



TOYS AND NURSERY RANGE

CASSIDY BROTHERS plc

Report
and
Accounts

for the year ended 30 April 2010

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The Company (Registered Number 565383)

DIRECTORS

P.M. Cassidy (Chairman)
P.C. Cassidy (Joint Managing Director)
P.T. Cassidy (Joint Managing Director)
S. Wilkinson FCA *
(* Non-executive)

SECRETARY

S. Wilkinson FCA

REGISTERED OFFICE

Cornford Road,
Off Clifton Road, Marton
Blackpool FY4 4QQ

STOCKBROKERS AND NOMINATED ADVISORS

Zeus Capital Limited
3 Ralli Courts
West Riverside
Manchester
M3 5FT

AUDITORS

RSM Tenon Audit Limited,
Sumner House,
St. Thomas's Road,
Chorley,
Lancashire
PR7 1HP

SOLICITORS

Naphens,
41 Springfield Road,
Blackpool FY1 1PZ

BANKERS

Royal Bank of Scotland plc,
Talbot Square,
Blackpool FY1 1LE

REGISTRARS

Stanley Wilkinson & Co,
134 Red Bank Road,
Bispham,
Blackpool FY2 9HZ

Chairman's Statement

The results for the year to 30th April 2010 have produced a profit before tax of £256,345 (2009 - £324,407), after sales increased by 23.7% to £4,819,263 (2009 – £3,896,854). In 2009, we had the advantage of strong sterling against a weak US dollar, but 2010 has seen our unit costs, and our shipping costs increase.

The turnover growth has been achieved from both F.O.B. sales worldwide and a broader spread of sales by item in the U.K. from the independent retail sector. The strength of the balance sheet is maintained with net assets of £3,564,529 (2009 - £3,565,190), producing a Net Asset Value of 64.5 pence per share. On 30th April the Company held a cash balance of £563,490 (2009 - £542,648).

Current Trading

The British Retail Consortium have reported that overall June sales were slightly up at 3.4% compared to 3.2% in June 2009. Additional figures show that non-food, non-store sales, such as internet, mail order and telephone were up 17.3% in June. This has been attributed to the good weather, and is indicative of impulse demand being satisfied by the internet and catalogues from home shopping. We are experiencing increased sales from online sellers across the spectrum of small and large such as Amazon. In the aftermath of the Woolworth demise two new variety store groups have emerged, Alworths and Wellworths, in pursuit of the capture of old loyal customers, by occupying the old Woolworths premises. Alworths hope to have some 22 stores by the end of the year. These stores have been “cherry picked” throughout the U.K. including Scotland. We are pleased to say we are supplying Alworths, in contrast to Wellworths whose toy range targets lower priced demand.

Future Prospects

Three excellent new products were shown at the London Toy Fairs new venue, Olympia, in January 2010. Our successful toy Henry vacuum cleaner has spawned a hybrid in the shape of a child's sit and ride wheeled vehicle, with steering handle and cheeky smiley face. This product bridges the sales of summer and winter seasons.

The second, again in Henry livery, is a cleaning trolley, selected by Argos for the 2010 season.

The third item, developed in 2008, has been waiting for patents to be granted in the U.K, Hong Kong and the U.S.A. and is the first “Sat-Nav” toy steering wheel, with voice chip instructions. The destinations in the chip are imaginary, but the instructions to turn left or right are real and respond to the movement of the steering wheel, very much like the real thing. If a mistake is made the child is corrected by the voice of a fourteen year old girl. This product will again bridge Summer and Winter sales. The potential for this item is big but will not be significant until 2011.

Trading in 2011 is going to be difficult and will see prices rise significantly. Firstly because of the rise in V.A.T. but more importantly the impact of price rises in China and transportation and shipping costs from there to the U.K. These will effect all important price bands of £5.99 - £10.99 etc. that the consumer and trade has been accustomed to for the last ten years, most of which can no longer be maintained. The transition will take two or three years to filter through but it will happen, and any company who shuts their eyes to it will not survive. Companies have to expect negative responses from their customers and accept a decline in sales as a result. Casdon has experienced this many, many times over the past 65 years and will be prepared.

Final Dividend

The Directors are confident that whatever obstacles the future couple of years are going to build for us, pragmatism will be the order of the day, and the Company recommends a final dividend of 2.00 pence per share (2009 – 2.00 pence) payable on 25th October 2010 to shareholders on the register on 1st October 2010.

