

**Hasbro UK Limited**

Annual report and financial statements

Registered number 1981543

52 week period ended 26 December 2021

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## **Officers and professional advisors**

(Registered number 1981543)

### **Directors**

M Grossweischede (appointed 30 April 2021)

G Koukoulas

R Blane (resigned 26 April 2021)

K Green (resigned 1 September 2020)

### **Secretary**

J Runnacles

### **Auditor**

KPMG LLP

Two Forbury Place

33 Forbury Road

Reading

RG1 3AD

### **Registered office**

4 The Square

Stockley Park

Uxbridge

Middlesex

UB11 1ET

## Strategic report

(Registered number 1981543)

### Principal activities of the Company

Hasbro UK Limited (“Hasbro UK”) was established in 1986 operating in Uxbridge, UK. It is a direct wholly-owned subsidiary of Hasbro SA. Hasbro UK’s territory includes the UK, Ireland, Denmark, Sweden, Norway, Finland and Iceland.

Hasbro UK generates turnover through the provision of marketing, sales and distribution centre services as well as license support services.

### 2021 performance

Turnover for the period ended 26 December 2021 was £24.9 million compared to £23.6 million in 2020, an increase of £1.3m. Net operating expenses increased period on period by £0.8 million (2020: decrease by £0.9 million) resulting in a net increase of £0.5 million in operating profit (2020: increase in operating profit of £0.2million).

### Risks and uncertainties

The directors of the Company have considered the principal risks and uncertainties affecting the Company as at 26 December 2021 and up to the date of this report. As the Company is primarily transacting with Group entities through the provision of marketing, sales and distribution centre services, the directors believe that the risks and uncertainties faced by Hasbro UK are mitigated to the extent that it acts only as a service provider.

### Brexit

On 31 December 2020, the Brexit transition period ended. A deal was agreed by the European Union and the UK on 24 December 2020, which is applicable since 1 January 2021, with immaterial impact to Hasbro UK in 2021 and have been able to continue operations as normal.

### COVID-19

The ongoing global pandemic of coronavirus disease 2019 (COVID-19) continues to impact Hasbro at both Company and Group level. Our first and immediate priority was to take every possible step to ensure the safety, health and well-being of our workforce and, at the same time, do our part to support our communities and supply chains.

The Hasbro Group has developed and continues to develop and execute plans to mitigate the negative impact of COVID-19 on the business.

Furthermore, the Directors are not aware of any plans to alter the group’s trading operations in the UK in such a way that the current remuneration model utilising Hasbro UK might cease to operate.

Therefore, based on these elements, the directors have not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. The directors will make every effort to limit the negative impact by means of a periodic evaluation of the situation and the adoption of prudent policies.

By order of the board.



**G Koukoulas**  
Director

4 The Square,  
Stockley Park  
Uxbridge  
Middlesex  
UB11 1ET

20 May 2022

## Directors' report

(Registered number 1981543)

The directors present their annual report and the audited financial statements for the 52 week period ended 26 December 2021 (*2020: 52 week period ended 27 December 2020*).

### **Paid dividend and reserves**

The directors have paid a dividend during the year on equity shares of £8,000,000 (*2020: £nil*). The profit for the Company in the financial period was £4.2 million (*2020: £3.6 million*).

### **Directors and directors' interests**

The directors who held office during the period were as follows:

M Grossweischede (appointed 20 April 2021)

G Koukoulas

R Blane (resigned 26 April 2021)

No director who held office at the end of the financial period had any disclosable interest in the shares of the Company.

### **Employees**

The Company has a comprehensive framework of employment policies, some of which apply throughout the Company, with others appropriate to the particular subsidiary or part of the business concerned. The Company fully supports the rights and opportunities of all people to seek, obtain and hold employment with dignity and without any form of discrimination.

It is the Company's policy that employees of all levels shall not in the course of employment discriminate against any other person, or be discriminated against on the grounds of race, religion, sex, marital status or ethnic or national origins. The policy applies in respect of all conditions of employment, including salaries and wages, hours of work, holiday entitlement, sick pay, recruitment, training, promotion, redundancy and use of available amenities.

It is the Company's policy to offer equal opportunity to disabled persons, whether registered or not, applying for vacancies having regard to their aptitudes and abilities. Arrangements are made to continue the employment, wherever possible, of those employees who have become disabled. Consideration is also given to arranging appropriate training facilities or providing special aids where necessary. The Company's policy is to provide disabled persons with the same opportunities for training, career development and promotion as are available to all employees within the same limitations of their aptitudes and abilities.

