Registered number: 09542062

YOTO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

COMPANY INFORMATION

Directors	C L M Asselman F Denker B C Drury L J R Kelly F F Oidtmann C Tollinche V Wu
Registered number	09542062
Registered office	124 City Road London EC1V 2NX
Independent auditor	Grant Thornton UK LLP Charted Accountants & Statutory Auditor 2nd Floor, St. John's House Haslett Avenue West Crawley West Sussex R10 1HS

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Introduction

The directors are pleased to present the Strategic Report for the year ended 31 December 2023. This report includes an overview of Yoto Limited (the "company") and its subsidiary undertakings (the "group") for the year ended 31 December 2023.

Principal activities

Yoto is a platform for kids that lets them independently interact with audio content on the Yoto Player and Yoto Mini speakers, with parents quietly in control via the Yoto app. It offers a variety of content for children to enjoy without screens, ads or microphones. The goal is to help more families enjoy screen free entertainment.

The business model is focused on the customer - selling directly from Yoto to parents, as well as offering Yoto Club subscription products that give loyal customers good value. The business values the input from the highly engaged Yoto community, and always listens and builds on the recommendations and feedback from our families to drive strong network effects.

Business Review

The group has been growing and expanding its business throughout the year, with a strong emphasis on customer service and innovation. Even with the difficult economic situation, the group has performed well financially, with revenue increasing by 84% from the previous year, reaching £51m of revenue. We are very proud to report FY23 was a year where positive adjusted EBITDA was generated. This was an improvement from £3.8m adjusted EBITDA loss last year. This demonstrates our commitment to long term sustainable growth and strengthens the business for the long term.

The group's growth has been supported by several key strategic actions, such as:

Product Innovation: The group is product driven and has kept investing in research and development, leading to constant improvement of our audio players and a robust release of new content that continues to add to our broad range of diverse and innovative content to meet the needs of our growing families.

Regional growth: The group has sustained growth in important markets like North America, expanding the office in New York and helping to grow our highly engaged customer base. This has facilitated fast growth in Canada, especially for our subscription products.

Data driven: The group has developed a technology infrastructure that provides valuable data insights to ensure we make data based decisions to optimise operations, improve customer engagement, and provide a smoother customer experience for all our cohorts.

The group's financial key performance indicators for the year ended 31 December 2023 are as follows:

	2023	**2022**	**YoY Growth**
Revenue	£51.0m	£27.7m	£23.3m / +84%
Adjusted EBITDA	£0.2m	£(3.8)m	£4.0m / +105%
Net cash from operating activities	£0.9m	£(6.0)m	£6.9m / 115%
Net cash from investing activities	£(1.1)m	£(0.7)m	£(0.4)m / (57%)
Free Cash Flows	£(0.2)m	£(6.7)m	£6.5m / 97%

Refer to the face of the Statement of Comprehensive Income for a reconciliation between the Adjusted EBITDA and Operating Loss.

Corporate Social Responsibility

The group is committed to both people and planet and acts accordingly. Yoto products are made to be simple and we are committed to reducing our environmental footprint. Our collaboration with schools via the National Literacy Trust helps us to benefit local communities, and our mission to bring positive change has evolved further this year with new charitable partners including the SEA LIFE Trust and World Book Day. We value diversity and inclusion in the workplace and these considerations remain a high priority as the Group grows. We remain dedicated to improving our supply chain and choosing freight options that are better for the environment, such as sea freight over air freight.

Financial Review

The group's financial performance during the year has been strong, with revenue increasing by 84% compared to the previous year. Gross profit margin and EBITDA margin have notably grown to deliver positive adjusted EBITDA for the first time. This has demonstrated the group's ability to leverage the investments made to date, manage costs and improve efficiencies for the long term sustainability of Yoto.

Principal risks and uncertainties

The principal risks to the business are; financial market risk and operational risk (economic risk and cyber risk).

Yoto designs its products in London with factories producing products in China and Hong Kong. The group has patents in place to protect its intellectual property. Our treasury management means we limit FX exposure as contracts are satisfied in USD and this aligns with customer receipts in our largest market of North America.

The group has significant working capital requirements at key times in the year. We ensure that we have sufficient resources to meet our obligations as they fall due. We manage this with detailed cash flow forecasts and working with banks and other lenders to ensure that we have sufficient working capital when required.