Paul Cassidy
Chairman

Notice of Meeting

Notice is given that the Annual General Meeting of the Company will be held on 10 September at 3 p.m. for the following purposes:-

- 1 To consider and adopt the Directors' report and the financial statements for the year ended 30 April 2010.
- 2 To declare a final dividend for the year ended 30 April 2010, which the directors recommend should be 2.00p per ordinary share.
- 3 To re-appoint RSM Tenon Audit Ltd, as Auditor of the Company and to authorise the Directors to determine their remuneration.
- 4 To re-appoint Stanley Wilkinson as a director of the Company.

As special business to consider and, if thought fit, pass the following resolutions:

5 Ordinary resolution:

That the authority contained in Article 6 of the Company's Articles of Association be renewed save that the authority be limited to the maximum nominal amount of shares equal to the amount of unissued share capital of the Company immediately before the passing of this resolution and that in sub-paragraph (b) of Article 6 the date of the passing of this resolution shall be substituted for the date of the resolution adopting those Articles.

6 Special resolution:

That in accordance with Section 570 of the Companies Act 2006 the authority to allot equity securities contained in Article 6(c) of the Company's Articles of Association be renewed for a period expiring at the next Annual General Meeting of the Company (or any adjournment thereof) or, if earlier, 15 months from the date of this resolution.

7 To transact any other ordinary business of the Company.

By order of the board
Stanley Wilkinson
Secretary
3 August 2010

The register of Directors' interests in shares will, together with Directors' service agreements, be available for inspection during usual business hours on any weekday (Saturday and public holidays excluded) at the registered office from this date until the date of the Annual General Meeting and at the place of the Meeting for fifteen minutes prior to and until the termination of the Meeting.

A holder of ordinary shares is entitled to attend and vote at the meeting and may appoint one or more proxies to attend and, on a poll, to vote instead of the shareholder. The proxy need not be a shareholder of the Company and the appointment of such proxy does not preclude the appointer from subsequently attending. A form of proxy for the use of shareholders is enclosed, and, to be effective, must be completed, signed and lodged with the Registrars, not less than 48 hours before the time appointed for the meeting.

Directors' Report

Accounts

The Directors present their report and financial statements for the year ended 30 April 2010.

Results and Dividend

The profit before taxation amounted to £256,345 (2009 – £324,407). The loss for the year, after deduction of dividends, amounts to £661.

The directors propose a final dividend of 2.00p per ordinary share.

Principal Activities and Business Review

The principal activities of the Company remained that of toy and nursery goods manufacturers.

A review of the business and an indication of future prospects is given in the Chairman's statement on page 4.

Future Developments

The Board seeks to maximise profitability from existing activities and to acquire businesses whenever suitable occasions present themselves.

Research and Development

The Company pursues a research and development programme creating and developing new toys in support of its activities.

Special Business at the Annual General Meeting

Resolution 5 in the Notice of Annual General Meeting, which will be proposed as an ordinary resolution, renews the authority contained in the Articles of Association given to the Directors to issue shares limited to the existing authorised but unissued share capital. No issue will be made which will effectively alter control of the Company without the consent of shareholders in general meeting.

Resolution 6 extends for a maximum period of 15 months the Directors' authority to issue shares for cash but limited in accordance with the Articles of Association of the Company. The Board also confirms that it is their intention to comply with the guidelines issued from time to time by the Investors Protection Committee

Tangible Fixed Assets

Movements in the fixed assets are detailed in note 12 to the financial statements.

Directors

The names of the Directors who have served throughout the year are listed on page 3.

All the Directors have service contracts with the Company which are terminable by either party giving to the other not less than 12 months written notice.

Non-executive Directors

S. Wilkinson is the non-executive Financial Director and Company Secretary and the Principal of Stanley Wilkinson & Co., Chartered Accountants.

Directors' Report continued

Directors Interests

Stanley Wilkinson & Co. act as Registrars and as Taxation Consultants to the Company.

No Director had a material interest in any contract of significance to which the Company was party.

Substantial Shareholdings

As at 30 April 2010 Mr P.M. Cassidy holds 2,522,150 shares (45.66%), Mrs B. Cassidy holds 462,500 shares (8.37%), Mr D. Cassidy who holds 176,292 (3.19%), Mr B.M. Cassidy who holds 176,291 (3.19%) and Mr and Mrs S. Bailey hold 267,000 shares (4.83%). The Directors are not aware of any other person, company or group of companies who, directly or indirectly, are interested in 3% or more of the ordinary share capital of the Company.

