments of assets following this transfer are part of these group restructuring costs.

5. Other operating income

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
Other operating income	79,580	67,261
Net rents receivable	-	5,614
Government grants receivable	368,024	-
Sundry income	-	2,101
Commissions receivable	98,609	45,420
	<u>546,213</u>	<u>120,396</u>

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
Depreciation of tangible fixed assets	479,654	403,672
Amortisation of intangible assets, including goodwill	100,193	(128,779)
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	13,600	8,037
Fees payable to the Group's auditors for the other services to the Group:		
- The audit of the Group's subsidiaries pursuant to legislation	26,250	38,683
- Other non-audit services	13,300	10,650
Exchange differences	(399,917)	(257,482)
Other operating lease rentals	2,509,678	2,100,535
Defined contribution pension cost	276,736	194,997
	<u>276,736</u>	<u>194,997</u>

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 30 June 2020 £	Group 31 December 2018 £	Company 30 June 2020 £	Company 31 December 2018 £
Wages and salaries	7,297,950	5,726,935	-	-
Social security costs	613,325	483,546	-	-
Cost of defined contribution scheme	287,425	173,416	-	-
	<u>8,198,700</u>	<u>6,383,897</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	18 month period ended 30 June 2020 No.	Year ended 31 December 2018 No.
Management & Administration	63	65
Sales & Warehouse	287	315
	<u>350</u>	<u>380</u>

The Company did not have any employees, other than the Directors (year ended 31 December 2018 - Nil).

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

8. Directors' remuneration

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
Directors emoluments	589,195	362,779
Contributions to defined contribution pension schemes	40,500	27,000
	<u>629,695</u>	<u>389,779</u>

During the period retirement benefits were accruing to 2 Directors (year ended 31 December 2018 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £225,711 (year ended 31 December 2018 - £150,644).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £23,500 (year ended 31 December 2018 - £15,000).

9. Interest payable and similar expenses

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
Bank interest payable	152,928	36,543
Other loan interest payable	808,193	392,854
Other interest payable	122	118
	<u>961,243</u>	<u>429,515</u>

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

10. Taxation

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
Corporation tax		
Current tax on profits for the period/year	-	23,469
Adjustments in respect of previous periods	(115,436)	(31,654)
Current tax on foreign income for the period/year	-	65,367
Total current tax	(115,436)	57,182
Deferred tax		
Origination and reversal of timing differences	(376,403)	(46,255)
Effect of tax rate change on opening balance	(179)	45
Adjustments in respect of previous periods	-	10,089
Total deferred tax	(376,582)	(36,121)
Taxation on (loss)/profit on ordinary activities	(492,018)	21,061

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

10. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (year ended 31 December 2018 - lower than) the standard rate of corporation tax in the UK of 19% (year ended 31 December 2018 - 19%). The differences are explained below:

	18 month period ended 30 June 2020 £	Year ended 31 December 2018 £
(Loss)/profit on ordinary activities before tax	(4,075,203)	611,901
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (year ended 31 December 2018 - 19%)	(774,289)	116,261
Effects of:		
Expenses not deductible for tax purposes	343,149	(124,820)
Capital allowances for period/year in excess of depreciation	-	19,300
Utilisation of tax losses	96,590	-
Adjustments to tax charge in respect of previous periods	(115,436)	(21,565)
Adjust closing deferred tax rate	(4,585)	8,583
Deferred tax not recognised	(37,447)	26,321
Other differences	-	(3,019)
Total tax charge for the period/year	(492,018)	21,061

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

11. Intangible assets

Group

	Other intangible assets £	Goodwill £	Negative goodwill £	Total £
Cost				
At 1 January 2019	162,273	3,619,019	(8,366,099)	(4,584,807)
Additions	1,090	-	-	1,090
Disposals	(162,273)	-	-	(162,273)
On disposal of subsidiaries	-	-	8,366,099	8,366,099
Impairment	-	(2,581,154)	-	(2,581,154)
At 30 June 2020	1,090	1,037,865	-	1,038,955
Amortisation				
At 1 January 2019	20,140	629,852	(5,745,259)	(5,095,267)
Charge for the period	18	100,175	-	100,193
On disposals	(20,140)	-	-	(20,140)
On disposal of subsidiaries	-	-	5,745,259	5,745,259
Impairment	-	(606,493)	-	(606,493)
At 30 June 2020	18	123,534	-	123,552
Net book value				
At 30 June 2020	1,072	914,331	-	915,403
At 31 December 2018	142,133	2,989,167	(2,620,840)	510,460

Goodwill of £3,462,574 relates to goodwill, previously within Tobar Group Trading Limited, which arose on the purchase of the business and certain assets of Tobar Group Holdings Limited and Tobar France SARL on 19 January 2012. On 14 February 2020 the goodwill within Tobar Group Trading Limited was transferred to H Grossman Limited, via a sale of assets and trade agreement, at this time it was devalued by £2,581,854. This goodwill is continuing to be amortised over a period of 20 years with 11.5 years remaining.