Yoto, like all businesses will be affected by uncertain economic conditions in the markets it operates in. Operating in diversified markets will mitigate this risk and strategic plans to grow globally will further mitigate this. Our finished goods come from factories around the world, and we depend on third-party logistics companies to transport them. Our supply chain is vital for our ability to provide quality products and generate revenue. To ensure this, we keep close contact with all our suppliers, and in case of any problems, we manage our operations to minimise disruption for our end consumer where possible. We are committed to offering smooth services to our customers, and our team works hard to reduce any effect on our operations caused by supply chain difficulties.

At Yoto we are passionate about making sustainable and high-quality products, and we consider their impact on the environment when we make decisions. We set high standards of quality and sustainability for ourselves and our suppliers and ensure that the products they manufacture match our values. We regularly check our suppliers to make sure they follow best practices and constantly improve standards. If gaps in quality and performance are identified we quickly seek to find a solution.

We acknowledge that cyber risk is a threat that can potentially damage our reputation and impact our trading performance. To mitigate this risk, our technology team has implemented strict controls and safeguards, including penetration testing.

Despite ongoing economic uncertainties, the group remains confident in its ability to navigate any challenges that may arise, due to its strong business model, product led strategy and customer loyalty.

We are pleased to report that Yoto has exceeded our expectations and performed ahead of our directors' projections in FY23. We remain confident that Yoto will continue to perform well in the future, continuing to provide the soundtrack of childhood and help families on their own unique adventures.

This report was approved by the board and signed on its behalf.

Ben Drury

Ben Drury
Director, Founder & CEO

Date: 31/5/2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Results and dividends

The loss for the year, after taxation, amounted to £3,246,000 *(2022: loss £4,349,000).*

The directors did not recommend the payment of dividend in the year *(2022: £Nil).*

Directors

The directors who served during the year were:

C L M Asselman (appointed 14 June 2023)
F Denker
B C Drury
L J R Kelly
B A Korling (resigned 14 June 2023)
L Moller (resigned 3 October 2023)
F F Oidtmann
C Tollinche (appointed 3 October 2023)
V Wu (appointed 3 October 2023)

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The group's financial statements have been prepared as a going concern, and the director's believe it will continue to operate for the foreseeable future. This is based on the fact the company has sufficient financial resources, including cash reserves and access to credit facilities, to meet its obligations as they fall due, and to continue to invest in the business as necessary.

The directors have conducted a thorough review of the company's financial position, including its current financial performance, cash flow projections, and financial forecasts, and have concluded that the business is well-placed to weather any economic uncertainties or challenges that may arise.

As at 31 December 2023, the group had cash resources of £25.9m, current assets of £39.5m, current liabilities of £14.8m and net assets of £26.3m. At the year end the group had external borrowings totaling £734k. Although the group is loss making, there are sufficient cash resources and the directors consider it appropriate to prepare the financial statements on a going concern basis.

It should be noted that the future performance of any business is inherently uncertain in this environment and so the directors will continue to monitor the financial position of the company carefully and take appropriate action as necessary to ensure that the business remains viable and sustainable over the long-term.

Based on the information contained within the accounts, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements; thus, they continue to adopt the going concern basis in preparing the financial statements.

Qualifying third party indemnity provisions

The group provides indemnity insurance for the benefit of directors.

Matters covered in the Group Strategic Report

Information in respect of the business review, future developments, financial risk management and exposure to risks are not shown in the Directors' Report because they are presented in the Strategic Report in accordance with s414c(ii) of the Companies Act 2006.

Post balance sheet events

In 2024 we initiated a voluntary recall of our Yoto Mini speaker due to a product quality issue that affected the battery. No other Yoto products are affected as only the Yoto Mini uses a battery from this supplier. The solution provided to every customer was a free Yoto Mini Smart Cable and an automatic software update. In addition, as a gesture of goodwill for the disruption this has caused for our customers, we will provide a gift voucher to everyone who redeems the smart cable.

The group estimate the total impact post year end, relating to the goodwill gesture to be approximately £800k. As at 31 December 2023, management have recognised a provision of £655k for the costs associated with providing the smart cable.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Auditor

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

This report was approved by the board and signed on its behalf.