Personnel

It is the policy of the Company to give full and fair consideration to applications made by disabled persons for job vacancies where particular job requirements are within their ability. Wherever possible, arrangements are made for continuing employment of employees who have become disabled.

Details of the number of employees and related costs can be found in note 7 to the financial statements.

Payment terms

The Company's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment, and to abide by the terms of payment.

The number of days' purchases represented by creditors at the end of the year was as follows:-

	2010	2009
Number of days' purchases	20	28

Directors' Report continued

Statement of Directors' Responsibilities in Relation to the Financial Statements

The directors are responsible for preparing 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 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

In so far as the directors, individually, are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Financial Instruments

The Company's trading operations are primarily financed by bank overdraft and profit retention.

At the year end, the Company had on demand bank borrowing facilities of £1,000,000 which the board monitors and considers are appropriate to the business. The Company has no long term bank borrowing requirement.

Due to the seasonal nature of the business the Company's liquidity is supported by the use of these funds.

The majority of the Company's purchases are now made in foreign currencies. Where transactions are undertaken in foreign currency, the directors will mitigate trading currency risk by the use of foreign currency bank accounts.

The Directors anticipate the level of currency required in the future and purchase currency at the spot rate when the exchange rates are favourable to enable the Company to pay in foreign currency liabilities when they fall due.

Key Performance Indicators

For the year ended 30 April 2010

	2010	2009
	£	£
1) TURNOVER	4,819,263	3,896,854
The increase in sales turnover is largely due to an increase in our F.O.B. business.		
2) GROSS PROFIT	1,672,943	1,419,069
The increased sales in our F.O.B. business has meant that the Gross Profit has also felt the benefit. However, because of this the Gross Margin % has reduced		
3) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	256,345	324,407
Although turnover has increased that has brought with it additional expenditure such as T.V. advertising and this has seen a reduction in the overall net profit.		
4) OTHER KPI'S		
CASH AT BANK	563,490	542,648
BANK OVERDRAFT	71,220	101,906
EARNINGS PER SHARE	3.99p	4.80p
DIVIDENDS PER SHARE	4.00p	2.50p
NET ASSETS PER SHARE	64.52p	64.54p

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. Initiatives designed to minimise the company's impact on the environment include the safe disposal of waste and reducing energy consumption.

The Company is engaging in energy saving measures by installing a lighting system of low energy lighting which uses sensors that automatically switch on and off.

Health and Safety

The health, safety and wellbeing of our employees and visitors is of paramount importance to the company. Health and safety forms a central part of our corporate responsibility and we have provided all warehouse and maintenance employees with appropriate clothing together with the floor markings in our warehouse which addresses all health and safety issues.

Principle risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying goods but in handling customer queries, and by maintaining strong relationships with customers.

The directors are of the opinion that the relevant KPIs for the assessment and measurement of the company's performance are mainly financial and comprise those listed above, along with information in the financial statements. The company monitors progress on a regular basis.

Key Performance Indicators

For the year ended 30 April 2010

Auditors

Our auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name.

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006

This report was approved by the Board on 3 August 2010.

Stanley Wilkinson
Secretary

Independent Auditors' Report to the Shareholders of Cassidy Brothers plc

We have audited the financial statements of Cassidy Brothers plc for the year ended 30 April 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2010 and of the profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Shareholders of Cassidy Brothers plc

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not 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.

Julie Flintoff (Senior Statutory Auditor)

For and on behalf of

**RSM Tenon Audit Limited
Statutory Auditor**

Sumner House, St. Thomas's House,
Chorley PR7 1HD
3 August 2010

Profit and Loss Account

For the year ended 30 April 2010

	Notes	2010 £	2009 £
Turnover	2	4,819,263	3,896,854
Cost of Sales		(3,146,320)	(2,405,785)
GROSS PROFIT		1,672,943	1,491,069
Warehouse & Distribution costs		(1,131,605)	(968,333)
Administrative expenses		(415,755)	(336,080)
Other operating income		140,121	146,718
OPERATING PROFIT	3	265,704	333,374
Interest receivable and similar income	5	165	6,866
Interest payable and similar charges	6	(9,524)	(15,833)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		256,345	324,407
Tax on profit on ordinary activities	10	(36,032)	(59,000)
PROFIT FOR THE FINANCIAL YEAR		220,313	265,407
EARNINGS PER SHARE – BASIC AND DILUTED	11	3.99p	4.80p

All the above results derive from continuing activities.