Goodwill of £39,003 relates to goodwill arising on the purchase of Tobar Scandinavia AB on 5 January 2016. This goodwill is being amortised over a period of 20 years with 15.5 years remaining.

Goodwill of £117,442 relates to goodwill arising on the purchase of Ozbozz Limited and its subsidiaries on 3 April 2018. This goodwill is being amortised over a period of 20 years with 17.5 years remaining.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

11. Intangible assets (continued)

Negative goodwill related to the purchase of Tobar Group Trading Limited. This was being released to the Statement of Comprehensive Income over the period in which the benefit was expected to be received. On 14 February 2020, Tobar Group Trading Limited went into administration and effectively left the Group, due to the Group's loss of control. On this date the negative goodwill was released in full.

12. Tangible fixed assets

Group

	Improvements to leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 January 2019	366,460	36,765	1,244,565	656,496	2,304,286
Additions	201,555	-	490,167	45,048	736,770
Disposals	-	-	-	(85)	(85)
On disposal of subsidiaries	(194,292)	-	(596,318)	(69,475)	(860,085)
Impairment	(328,747)	-	(829,812)	(618,462)	(1,777,021)
At 30 June 2020	44,976	36,765	308,602	13,522	403,865
Depreciation					
At 1 January 2019	178,931	9,014	619,383	291,089	1,098,417
Charge for the period	51,599	9,539	288,256	130,260	479,654
On disposal of subsidiaries	(63,029)	-	14,259	(7,135)	(55,905)
On impaired assets	(140,126)	-	(863,674)	(404,220)	(1,408,020)
At 30 June 2020	27,375	18,553	58,224	9,994	114,146
Net book value					
At 30 June 2020	17,601	18,212	250,378	3,528	289,719
At 31 December 2018	187,529	27,751	625,182	365,407	1,205,869

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2019	919,401
Additions	115,663
Disposals	(198,280)
At 30 June 2020	836,784
Net book value	
At 30 June 2020	836,784
At 31 December 2018	919,401

Subsidiary undertakings

The following were subsidiary undertakings of the Company, all of which have been included in the consolidated financial statements:

Name	Registered office	Class of shares	Holding
Ozbozz Limited	Yare House, 62-64 Thorpe Road, Norwich, Norfolk, NR1 1RY	Ordinary	100 %
H Grossman Trading Limited*	3 Cambuslang Way, Gateway Office Park, Glasgow, Scotland, G32 8ND	Ordinary	100 %
H Grossman Limited*	3 Cambuslang Way, Gateway Office Park, Glasgow, Scotland, G32 8ND	Ordinary	100 %
Tobar France SARL*	ZA due la Perdriere, 1 rue de la Porizi, 49500, Nyoiseau	Ordinary	100 %
Tobar Scandinavia AB*	Kungsgatan 30C, 752 21 Uppsala, Sweden	Ordinary	100 %
H Grossman (H.K) Ltd*	Room 1105, 11th Floor, Tower 2, South Seas Centre, 75 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong	Ordinary	100 %

* Denotes indirect holding through Ozbozz Limited.

Of the above subsidiaries, Ozbozz Limited (registered number 09631127) and H Grossman Trading Limited (registered number SC504915) are included in the consolidated financial statements, and are entitled to, and have opted to take, exemption from requirement for their individual accounts to be audited under S479A of the Companies Act 2006 relating to subsidiary companies.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

13. Fixed asset investments (continued)

On 23 January 2020 and 14 February 2020, Hawkin's Bazaar Ltd and Tobar Group Trading Limited respectively, former subsidiaries of the Company, went into administration. At the respective dates these companies effectively left the Group, due to the Group's loss of control.

14. Stocks

	Group 30 June 2020 £	Group 31 December 2018 £
Finished goods and goods for resale	8,438,740	11,033,814

An impairment loss of £420,868 (year ended 31 December 2018 - gain of £495,912) was recognised in cost of sales against potential stock shrinkage during the period.