Information on matters of concern to employees is made available through a comprehensive internal communications programme incorporating meetings, conferences, printed and electronic news systems and publications. Employees are made aware of the financial and economic factors affecting the performance of the Company.

The Company recognises the need for a well-trained, creative and adaptable workforce at all levels. Resources are directed to training activities which are continuously updated and enhanced. The Company operates an employee bonus scheme based on a number of performance factors.

### **Political contributions**

The Company made no political contributions during the period.

### **Overseas operations**

Hasbro UK Limited has foreign branches in the Nordic countries of Denmark, Sweden, Finland and Norway.

## Director's report *(continued)*

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board.



**G Koukoulas**  
*Director*

20 May 2022

4 The Square,  
Stockley Park  
Uxbridge  
Middlesex  
UB11 1ET

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the Financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditor’s Report to the Members of Hasbro UK Limited**

### **Opinion**

We have audited the financial statements of Hasbro UK Limited (“the company”) for the period ended 26 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 26 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the directors’ conclusions, we considered the inherent risks to the company’s business model and analysed how those risks might affect the company’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.

## **Independent Auditor's Report to the Members of Hasbro UK Limited** *(continued)*

- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors/ sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is generated from the recharge of intercompany services.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words, those appearing as duplicate entries, those posted to unrelated accounts, those posted during holiday periods and those appearing as an unbalanced posting.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, GDPR compliance and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **Independent Auditor's Report to the Members of Hasbro UK Limited** *(continued)*

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and Directors' report**

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

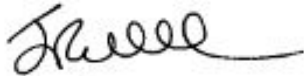
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## **Independent Auditor's Report to the Members of Hasbro UK Limited** *(continued)*

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Jonathan Russell**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Two Forbury Place  
33 Forbury Road  
Reading  
RG1 3AD

25 May 2022

**Statement of comprehensive income**  
for the 52 week period ended 26 December 2021

	<i>Note</i>	<b>2021</b> <b>£000</b>	2020 £000
Turnover	2	<b>24,940</b>	23,637
<b>Gross profit</b>		<b>24,940</b>	23,637
<b>Operating costs</b>			
Distribution costs		<b>(16,490)</b>	(15,985)
Administrative expenses		<b>(3,302)</b>	(3,088)
Other operating income		71	119
<b>Net operating costs</b>		<b>(19,721)</b>	(18,954)
<b>Operating profit</b>		<b>5,219</b>	4,683
Other interest receivable and similar income	6	5	260
Interest payable and similar expenses	7	(7)	(193)
<b>Profit before taxation</b>	3	<b>5,217</b>	4,750
Tax on profit	8	<b>(1,034)</b>	(1,185)
<b>Profit for the financial year</b>		<b>4,183</b>	3,565
<b>Other comprehensive income:</b>			
Foreign currency translation differences – foreign operations		<b>(84)</b>	64
<b>Other comprehensive income for the year, net of tax</b>		<b>(84)</b>	64
<b>Total comprehensive income for the year</b>		<b>4,099</b>	3,629

All income and expenditure in the current and prior periods arose from continuing activities.

The accompanying notes on pages 13 to 24 are an integral part of the financial statements.

**Balance sheet**  
*at 26 December 2021*

	<i>Note</i>	<b>2021</b> <b>£000</b>	<b>2021</b> <b>£000</b>	2020 £000	2020 £000
<b>Fixed assets</b>					
Tangible assets	9		<b>3,603</b>		4,226
<b>Current assets</b>					
Debtors due within one year	10	<b>18,753</b>		18,917	
Cash and cash equivalents		<b>640</b>		1,290	
		<b>19,393</b>		20,207	
<b>Creditors:</b> amounts falling due within one year	11	<b>(14,025)</b>		(11,577)	
<b>Net current assets</b>			<b>5,368</b>		8,630
<b>Total assets less current liabilities</b>			<b>8,971</b>		12,856
<b>Provisions for liabilities</b>	12		<b>(53)</b>		-
<b>Net assets</b>			<b>8,918</b>		12,856
<b>Capital and reserves</b>					
Called up share capital	13		<b>625</b>		625
Capital contribution reserve			<b>3,391</b>		3,428
Profit and loss account			<b>4,902</b>		8,803
<b>Equity shareholders' funds</b>			<b>8,918</b>		12,856

The accompanying notes on pages 13 to 24 are an integral part of the financial statements.