There are no recognised gains or losses other than the result disclosed for the year.

NOTE OF HISTORICAL COST PROFITS AND LOSSES	2010 £	2009 £
Reported profit on ordinary activities before taxation	256,345	324,407
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	14,279	13,756
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	270,624	338,163
HISTORICAL COST PROFIT RETAINED FOR THE YEAR	234,592	279,163

The notes on pages 16 to 27 form part of these Financial Statements

Balance Sheet

At 30 April 2010

	Notes	2010		2009	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12		<u>2,267,731</u>		<u>2,208,865</u>
			2,267,731		2,208,865
CURRENT ASSETS					
Stocks	13	710,955		853,358	
Debtors	14	521,247		510,154	
Cash at bank and in hand		563,490		542,648	
		<u>1,795,692</u>		<u>1,906,160</u>	
CREDITORS (amounts falling due within one year)	15		<u>(465,037)</u>		<u>(506,357)</u>
NET CURRENT ASSETS			<u>1,330,655</u>		<u>1,399,803</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,598,386</u>		<u>3,608,668</u>
CREDITORS					
(amounts falling due after more than one year)	16		(6,776)		(14,478)
PROVISIONS FOR LIABILITIES	17		(27,081)		(29,000)
NET ASSETS			<u><u>3,564,529</u></u>		<u><u>3,565,190</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		552,435		552,435
Share premium account	19		43,522		43,522
Revaluation reserve	19		624,922		639,201
Profit and loss account	19		2,343,650		2,330,032
EQUITY SHAREHOLDERS' FUNDS	21		<u><u>3,564,529</u></u>		<u><u>3,565,190</u></u>

The financial statements on pages 13 to 27 were approved by the Board of Directors and authorised for issue on 3 August 2010

Paul Cassidy
Director

The notes on pages 16 to 27 form part of these Financial Statements

Cash Flow Statement

For the year ended 30 April 2010

	Notes	2010		2009	
		£	£	£	£
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	22		540,307		(177,609)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		165		6,866	
Interest paid		(8,326)		(14,216)	
Interest element of finance lease rental payments		(1,198)		(1,617)	
			(9,359)		(8,967)
TAXATION					
Corporation tax			(55,309)		(14,406)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(198,822)		(175,255)	
Receipts from sales of tangible fixed assets		2,875		-	
			(195,947)		(175,255)
EQUITY DIVIDENDS PAID			(220,974)		(138,108)
NET CASH INFLOW / (OUTFLOW) BEFORE FINANCING			58,718		(514,345)
FINANCING					
Capital element of finance lease rental payments	22		(7,190)		(6,253)
NET CASH OUTFLOW FROM FINANCING			(7,190)		(6,253)
INCREASE / (DECREASE) IN CASH	22		51,528		(520,598)

The notes on pages 16 to 27 form part of these Financial Statements.

Notes to the Financial Statements

For the year ended 30 April 2010

1 ACCOUNTING POLICIES

Accounting Convention

The directors have elected to apply UK GAAP.

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain tangible assets and modified to include the fair values of financial instruments. The financial statements have been prepared in accordance with applicable accounting standards.

Turnover

Turnover is in respect of continuing activities and represents amounts receivable for goods sold in the UK and overseas, net of trade discounts, VAT and other sales retail taxes.

Sales of goods are recognised when the company has delivered goods to the customer and the customer has accepted the goods.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or value less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Buildings	over 50 years
Plant and machinery	over 10 years
Moulds and tools	over 3 years
Fixtures and fittings	over 10 years
Computer equipment	over 5 years
Motor vehicles	over 5 years

The company took advantage of the arrangements under FRS15 which allow the retention of the carrying value of revalued assets acquired prior to 30th April 2000. All additions since this date are stated at cost. Where an asset that was previously revalued is disposed of, its book value is eliminated and an appropriate transfer made from the revaluation reserve to the profit and loss reserve.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to profit and loss account over the period of the leases to provide a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on the same basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Notes to the Financial Statements

For the year ended 30 April 2010

Stocks and Work in Progress

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:-

Raw materials – purchase cost, on the first in, first out basis.

Finished goods and cost of goods for resale – purchase cost plus applicable charges and duties, on a first in, first out basis.

Net realisable value is based on estimated selling price less further costs expected to be incurred on completion and disposal.