Ben Drury

B C Drury
Director

Date: 31/5/2024

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOTO LIMITED

Opinion

We have audited the financial statements of Yoto Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and company Balance Sheets, the Consolidated and company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and of the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group and the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and of the parent company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group and the parent company's financial resources or ability to continue operations over the going concern period.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOTO LIMITED (CONTINUED)

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

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks; FRS 102 the Companies Act 2006 and the relevant tax compliance regulations in the UK and other jurisdictions in which the Group operates;
- We understood how the Group is complying with those legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance, whether there were any instances of non-compliance with laws and regulations. We did not identify any matters relating to the non-compliance with laws and regulations. We corroborated our inquiries through our review of board minutes provided by management, relevant supporting information and direct enquiry of management;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand areas where management considered there was a susceptibility to fraud. We enquired of management and those charged with governance whether they have any knowledge of actual, suspected or alleged fraud. We also considered performance targets and their influence on efforts made by management to meet external pressures in reporting the financial results to the Group or for personal interest of the Directors;
- Our audit procedures included: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and substantive testing of revenue transactions both within and after the year end to ascertain the appropriate recognition of revenue within the year. In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOTO LIMITED (CONTINUED)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Group operates
  - understanding of the legal and regulatory requirements specific to the Group.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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

Grant Thornton UK LLP

Adam Terry BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Charted Accountants
Gatwick
Date: 31/5/2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Turnover	4	**50,992**	*27,679*
Cost of sales		**(15,976)**	*(9,991)*
Gross profit		**35,016**	*17,688*
Distribution costs		**(9,628)**	*(5,176)*
Administrative expenses		**(22,051)**	*(14,043)*
Licensing costs		**(6,357)**	*(3,409)*
Operating loss	5	**(3,020)**	*(4,940)*
Operating loss		**(3,020)**	*(4,940)*
Depreciation		**149**	*116*
Amortisation		**491**	*385*
Foreign exchange differences		**1,429**	*295*
One-off exceptional costs	9	**1,127**	*341*
Adjusted EBITDA		**176**	*(3,803)*
Interest receivable and similar income	10	**75**	*2*
Interest payable and similar expenses	11	**(498)**	*(161)*
Loss before taxation		**(3,443)**	*(5,099)*
Tax on loss	12	**197**	*750*
Loss for the financial year		**(3,246)**	*(4,349)*
Currency translation differences		**(216)**	*(45)*
Other comprehensive loss for the year		**(216)**	*(45)*
Total comprehensive loss for the year		**(3,462)**	*(4,394)*

The notes on pages 20 to 42 form part of these financial statements.

YOTO LIMITED
REGISTERED NUMBER:09542062

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note		2023 £000		2022 £000
Fixed assets					
Intangible assets	13		**1,341**		*887*
Tangible assets	14		**359**		*347*
			1,700		*1,234*
Current assets					
Stocks	16	**8,094**		*4,039*	
Debtors: amounts falling due within one year	17	**5,528**		*5,126*	
Cash at bank and in hand	18	**25,874**		*10,139*	
		39,496		*19,304*	
Creditors: amounts falling due within one year	19	**(14,849)**		*(8,586)*	
Net current assets			**24,647**		*10,718*
Total assets less current liabilities			**26,347**		*11,952*
Creditors: amounts falling due after more than one year	20		**(18)**		*(28)*
Net assets			**26,329**		*11,924*
Capital and reserves					
Called up share capital	22		**5**		*5*
Share premium account	23		**45,440**		*27,573*
Retranslation reserve	23		**(261)**		*(45)*
Profit and loss account	23		**(18,855)**		*(15,609)*
Shareholders' funds			**26,329**		*11,924*

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

Ben Drury

B C Drury
Director

Date: 31/5/2024

The notes on pages 20 to 42 form part of these financial statements.

YOTO LIMITED
REGISTERED NUMBER:09542062

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note		2023 £000		2022 £000
Fixed assets					
Intangible assets	13		**1,341**		*887*
Tangible assets	14		**347**		*333*
			1,688		*1,220*
Current assets					
Stocks	16	**2,910**		*4,039*	
Debtors: amounts falling due within one year	17	**11,729**		*12,692*	
Cash at bank and in hand	18	**20,532**		*2,267*	
		35,171		*18,998*	
Creditors: amounts falling due within one year	19	**(10,807)**		*(8,339)*	
Net current assets			**24,364**		*10,659*
Total assets less current liabilities			**26,052**		*11,879*
Creditors: amounts falling due after more than one year	20		**(18)**		*(28)*
Net assets			**26,034**		*11,851*
Capital and reserves					
Called up share capital	22		**5**		*5*
Share premium account	23		**45,440**		*27,573*
Profit and loss account brought forward		**(15,727)**		*(11,260)*	
Loss for the year		**(3,684)**		*(4,467)*	
Profit and loss account carried forward			**(19,411)**		*(15,727)*
Shareholders' funds			**26,034**		*11,851*