These financial statements were approved by the board of directors 20 May 2022 and were signed on its behalf by:



**G Koukoulas**  
*Director*

Registered number 1981543

**Statement of changes in equity**  
for the 52 week period ended 26 December 2021

	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total £000
<b>Balance as at 29 December 2019</b>	625	3,341	5,174	9,140
Profit for the year	-	-	3,565	3,565
Foreign exchange gains on translation of foreign entities	-	-	64	64
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	3,629	3,629
Capital contribution for the year *	-	87	-	87
Dividend paid to holding company	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total transaction with owners, recognised directly in equity	-	87	-	87
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 27 December 2020</b>	<b>625</b>	<b>3,428</b>	<b>8,803</b>	<b>12,856</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Profit for the year	-	-	4,183	4,183
Foreign exchange losses on translation of foreign entities	-	-	(84)	(84)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	4,099	4,099
Capital contribution for the year *	-	(37)	-	(37)
Dividend paid to holding company	-	-	(8,000)	(8,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total transaction with owners, recognised directly in equity	-	(37)	(8,000)	(8,037)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 26 December 2021</b>	<b>625</b>	<b>3,391</b>	<b>4,902</b>	<b>8,918</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

\* The capital contribution in the year represents the cost of employee share-based payments issued to employees of the Company by Hasbro Inc., the company's ultimate parent company ("Hasbro").

The profit and loss account represents cumulative profits and losses net of any dividends.

The accompanying notes on pages 13 to 24 are an integral part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### **General information**

Hasbro UK Limited is a private Company limited by shares and is incorporated in England and Wales. The address of the registered office is 4 The Square, Stockley Park, Uxbridge, Middlesex, UB11 1ET, and its registered number is 1981543.

Hasbro UK Limited is a wholly owned subsidiary of Hasbro SA.

#### **Statement of compliance**

The individual financial statements of Hasbro UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including 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, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules. The period is the 52 weeks ended 26 December 2021. The comparative period is the 52 week period ended 27 December 2020.

#### **Going concern**

The Directors have concluded that the use of the going concern basis of accounting in preparation of the financial statements is appropriate for the year ended 26 December 2021.

The Directors are not aware of any plans to alter the group’s trading operations in the UK in such a way that the current remuneration model utilising Hasbro UK might cease to operate. As such, to the best of the knowledge of the Directors, the existing intercompany trading agreements between Hasbro group entities and Hasbro UK Limited will continue for a period of at least twelve months from the date of approval of the financial statements.

As such, the immediate parent company Hasbro SA has indicated its continued intention to make available financial and other support to the Company as required for a period of at least twelve months from the date of approval of the financial statements to enable the Company to continue to trade and to meet its liabilities as they fall due.

Consequently, the Directors are confident that the Company will have sufficient resources to continue to trade and to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements and thus have prepared the financial statements on a going concern basis.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Hasbro UK Limited is a qualifying entity as its results are consolidated into the consolidated financial statements of Hasbro, Inc. which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraphs 12.26 and 12.29;
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv);
- (iv) from the requirement to present certain share-based payment disclosures as required by FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and

## Notes (continued)

### 1 Accounting policies (continued)

(v) from the requirement to disclose the key management personnel compensation in total as required by FRS 102 paragraph 33.7.

#### **Fixed assets and depreciation**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	4% per annum
Leasehold improvements	-	over the life of the lease
Plant and machinery, fixtures and fittings	-	10 to 33% per annum

No depreciation is provided on freehold land.

#### **Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

#### **Foreign currencies**

The Company's functional and presentation currency is the pound sterling.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas branches are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. The results of overseas operations are translated at the average rates of exchange during the year. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **Leases**

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### **- Finance leased assets**

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

##### **- Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

##### **- Lease incentives**

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (29 December 2013) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

#### **Employee benefits**

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

##### **- Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### **- Post-retirement benefits**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### **- Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### **- Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **Taxation** *(continued)*

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax shall be recognised when income and expenses from a subsidiary, associate or branch, or interest in joint venture have been recognised in the financial statements, and will be assessed to or allowed for tax in a future period, except where:

- a) the reporting entity is able to control the reversal of the timing difference; and
- b) it is probable that the timing difference will not reverse in the foreseeable future.