Research and Development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Pension Costs

Pension costs for the Company's defined contribution scheme are charged to the profit and loss account in the year in which they are payable.

Deferred Taxation

Deferred Tax is recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date except for:

- timing differences arising on revalued properties unless the company has entered into a binding sale agreement at the year end and is intending to take advantage of rollover relief; and
- deferred tax assets which are only recognised to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of underlying timing differences.

Deferred tax balances are not discounted.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the operating profit or loss.

Notes to the Financial Statements

For the year ended 30 April 2010

Financial Instruments

Financial instruments are recognized when the company becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities are as follows:

- a) Trade receivables – trade receivables are recognised at fair value.
- b) Cash – cash is carried in the balance sheet at fair value. For the purposes of the cash flow statement, cash comprises cash at bank and in hand together with bank overdrafts, as these items are an integral part of the company's cash management.
- c) Trade payables – trade payables are recognised at fair value.
- d) Bank loans and other borrowings – interest bearing bank loans, overdrafts and other loans are recognised at fair value.

Impairment of Fixed Assets

The need for any fixed asset impairment write-down is assessed by comparison of the underlying value of the asset against the higher of realisable value and value in use.

Employee services settled in share options

The fair value of employee services received in exchange for the grant of options is recognised as an expense, except for those options granted before November 2002.

The total amount to be expensed over the vesting period is determined by the reference to the fair value of options. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. This estimate is revised at each balance sheet date and the difference is charged or credited to the income statement, with a corresponding adjustment to equity.

Notes to the Financial Statements

For the year ended 30 April 2010

2 SEGMENTAL INFORMATION

The directors regard the Company as conducting a single class of business, being the manufacture of an integrated range of toys and nursery goods.

An analysis of turnover by geographical destination is as follows:

	2010 £	2009 £
United Kingdom	4,274,980	3,253,713
Europe	74,789	129,175
Australia	192,493	436,464
U.S.A.	277,001	77,502
	<u>4,819,263</u>	<u>3,896,854</u>

3 OPERATING PROFIT

	2010 £	2009 £
Is arrived at after charging:		
Research and development	161,197	139,632
Depreciation - owned fixed assets	133,627	108,645
- fixed assets held under finance leases	6,329	6,329
Profit on sale of fixed assets	(2,875)	-
	<u>161,197</u>	<u>139,632</u>

4 AUDITORS REMUNERATION

	2010 £	2009 £
Fees payable to the company auditors for the audit of the company's annual accounts	13,050	11,695
Fees in respect of the company's pension schemes: Audit	450	550
	<u>13,500</u>	<u>12,245</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Bank deposits	165	6,866
	<u>165</u>	<u>6,866</u>

The Company earned an interest rate of 0.1% on cash balances held.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Bank loans, overdrafts, and other loans repayable within five years	8,326	14,216
Finance leases terminating within five years	1,198	1,617
	<u>9,524</u>	<u>15,833</u>

Notes to the Financial Statements

For the year ended 30 April 2010

7 EMPLOYEES

Number of Employees

The average number of employees employed by the Company (including directors) during the year was as follows:

	2010 Number	2009 Number
Production / Warehousing	8	8
Sales	4	4
Administration	3	3
	<u>15</u>	<u>15</u>
Employment costs	2010	2009
	£	£
Wages and salaries	385,723	377,315
Social security costs	43,745	42,812
Other pension costs	54,779	50,120
	<u>484,247</u>	<u>470,247</u>

8 DIRECTORS

Emoluments

The remuneration of the directors of the Company were:

	2010 £	2009 £
Emoluments		
P.M. Cassidy	81,846	75,688
P.C. Cassidy	47,460	44,061
P.T. Cassidy	50,312	42,725
Pension scheme contributions		
P.M. Cassidy	18,313	17,399
P.C. Cassidy	5,126	4,965
P.T. Cassidy	4,796	3,850
	<u>207,853</u>	<u>188,688</u>

Three directors accrued benefits under the Company's money purchase pension scheme (2009: three). The emoluments of executive directors are determined by the Remuneration Committee, and do not include any performance related elements.

Additionally, £14,030 (2009: £14,020) was paid to Stanley Wilkinson & Co. for registrar and taxation consultancy services. Stanley Wilkinson & Co. is a firm controlled by Stanley Wilkinson, a director of the Company

Directors' Share Options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors.