15. Debtors

	Group 30 June 2020 £	Group 31 December 2018 £	Company 30 June 2020 £	Company 31 December 2018 £
Due after more than one year				
Amounts owed by group undertakings	-	-	2,732,321	760,850
Due within one year				
Trade debtors	2,382,519	4,582,778	-	-
Amounts owed by group undertakings	-	-	1,945,393	1,929,059
Other debtors	346,886	354,582	168,633	69,669
Called up share capital not paid	100	100	100	100
Prepayments and accrued income	550,828	1,915,088	3,347	2,008
Tax recoverable	163,784	-	-	-
Deferred taxation (see note 18)	378,103	44,434	106,382	-
Forward exchange contracts	-	158,245	-	-
	3,822,220	7,055,227	2,223,855	2,000,836

The Group trade debtors are shown net of a provision for bad and doubtful debts of £101,469 (31 December 2018 - £31,832). The Group recognised an impairment loss for the period in respect of bad and doubtful debts of £89,153 (31 December 2018 - gain of £45,670).

Included within trade debtors are amounts that are subject to the invoice discounting agreement.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

16. Creditors: Amounts falling due within one year

	Group 30 June 2020 £	Group 31 December 2018 £	Company 30 June 2020 £	Company 31 December 2018 £
Bank overdrafts	38	-	38	-
Other loans	3,433,359	5,968,633	-	-
Trade creditors	2,163,533	5,745,684	57,107	7,500
Amounts owed to group undertakings	-	-	-	3,114,850
Corporation tax	1,266	122,238	-	-
Other taxation and social security	614,048	1,373,798	26,290	5,647
Proceeds of factored debts	608,295	-	-	-
Deferred and contingent consideration	526,663	1,001,663	526,663	1,001,663
Other creditors	1,049,131	596,633	12,051	-
Accruals and deferred income	1,426,959	2,342,246	116,289	92,790
	<u>9,823,292</u>	<u>17,150,895</u>	<u>738,438</u>	<u>4,222,450</u>

In respect of the other loans there is a fixed and floating charge over all assets, property and undertakings of the Company.

Included within creditors is £3,433,359 (31 December 2018 - £5,968,633) in respect of proceeds of debts owing to Independent Growth Finance Limited under the invoice discounting arrangement.

17. Financial instruments

	Group 30 June 2020 £	Group 31 December 2018 £
Financial assets		
Derivative financial instruments measured at fair value	-	158,245

Derivative financial instruments measured at fair value comprise forward exchange contracts to which hedge accounting has been applied as explained in note 1.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

18. Deferred taxation

Group

	30 June 2020 £
At beginning of period	(44,434)
Charged to profit or loss	(376,582)
On disposal of subsidiary	42,913
At end of period	(378,103)

Company

	30 June 2020 £
At beginning of period	-
Charged to profit or loss	(106,382)
At end of period	(106,382)

The deferred tax asset is made up as follows:

	Group 30 June 2020 £	Group 31 December 2018 £	Company 30 June 2020 £
Tax losses and other deductions	(84,287)	-	(84,287)
Fixed asset timing differences	(271,721)	(44,434)	-
Short term timing differences	(22,095)	-	(22,095)
	(378,103)	(44,434)	(106,382)

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

19. Share capital

	30 June 2020 £	31 December 2018 £
Allotted, called up and fully paid		
200,000 (31 December 2018 - Nil) Preference shares of £10.00 each	2,000,000	-
600 (31 December 2018 - 600) A Ordinary shares of £0.10 each	60	60
50 (31 December 2018 - 50) B1 Ordinary shares of £0.10 each	5	5
50 (31 December 2018 - 50) B2 Ordinary shares of £0.10 each	5	5
231 (31 December 2018 - 261) C Ordinary shares of £0.10 each	23	26
87 (31 December 2018 - 87) D Ordinary shares of £0.10 each	9	9
	<u>2,000,102</u>	<u>105</u>

On 6 December 2019, the Company purchased 30 C Ordinary shares at par and cancelled them on the same date.

The rights as regards return of capital are such that capital would be returned first to B1 and B2 shareholders, and then the A shareholders and finally the C and D shareholders together.

On 12 February 2020, the Company issued 200,000 Preference shares of £10.00 each. The Preference shares carry the rights to attend, speak and vote at all general meetings of the Company and to receive and vote on proposed written resolutions of the Company.

The preference shares entitle the holder to a fixed dividend only.

The rights as regards return of capital are such that capital would be returned first to preference shareholders before any class of shares classified as equity.

20. Reserves

Share capital

Share capital represents the nominal value of equity shares issued by the Company.

Capital redemption reserve

This reserve contains the nominal value of own shares that have been acquired by the Company and cancelled.