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

#### **Turnover**

Turnover represents the total income received by Hasbro UK Limited pursuant to its provision of various intercompany services.

#### **Other operating income**

Other operating income represents income that does not fall within the definition of turnover or finance income.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Share-based payments**

Hasbro has a stock-based compensation plan for key employees that is administered from the U.S. This is part of a group share-based payment scheme.

Under this plan, Hasbro may grant stock options at or above the fair market value of Hasbro, Inc.'s stock, as well as restricted stock, restricted stock units and contingent stock performance awards. All share-based payments are equity settled, and the fair value of share entitlements granted is recognised as an employee expense in the profit and loss account with a corresponding increase in a capital contribution reserve. The fair value is determined by using the Black-Scholes model. The Black-Scholes method includes four significant assumptions: (1) expected term of the options, (2) risk-free interest rate, (3) expected dividend yield, and (4) expected stock price volatility.

Options are granted free of conditions excepting that the employee must be employed on the vest date (i.e. any unvested options at the termination date lapse) and employees have three months post termination to exercise vested options after which they also lapse. Should the options lapse, the cumulative charge to the profit and loss account is reversed.

The share-based payment vehicles in operation during the period are:

- Restricted Stock Units (RSUs) where shares are released to the qualifying employee on or around the vest date. The number of shares released equals to the number of shares awarded.
- Performance Stock Units (PSUs) where the number of shares released depends on the Company's performance against Earnings Per Share (EPS), and/or Revenue targets stated in the award agreements.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### ***Share based payments*** *(continued)*

RSU shares vest in 1/3 increments and are fully vested on the third anniversary of the grant date and released to the employee. PSU shares have a performance period equal to 3 fiscal years before vesting. Shares are released after Board approval.

### **1.2 Critical accounting judgments and key sources of estimation uncertainty**

In applying the Company's accounting policies, the directors are required to make judgements, estimates and Assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the times when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

#### ***Critical judgments in applying the Company's accounting policies***

Due to the nature of Hasbro UK, there are no critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements.

#### ***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty 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:

#### **- Determining residual values and useful economic lives of property, plant and equipment**

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of the asset is based on historic performance as well as expectations of future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market price.

**Notes** (continued)**2 Turnover analysis**

All turnover arose from the provision of services in the Company's principal activities and is analysed by geographical market as follows:

	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Turnover</b>		
United Kingdom and Eire	<b>21,820</b>	20,571
Other	<b>3,120</b>	3,066
	<hr/> <b>24,940</b> <hr/>	<hr/> 23,637 <hr/>

Turnover by destination is not materially different to turnover by origin.

**3 Profit on ordinary activities before taxation**

	<b>2021</b>	2020
	<b>£000</b>	£000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation of tangible fixed assets	<b>1,197</b>	1,223
Auditor's remuneration:		
Audit of these financial statements	<b>46</b>	46
Foreign exchange loss/(gain)	<b>3</b>	(62)
Operating lease charges	<b>1,628</b>	1,581
	<hr/> <b>1,197</b> <hr/>	<hr/> 1,223 <hr/>

**4 Remuneration of directors**

	<b>2021</b>	2020
	<b>£000</b>	£000
Directors' emoluments	<b>116</b>	289
Company contributions to money purchase pension schemes	-	-
Long-term incentive plans	<b>30</b>	30
Severance pay	<b>194</b>	-
	<hr/> <b>340</b> <hr/>	<hr/> 319 <hr/>

The amount relates to emoluments received by 1 director (2020: 1). The directors' remuneration notes above relates to K Green (2020: K Green). In both years one of the directors, G Koukoulas, was remunerated by another group company, with no recharge made to Hasbro UK Limited. Due to the directors' allocation of time on Hasbro UK Limited, there is no material impact on the financial statements. The severance pay is in relation to K Green who resigned as a director in 2020 (K Green is being remunerated as a director still because she is on garden leave). In 2021 M Grossweischede was also remunerated through another group company, with no recharge made to Hasbro UK Limited.

R Blane stepped down as director of Hasbro UK Limited in April 2021, this would have no effect at all on his employment terms. The long-term incentive plans are share-based payments and are paid by Hasbro, Inc and are disclosed within the group financial statements.