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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

Ben Drury

B C Drury
Director

Date: 31/5/2024

The notes on pages 20 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Retranslation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2022	**4**	**16,735**	**-**	**(11,260)**	**5,479**
Comprehensive income for the year					
Loss for the year	-	-	-	(4,349)	(4,349)
Exchange differences on translation of subsidiaries	-	-	(45)	-	(45)
Shares issued during the year	1	10,968	-	-	10,969
Expenses on shares issued during the year	-	(130)	-	-	(130)
At 1 January 2023	**5**	**27,573**	**(45)**	**(15,609)**	**11,924**
Comprehensive loss for the year					
Loss for the year	-	-	-	(3,246)	(3,246)
Exchange differences on translation of subsidiaries	-	-	(216)	-	(216)
Shares issued during the year	-	18,209	-	-	18,209
Expenses on shares issued during the period	-	(342)	-	-	(342)
At 31 December 2023	**5**	**45,440**	**(261)**	**(18,855)**	**26,329**

The notes on pages 20 to 42 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2022	**4**	**16,735**	**(11,260)**	**5,479**
Comprehensive income for the year				
Loss for the year and total comprehensive income	-	-	(4,467)	(4,467)
Shares issued during the year	1	10,968	-	10,969
Expenses on shares issued during the year	-	(130)	-	(130)
At 1 January 2023	**5**	**27,573**	**(15,727)**	**11,851**
Comprehensive income for the year				
Loss for the year and total comprehensive income	-	-	(3,684)	(3,684)
Shares issued during the year	-	18,209	-	18,209
Expenses on shares issued during the period	-	(342)	-	(342)
At 31 December 2023	**5**	**45,440**	**(19,411)**	**26,034**

The notes on pages 20 to 42 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Loss for the financial year	**(3,246)**	*(4,349)*
Adjustments for:		
Depreciation of tangible assets	**149**	*117*
Amortisation of intangible assets	**510**	*408*
Impairment of intangible fixed assets	**21**	-
Disposal of tangible assets	-	*3*
Interest paid	**498**	*161*
Interest received	**(75)**	*(2)*
Taxation charge	**(197)**	*(750)*
Increase in stocks	**(4,056)**	*(1,012)*
Increase in debtors	**(1,184)**	*(2,467)*
Increase in creditors	**6,582**	*893*
Increase in provisions	**1,172**	*152*
Corporation tax received	**682**	*883*
Foreign exchange	**(4)**	-
Net cash generated from operating activities	**852**	*(5,963)*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(985)**	*(502)*
Purchase of tangible fixed assets	**(162)**	*(151)*
Interest received	**75**	*2*
Net cash from investing activities	**(1,072)**	*(651)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Cash flows from financing activities		
Net proceeds from issue of share capital	17,868	10,832
Net proceeds from borrowings	(1,199)	1,884
Interest paid	(498)	(161)
Net cash used in financing activities	16,171	12,555
Net increase in cash and cash equivalents	15,951	5,941
Cash and cash equivalents at beginning of year	10,139	4,243
Foreign exchange gains and losses	(216)	(45)
Cash and cash equivalents at the end of year	25,874	10,139
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	25,874	10,139
	25,874	10,139

1. General information

Yoto Limited is a private company limited by shares & incorporated in England and Wales. Registered number 09542062. Its registered head office is located at 124 City Road, London, EC1V 2NX.

The principal activity of Yoto Limited was that of other information technology services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of Yoto Limited, advantage has been taken of the disclosure exemptions available in FRS 102 of the requirement to present a Statement of Cash Flows and the related notes on the basis the information is included in the consolidated financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2. Accounting policies (continued)

2.3 Going concern

The group's financial statements have been prepared as a going concern, and the director's believe it will continue to operate for the foreseeable future. This is based on the fact the company has sufficient financial resources, including cash reserves and access to credit facilities, to meet its obligations as they fall due, and to continue to invest in the business as necessary.

The directors have conducted a thorough review of the company's financial position, including its current financial performance, cash flow projections, and financial forecasts, and have concluded that the business is well-placed to weather any economic uncertainties or challenges that may arise.

As at 31 December 2023, the group had cash resources of £25.9m, current assets of £39.5m, current liabilities of £14.8m and net assets of £26.3m. At the year end the group had external borrowings totaling £734k. Although the group is loss making, there are sufficient cash resources and the directors consider it appropriate to prepare the financial statements on a going concern basis.