Details of the options are as follows:

	1 May 2009 Number	Granted Number	Exercised Number	Lapsed Number	30 April 2010 Number	Exercise Price	Date of Grant
P.M. Cassidy	120,000	–	–	(120,000)	–	32p	10 February 2000
S. Wilkinson	10,000	–	–	(10,000)	–	32p	10 February 2000

The options, as not exercised by 27 March 2010, have lapsed.

Directors' Dividends

During the year the directors received dividends as follows:

	2010 £	2009 £
P.M. Cassidy	101,510	64,970
P.C. Cassidy	2418	748
P.T. Cassidy	2418	748
S. Wilkinson	1052	658

Notes to the Financial Statements

For the year ended 30 April 2010

9 PENSION ARRANGEMENTS

The Company operates one group occupational pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. Contributions payable by the Company to this scheme amounted to £54,779 (2009: £50,120). Contributions of £4,526 were outstanding at 30 April 2010 (2009: £4,256).

10 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010	2009
Current tax:		
UK Corporation tax	£ 33,642	£ 51,000
Adjustments relating to prior years	4,309	-
	<hr/> 37,951	<hr/> 51,000
Deferred tax (Note 17)	(1,919)	8,000
	<hr/> 36,032	<hr/> 59,000

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:-

	2010	2009
	£	£
Profit on ordinary activities before tax	<hr/> 265,345	<hr/> 324,407
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2009:21%)	53,832	68,125
Effect of:		
Expenses not deductible for tax purposes	1,199	849
Capital allowances for year in excess of depreciation	(446)	(2,231)
Adjustments relating to prior years	4,309	-
Research and Development claim	(20,943)	(15,743)
Current tax charge for the year	<hr/> 37,951	<hr/> 51,000

The standard rate of tax represents the effective rate of corporation tax applicable to the company in the year under review.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total unprovided amount is £122,500 (2009 £122,500).

At present, it is not envisaged that any tax will become payable in the foreseeable future. The deferred tax liability would only be recognised if there was a binding commitment to sell and the expected gain on sale had been recognised in the accounts.

11 EARNINGS PER SHARE

Earnings per share are calculated on profit for the financial year of £220,313 (2009: £265,407) and on the weighted average number of shares in issue during the year of 5,524,350 (2009: 5,524,350).

As the share options are anti-dilutive, the basic and diluted earnings per share are the same.

Notes to the Financial Statements

For the year ended 30 April 2010

12 TANGIBLE FIXED ASSETS

	Freehold land and Buildings	Plant and Machinery	Motor Vehicles	Total
Cost or valuation	£	£	£	£
At 1 May 2009	2,161,287	1,290,585	67,388	3,519,260
Additions	103,298	26,245	69,279	198,822
Disposals	-	-	(19,974)	(19,974)
At 30 April 2010	<u>2,264,585</u>	<u>1,316,830</u>	<u>116,693</u>	<u>3,698,108</u>
Depreciation	£	£	£	£
At 1 May 2009	171,412	1,092,704	46,279	1,310,395
Charge for the year	29,211	94,806	15,939	139,956
Disposals	-	-	(19,974)	(19,974)
At 30 April 2010	<u>200,623</u>	<u>1,187,510</u>	<u>42,244</u>	<u>1,430,377</u>
Net book value				
At 1 May 2009	<u>1,989,875</u>	<u>197,881</u>	<u>21,109</u>	<u>2,208,865</u>
At 30 April 2010	<u>2,063,962</u>	<u>129,320</u>	<u>74,449</u>	<u>2,267,731</u>
Leased assets included in the above:-				
At 1 May 2009	<u>-</u>	<u>-</u>	<u>21,109</u>	<u>21,109</u>
At 30 April 2010	<u>-</u>	<u>-</u>	<u>14,781</u>	<u>14,781</u>

The revaluation of freehold land and buildings and plant and machinery was carried out on 11 May 1998 by Messrs Henry Butcher, International Asset Consultants at existing use value. The valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual.

Analysis of cost
or valuation:

	2010	2009
	Land and Buildings	Land and Buildings
	£	£
Valuation made in 1998	1,600,000	1,600,000
Cost	664,585	561,287
	<u>2,264,585</u>	<u>2,161,287</u>

If the freehold land and buildings and plant and machinery had not been revalued, they would have been included at the following amounts at 30 April 2010.

	Freehold Land and Buildings
	£
Cost	1,643,170
Depreciation	<u>(189,198)</u>
Net book value	<u>1,453,972</u>

In the directors' opinion, the estimated value of freehold land included in the valuation of freehold land and buildings amount to £750,000 (2009: £750,000).