**Notes** *(continued)*

**4 Remuneration of directors (continued)**

	<b>Number of directors</b>	
	<b>2021</b>	<b>2020</b>
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<b>2</b>	3
Directors qualifying for share-based payments under long term incentive schemes	<b>1</b>	3
	<u><u>          </u></u>	<u><u>          </u></u>

The aggregate of emoluments and Company contributions to the pension scheme of the highest paid director was £410,178 (2020: £339,640) of which Company pension contributions of £15,592 (2020: £12,126) were made to a money purchase scheme on their behalf.

**5 Staff numbers and costs**

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>2021</b>	<b>2020</b>
Management and clerical staff	<b>127</b>	131
Warehousing staff	<b>34</b>	30
	<u>          </u>	<u>          </u>
	<b>161</b>	161
	<u><u>          </u></u>	<u><u>          </u></u>

The aggregate payroll costs of these persons were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>9,978</b>	9,499
Severance pay	<b>136</b>	330
Social security costs	<b>1,098</b>	999
Share-based payments	<b>39</b>	87
Pension costs <i>(see note 15)</i>	<b>703</b>	676
	<u>          </u>	<u>          </u>
	<b>11,954</b>	11,591
	<u><u>          </u></u>	<u><u>          </u></u>

**6 Other interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Other interest receivable and similar income	<b>5</b>	260
	<u><u>          </u></u>	<u><u>          </u></u>

**Notes** (continued)

**7 Interest payable and similar expenses**

	<b>2021</b>	2020
	<b>£000</b>	£000
Interest payable and similar expenses	(7)	(193)
	<u>          </u>	<u>          </u>

**8 Taxation**

	<b>2021</b>	2020
	<b>£000</b>	£000
<i>a) Tax expense included in profit or loss</i>		
<i>Current tax:</i>		
UK corporation tax on profits for the year	<b>848</b>	865
Foreign corporation tax on profits for the year	<b>144</b>	264
Adjustment in respect of prior periods	<b>(19)</b>	45
	<u>          </u>	<u>          </u>
<b>Total current tax</b>	<b>973</b>	1,174
	<u>          </u>	<u>          </u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	<b>14</b>	(30)
Adjustment in respect of prior periods	-	24
Change in tax rate	<b>16</b>	6
Deferred tax on share-based payments	<b>31</b>	11
	<u>          </u>	<u>          </u>
<b>Total deferred tax</b>	<b>61</b>	11
	<u>          </u>	<u>          </u>
<b>Tax on profit on ordinary activities</b>	<b>1,034</b>	1,185
	<u>          </u>	<u>          </u>
	<b>2021</b>	2020
	<b>£000</b>	£000
<i>b) Tax expense included in profit and loss</i>		
Current tax	<b>973</b>	1,174
Deferred tax	<b>61</b>	11
	<u>          </u>	<u>          </u>
<b>Total tax expense included in comprehensive income</b>	<b>1,034</b>	1,185
	<u>          </u>	<u>          </u>

**Notes** (continued)

**8 Taxation (continued)**

*c) Reconciliation of tax charge*

The total tax charge for the period is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	<b>2021</b>	2020
	<b>£000</b>	£000
Profit on ordinary activities before tax	<b>5,217</b>	4,750
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of UK corporation tax 19% (2020: 19%)	<b>991</b>	903
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>93</b>	95
Stock option statutory deduction	<b>(18)</b>	1
Deferred tax charged at different rate	<b>16</b>	7
Impact of overseas tax rates	<b>(28)</b>	110
Adjustments in respect of prior years	<b>(20)</b>	69
	<hr/>	<hr/>
<b>Tax charge for the year</b>	<b>1,034</b>	1,185
	<hr/>	<hr/>

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised, or the liability settled, based on tax rates that have been acted or substantially enacted at the balance sheet date.

*d) Factors affecting future tax charges*

An increase to the UK Corporation Tax main rate from 19% to 25% was announced in March 2021 (to be effective from 1 April 2023) for non-ring fenced profits, the new charge applying to profits over £250,000.

**Notes** *(continued)*

**9 Tangible fixed assets**

	<b>Freehold land and buildings £000</b>	<b>Fixtures, fittings, plant &amp; machinery and motor vehicles £000</b>	<b>Total £000</b>
<i>Cost</i>			
At beginning of period	11,022	9,437	20,459
Additions	12	567	579
Disposals	-	(15)	(15)
Exchange differences	(1)	(2)	(3)
	<hr/>	<hr/>	<hr/>
At end of period	<b>11,033</b>	<b>9,987</b>	<b>21,020</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of period	8,043	8,190	16,233
Charge for period	625	571	1,197
Disposals	-	(15)	(15)
Exchange differences	1	1	2
	<hr/>	<hr/>	<hr/>
At end of period	<b>8,669</b>	<b>8,748</b>	<b>17,417</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
<b>At 26 December 2021</b>	<b>2,364</b>	<b>1,239</b>	<b>3,603</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 27 December 2020	2,979	1,247	4,226
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Freehold land and buildings include an amount of £345,000 (2020: £345,000) in respect of land which is not depreciated.