Cash flow hedge reserve

This reserve represents cumulative movements in the fair value of forward currency contracts.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

This reserve records the cumulative retained earnings of the Group.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

21. Discontinued operations

On 23 January 2020 and 14 February 2020, Hawkin's Bazaar Ltd and Tobar Group Trading Limited went into administration. At the respective dates these companies effectively left the Group, due to the Group's loss of control.

Disposal of Hawkin's Bazaar Ltd:

		£
Cash proceeds		-
Net assets disposed of:		
Tangible fixed assets	563,408	
Stocks	(580,168)	
Debtors	78,042	
Cash	1,223,905	
Creditors	(4,191,832)	
		<u>(2,906,645)</u>
Profit on disposal before tax		<u><u>2,906,645</u></u>

The net outflow of cash in respect of the sale of Hawkin's Bazaar Ltd is as follows:

	£
Cash consideration	-
Cash transferred on disposal	(1,223,905)
Net outflow of cash	<u><u>(1,223,905)</u></u>

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

21. Discontinued operations (continued)

Disposal of Tobar Group Trading Limited:

	£
Cash proceeds	-
Net assets disposed of:	
Tangible fixed assets	240,772
Stocks	-
Debtors	7,147,153
Cash	215,229
Creditors	(5,074,424)
	<u>2,528,730</u>
Loss on disposal before tax	<u><u>(2,528,730)</u></u>

The net outflow of cash in respect of the sale of Tobar Group Trading Limited is as follows:

	£
Cash consideration	-
Cash transferred on disposal	(215,229)
Net outflow of cash	<u><u>(215,229)</u></u>

On 14 February 2020, at the point Tobar Group Trading Limited went into administration, it sold its assets and trade to H Grossman Limited. At this time 200,000 Preference shares of £10.00 each were issued by Tobar International Limited to Merino Industries Limited. The proceeds of this share issue, being £2,000,000, were subsequently loaned from Tobar International Limited to H Grossman Limited to help fund this asset and trade purchase.

22. Contingent liabilities

There are fixed and floating charges over all assets, property and undertakings of the Group and Company.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

23. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by the Group to the fund. These amounted to £276,736 (31 December 2018 - £194,997).

At the period end the Group owed £127,764 (31 December 2018 - £98,903) in respect of pension scheme contributions.

24. Commitments under operating leases

At 30 June 2020 the Group had future minimum lease payments due under non-cancellable operating leases as follows:

	Group 30 June 2020 £	Group 31 December 2018 £
Not later than 1 year	1,090,126	1,857,688
Later than 1 year and not later than 5 years	866,067	3,201,205
Later than 5 years	-	50,971
	<u>1,956,193</u>	<u>5,109,864</u>

The Company had no commitments under non-cancellable operating leases as at the reporting date.

25. Analysis of net debt

	At 1 January 2019 £	Cash flows £	Disposal of subsidiaries £	At 30 June 2020 £
Cash at bank and in hand	3,335,659	(1,310,706)	(1,439,134)	585,819
Bank overdrafts	-	(38)	-	(38)
Debt due within 1 year	(5,968,633)	2,535,274	-	(3,433,359)
	<u>(2,632,974)</u>	<u>1,224,530</u>	<u>(1,439,134)</u>	<u>(2,847,578)</u>

Non-cash movements relate to:

- Disposal of subsidiary undertakings: On 23 January 2020 and 14 February 2020, Hawkin's Bazaar Ltd and Tobar Group Trading Limited respectively, former subsidiaries of the Company, went into administration and effectively left the Group, due to the Group's loss of control. The combined cash at bank balances in these two entities totalled £1,439,134 at the date of disposal.

Tobar International Limited

Notes to the Financial Statements For the Period Ended 30 June 2020

26. Related party transactions

During the period, £90,119 (31 December 2018 - £211,825) was charged from H Grossman Properties Limited (a company in which Martin Grossman is a Director) for the rental of premises. At the period end a balance of £Nil (31 December 2018 - £Nil) was payable and is included within trade creditors. During the period, £Nil (31 December 2018 - £Nil) was waived in relation to the rental of premises.

During the period, the Company utilised the RCF facility held with Merino Industries Limited, the ultimate controlling party, drawing down £Nil (31 December 2018 - £2,500,000). At the period end, the balance owed to Merino Industries Limited in relation to this facility was £Nil (31 December 2018 - £Nil). Interest of £354,679 (31 December 2018 - £195,890) was payable on this facility.

During the period, Merino Industries Limited charged the Group £112,903 (31 December 2018 - £74,798) in relation to directors fees.

At the period end, the Company owed Merino Industries Limited £756,432 (31 December 2018 - £61,644).

27. Controlling party

The Company is controlled by Merino Industries Limited which is incorporated in the United Kingdom.