The directors consider that the book value of the revalued assets does not exceed the net realisable value.

Notes to the Financial Statements

For the year ended 30 April 2010

13 STOCKS	2010	2009
	£	£
Raw materials	18,720	21,294
Finished goods and goods for resale	692,235	832,064
	710,955	853,358

14 DEBTORS	2010	2009
	£	£
Trade debtors	418,127	396,192
Other debtors	2,763	4,162
Prepayments and accrued income	100,357	109,800
	521,247	510,154

All amounts shown under Debtors fall due within 1 year.

15 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2010	2009
	£	£
Bank Overdraft	71,220	101,906
Obligations under finance leases and hire purchase contracts	7,702	7,191
Trade creditors	205,514	141,454
Other taxes and social security	18,958	46,508
Other creditors	3,225	22
Accruals and deferred income	124,776	158,276
Corporation tax	33,642	51,000
	465,037	506,357

The bank overdraft is secured by fixed charges over the freehold land and buildings and the book debts of the Company, and a floating charge over the plant and machinery.

Assets held on hire purchase are secured on the assets acquired.

Notes to the Financial Statements

For the year ended 30 April 2010

16 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	2010	2009
	£	£
Obligations under finance leases and hire purchase contracts	6,776	14,478

All obligations under finance leases and hire purchase contracts fall due for payment within five years.
Financial liabilities are due:

	Finance Leases (Other)	
	2010	2009
	£	£
– in one year or less	7,701	7,191
– in more than one year but not more than two years	6,776	7,701
– in more than two years but not more than five years	-	6,776
	14,477	21,668

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 May 2009	29,000
Profit and loss charge	(1,919)
At 30 April 2010	27,081

Deferred Taxation

The balance at 30 April 2010 is made up as follows:

	Provided	
	2010	2009
	£	£
Timing differences:		
Accelerated capital allowances	27,081	29,000
	27,081	29,000

There is no intention to dispose of the property or the moulds and tools in the foreseeable future.
Deferred taxation liabilities are stated at an effective tax rate of 28%.

Notes to the Financial Statements

For the year ended 30 April 2010

18 CALLED UP SHARE CAPITAL

	Number	£
Authorised		
10p ordinary shares:		
At 1 May 2009 and 30 April 2010	7,500,000	750,000
	7,500,000	750,000
Allotted, called up and fully paid		
10p ordinary shares:		
At 1 May 2009 and 30 April 2010	5,524,350	552,435
	5,524,350	552,435
Controlling interest		
P.M. Cassidy is the Company's controlling party.		

Share Options

Options that had been granted under the Approved Share Option Plan 2000 to subscribe for ordinary shares of the company were as follows:

Number of shares under option	Subscription price per share	Exercise period	Date of Grant
3,300	32p	10 years	10 February 2000

Options that had been granted under the Unapproved Share Option Plan 2000 to subscribe for ordinary shares of the company were as follows:

Number of shares under option	Subscription price per share	Exercise period	Date of Grant
130,000	32p	10 years	10 February 2000

On 27 March 2010 all of the share options listed above lapsed.

19 RESERVES

	Share Premium account £	Revaluation reserve £	Profit and loss account £
At 1 May 2009	43,522	639,201	2,330,032
Profit for the year	-	-	220,313
Equity dividends paid	-	-	(220,974)
Transfer for depreciation	-	(14,279)	14,279
	43,522	624,922	2,343,650
At 30 April 2010	43,522	624,922	2,343,650

Notes to the Financial Statements

For the year ended 30 April 2010

20 DIVIDENDS	2010	2009
	£	£
Equity dividends paid	220,974	138,108
	220,974	138,108

Since the year end a Final dividend of 2.00p per share is proposed.