**10 Debtors due within one year**

	<b>2021 £000</b>	2020 £000
Amounts owed by group undertakings	<b>18,061</b>	18,060
Prepayments and VAT	<b>676</b>	834
Other debtors	<b>16</b>	15
Deferred taxation ( <i>see note 12</i> )	-	8
	<hr/>	<hr/>
	<b>18,753</b>	18,917
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)*

**11 Creditors: amounts falling due within one year**

	<b>2021</b>	2020
	<b>£000</b>	£000
Trade creditors	<b>218</b>	275
Amounts owed to group undertakings	<b>8,167</b>	5,750
Taxation and social security	<b>680</b>	457
Accruals	<b>4,960</b>	5,095
	<u><b>14,025</b></u>	<u>11,577</u>

**12 Deferred taxation**

	<b>2021</b>	2020
	<b>£000</b>	£000
Difference between depreciation and capital allowances	<b>65</b>	(19)
Differences arising on share-based payments	<b>(12)</b>	11
	<u><b>53</b></u>	<u>(8)</u>

The movement during the period on deferred tax balances were:

	<b>£000</b>
Asset at beginning of period	<b>8</b>
Current period charge – profit and loss account	<b>(45)</b>
Change in tax rate	<b>(16)</b>
<b>Liability at end of period</b>	<u><b>(53)</b></u>

**13 Called up share capital**

	<b>2021</b>	2020
	<b>£000</b>	£000
<i>Authorised, allotted, called up and fully paid</i>		
625,000 ordinary shares of £1 each	<b>625</b>	625
	<u><b>625</b></u>	<u>625</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**Notes** (continued)

**14 Commitments**

- a) There were no capital commitments at either period end.  
 b) Future minimum lease payments under non-cancellable operating leases are as follows:

<b>Land and buildings</b>	<b>2021</b>	2020
	<b>£000</b>	£000
<i>Non-cancellable operating leases are payable as follows:</i>		
Within one year	<b>1,810</b>	1,906
Within two years but after one year	<b>1,276</b>	1,875
Within five years but after two years	<b>622</b>	1,691
Over five years	<b>207</b>	415
	<hr/>	<hr/>
	<b>3,915</b>	5,887
	<hr/> <hr/>	<hr/> <hr/>
 <b>Other lease commitments</b>	 <b>2021</b>	 2020
	<b>£000</b>	£000
<i>Non-cancellable operating leases are payable as follows:</i>		
Within one year	<b>229</b>	220
Within two years but after one year	<b>85</b>	237
Within five years but after two years	<b>5</b>	36
Over five years	<b>-</b>	-
	<hr/>	<hr/>
	<b>319</b>	493
	<hr/> <hr/>	<hr/> <hr/>

A portion of the annual lease expense on the land and buildings is recharged to other group entities.

**15 Pension scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the fund and amounted to £703,000 (2020: £676,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

**16 Related party transactions**

As a wholly owned subsidiary, the Company is exempt under the terms of Section 33.1A of FRS 102 “Related party disclosures” from disclosing related party transactions with entities that are wholly owned within the Hasbro, Inc. group. No other related party transactions have occurred in the year (2020: *£nil*) or remain outstanding at year end (2020: *£nil*).

Refer to note 4 for disclosures on directors’ remuneration.

**17 Ultimate parent company and parent undertaking of larger group**

The Company is a wholly owned subsidiary undertaking of Hasbro SA, incorporated in Switzerland, which is based at Rue Emile Bouchat 31, 2800 Delemont, Switzerland.

The largest group in which the results of the Company are consolidated is that headed by Hasbro, Inc., incorporated in the United States of America. Copies of the financial statements of the ultimate parent company and controlling party may be obtained from Corporate Finance, Hasbro, Inc., 200 Narragansett Park Drive, P.O. Box 200, Pawtucket R.I. 02862-0200, U.S.A.