21 MOVEMENT IN SHAREHOLDERS' FUNDS	2010	2009
	£	£
Profit for the financial year	220,313	265,407
Dividends	(220,974)	(138,108)
	(661)	127,299
Opening shareholders' funds	3,565,190	3,437,891
Closing shareholders' funds	3,564,529	3,565,190

22 NOTES TO THE CASH FLOW STATEMENT
Reconciliation of operating profit to net cash inflow from operating activities

	2010	2009
	£	£
Operating profit	265,704	333,374
Depreciation charges	139,956	114,974
Profit on sale of tangible fixed assets	(2,875)	-
Decrease / (Increase) in stocks	142,403	(473,408)
(Increase) in debtors	(11,093)	(230,157)
Increase in creditors	6,212	77,608
Net cash inflow / (outflow) from operating activities	540,307	(177,609)

Analysis of net debt

	2009	Cash flows	Other non-cash changes	2010
	£	£	£	£
Cash	542,648	20,842	-	563,490
Overdraft	(101,906)	30,686	-	(71,220)
	440,742	51,528	-	492,270
Debt due within 1 year:				
Finance leases	(7,191)	7,190	(7,701)	(7,702)
Debt due after 1 year:				
Finance leases	(14,478)	-	7,701	(6,777)
	419,073	57,718	-	477,791

Notes to the Financial Statements

For the year ended 30 April 2010

Reconciliation of net cash outflow to movement in net funds	2010	2009
	£	£
Increase / (Decrease) in cash	51,528	(520,598)
Cash outflow from decrease in debt and lease financing	7,190	6,253
Change in net debt resulting from cash flows	58,718	(514,345)
New finance leases	-	(16,800)
Movement in net funds in the year	58,718	(531,145)
Net funds at beginning of year	419,073	950,218
Net funds at end of year	477,791	419,073

23 FINANCIAL INSTRUMENTS

An explanation of the objectives and policies for the holding or issuing financial instruments are disclosed on page 9 in the Director's Report.

The Company does not enter into derivative financial instruments.

The book value of financial instruments is not materially different to their fair value.

Currency of cash balances

Included within the Company cash balances is a bank account denominated in Hong Kong Dollars amounting to £44,510 (2009: £52,645) a bank account denominated in United States Dollars amounting to £369,551 (2009: £335,574) and also a bank account denominated in Euro amounting to £130,144 (2009: £135,454).

The company is exposed to translation and transaction foreign exchange risk. Several other currencies in addition to the presentational currency of Sterling are used for global trading. The company experiences currency exchange differences arising upon retranslation of monetary items, which are recognised in income statement in the period the retranslation occurs. The company endeavours to match the cash inflows and outflows in the various currencies; the company typically invoices its customers in their local currency, and typically pays its local expenses in local currency as a means to mitigate risk.

The company uses a credit reference agency and applies strict credit limits to minimalise credit risk.

The company does not utilise bank loans, therefore, it is not exposed to interest rate risk.

The company's creditors are generally lower than its available cash balances, therefore, liquidity risk is low.

24 RELATED PARTY TRANSACTIONS

Included in other debtors at the year end is £1,337 (2009: £655) due from Peter Cassidy, a director of the company. The movement in the year relates to amounts paid on the directors behalf less any contributions made. The maximum amount outstanding during the year was £3,591.

Included within other creditors at the year end is £3,225 (2009: £107 debtor) due to P.M. Cassidy, a director of the company. The movement in the year relates to amounts paid on the directors behalf less any contributions made. The maximum amount outstanding during the year was £1,146.

During the year dividends were paid of £101,510 to P.M. Cassidy, £1,052 to S. Wilkinson, £2,418 to P.C. Cassidy and £2,481 to P.T. Cassidy, all directors of the company.

Financial Summary

	Year ended 30 April				
	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
RESULTS					
Turnover	4,819	3,897	3,320	2,944	3,246
Profit/(Loss) before taxation	256	324	241	143	50
BALANCE SHEETS					
Fixed assets	2,268	2,209	2,132	2,009	1,873
Net current assets	1,331	1,400	1,335	1,344	1,392
Deferred liabilities and provisions	(34)	(44)	(29)	(71)	(60)
Net assets employed	3,565	3,565	3,438	3,282	3,205
Share capital	552	552	552	552	552
Reserves	3,013	3,013	2,886	2,730	2,653
Shareholders' funds	3,565	3,565	3,438	3,282	3,205
STATISTICS					
Earnings per share	3.99p	4.80p	4.82p	2.60p	1.02p
Dividends per ordinary 10p share	4.00p	2.50p	2.00p	1.30p	0.05p
Borrowing ratio	2.6%	3.5%	0.3%	0.7%	0.0%

Financial Calendar

August 2010	Full year results announced
August 2010	Report and Accounts posted to shareholders
10 September 2010	Annual General Meeting
25 October 2010	Final Dividend paid to shareholders registered at 1 October 2010
January 2011	Interim results announced



TOYS AND NURSERY RANGE

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