It should be noted that the future performance of any business is inherently uncertain in this environment and so the directors will continue to monitor the financial position of the company carefully and take appropriate action as necessary to ensure that the business remains viable and sustainable over the long-term.

Based on the information contained within the accounts, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements; thus, they continue to adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2. Accounting policies (continued)

2.5 Revenue

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

Sale of goods

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

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

Shipping revenue is earned on delivery of goods to end customers. This is ancillary to the sale of goods.

Customers can subscribe to credits as per a subscription model, whereby those credits are spent and revenue recognition aligns to the sale of goods policy detailed above.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives of 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

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

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

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

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the company and the group operate and generate income.

2.12 Exceptional costs

Exceptional costs are those that the group considers to be not operationally driven and significant in size or nature so should be separately identified as they do not form part of the regular cyclical trade of the business and inclusion of these items would distort the group's underlying trading performance. Exceptional costs include, but are not limited to; the Yoto Mini related voluntary recall fees, ERP implementation fees, etc.

2.13 Intangible assets

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

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

The estimated useful lives range as follows:

Software	-	3	years
Intellectual Property	-	10	years
Other intangible fixed assets	-	3	years

Amortisation and impairment costs are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.14 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 4 years on a straight line basis
Fixtures and fittings	- 5 years on a reducing balance basis
Computer equipment	- 5 years on a reducing balance basis

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

Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less costs to sell and its value in use. Any impairment loss is recognised immediately as an expense within the profit or loss.

2.15 Impairment of fixed assets and goodwill

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

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.17 Stocks

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

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Yoto has changed its stock valuation policy in the year from average weighted cost to FIFO (First-In-First-Out). This is due to the implementation of NetSuite – a fully integrated ERP system that vastly improves financial and operational efficiency, making it possible to track the company's stockholding records much more accurately. The company cannot retrospectively assess the impact of the accounting policy change as it is impracticable to do so. This is due to system limitations and the absence of a robust inventory management system as at 31 December 2022, making it impossible to facilitate historical analysis. As such the company will apply the accounting policy change prospectively.

Goods in Transit

Goods in transit are recorded as inventory and included in the financial statements when the risks and rewards of ownership have passed to the company. The value of goods in transit includes the cost of the goods and any directly attributable costs necessary to bring the goods to their present location and condition.

Inventory Held by Third Parties

Inventory held by third parties is recorded at the lower of cost and net realizable value. Cost includes the purchase price, direct materials, direct labour, and directly attributable overhead costs. Any provision for obsolescence or impairment is recognised when inventory is held by third parties and it is probable that the net realisable value is lower than cost.

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2. Accounting policies (continued)

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Financial instruments

The group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's Balance Sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and most other receivables due within the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

2. Accounting policies (continued)

2.21 Financial instruments (continued)

Financial liabilities

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

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the group will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

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

The preparation of financial statements in compliance with FRS 102 requires management to exercise judgement in applying the company's accounting policies.

The following management judgements have had the most significant effect on the amounts recognised in these financial statements.

Share option charges (note 22)
FRS 102 requires the grant date fair value of share-based payments awards granted to employees to be recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. Share options issued to the company's employees will only vest on an exit event. At the date of these financial statements management has determined that an exit event is not probable and therefore the value of share options issues is considered immaterial at grant date so no share-based payment charges have been recorded in these financial statements.

Functional currency assessment
Functional currency of Yoto Limited has been assessed to be Sterling (GBP). The main factor being that all sales for the company are generated in GBP. Yoto Inc. has been assessed to have a functional currency of US Dollar (USD) as a significant amount of sales and costs are denominated as such. The Group's presentational currency is GBP.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Sales of goods	**50,992**	*27,679*

Analysis of turnover by country of destination:

	2023 £000	2022 £000
North America	**36,037**	*17,745*
Rest of the world	**14,955**	*9,934*
	50,992	*27,679*

5. Operating loss

The operating loss is stated after charging:

	2023 £000	2022 £000
Research & development charged as an expense	**6**	*44*
Exchange differences	**1,429**	*295*
Amortisation	**510**	*408*
Impairment	**21**	*-*
Depreciation	**149**	*117*
Lease payments charged as an expense	**246**	*157*

6. Auditor's remuneration

During the year, the group obtained the following services from the company's auditor:

	2023 £000	2022 £000
Fees payable to the company's auditor for the audit of the consolidated and parent company's financial statements	**77**	*43*
Fees payable to the company's auditor in respect of:		
Tax fees	**25**	*32*
Accounts preparation	**4**	*2*

7. Employees

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

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Wages and salaries	**6,694**	*5,603*	**5,393**	*4,928*
Social security costs	**941**	*757*	**618**	*640*
Cost of defined contribution scheme	**184**	*135*	**164**	*135*
	7,819	*6,495*	**6,175**	*5,703*

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2023 No.	*Group 2022 No.*	Company 2023 No.	*Company 2022 No.*
Employees	**98**	*85*	*80*	*73*

8. Directors' remuneration

	2023 £000	*2022 £000*
Directors' emoluments	**300**	*240*
Group contributions to defined contribution pension schemes	**15**	*12*
	315	*252*

During the year retirement benefits were accruing to 2 directors *(2022: 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £161k *(2022: £131k)*.

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8k *(2022: £7k)*.

9. Exceptional costs

Exceptional costs of £1,127k *(2022: £341k)* are one-off in nature. Included within these costs are Yoto Mini related voluntary recall fees (£750k) as detailed in Note 27 and ERP implementation costs (£255k) as detailed in Note 2.17.

10. Interest receivable

	2023 £000	2022 £000
Bank interest receivable	**75**	*2*

11. Interest payable and similar expenses

	2023 £000	2022 £000
Other interest payable	**498**	*161*

12. Taxation

	2023 £000	2022 £000
Corporation tax		
Corporation tax	**(265)**	*(750)*
Adjustments in respect of previous periods	**68**	-
Total current tax	**(197)**	*(750)*
Deferred tax		
Origination and reversal of timing differences	**(32)**	-
Adjustments in respect of prior periods	**32**	-
Total deferred tax	**-**	-
Taxation on loss on ordinary activities	**(197)**	*(750)*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2022: higher than)* the standard rate of corporation tax in the UK of 23.52% *(2022: 19%)*. The differences are explained below:

	2023 £000	2022 £000
Loss on ordinary activities before tax	**(3,443)**	*(5,099)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% *(2022: 19%)*	**(810)**	*(969)*
Effects of:		
Fixed asset timing differences	**(1)**	*(8)*
Expenses not deductible for tax purposes	**38**	*5*
Additional deduction for R&D expenditure	**(466)**	*(555)*
Surrender of tax losses for R&D tax credit refund	**492**	*233*
Foreign tax - other	**13**	*(119)*
Movement in deferred tax not recognised	**459**	*663*
Other permanent differences	**2**	-
Adjustment in respect of prior periods (current & inter-co)	**68**	-
Adjustments in respect of prior periods (deferred tax)	**32**	-
Remeasurement of deferred tax for changes in tax rates	**(24)**	-
Total tax charge for the year	**(197)**	*(750)*

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. When the company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in corporation tax rate. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

13. Intangible assets

Group and Company

	Other £000	Software Development £000	Intellectual Property £000	Total £000
Cost				
At 1 January 2023	**1,178**	**150**	**284**	**1,612**
Additions	**620**	**264**	**101**	**985**
Impairment	**(40)**	**-**	**-**	**(40)**
At 31 December 2023	**1,758**	**414**	**385**	**2,557**
Amortisation				
At 1 January 2023	**583**	**100**	**42**	**725**
Charge for the year on owned assets	**416**	**61**	**33**	**510**
Impairment	**(19)**	**-**	**-**	**(19)**
At 31 December 2023	**980**	**161**	**75**	**1,216**
Net book value				
At 31 December 2023	**778**	**253**	**310**	**1,341**
At 31 December 2022	*596*	*49*	*242*	*887*

Amortisation on intangible assets is charged to administrative expenses.

Other Intangible assets comprise of largely Brand and Content Production.

14. Tangible fixed assets

Group

	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2023	**387**	**58**	**155**	**600**
Additions	**104**	**1**	**57**	**162**
Foreign exchange movement	**-**	**-**	**(1)**	**(1)**
At 31 December 2023	**491**	**59**	**211**	**761**
Depreciation				
At 1 January 2023	**193**	**12**	**48**	**253**
Charge for the year on owned assets	**101**	**12**	**36**	**149**
At 31 December 2023	**294**	**24**	**84**	**402**
Net book value				
At 31 December 2023	**197**	**35**	**127**	**359**
At 31 December 2022	*194*	*46*	*107*	*347*

14. Tangible fixed assets (continued)

Company

	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2023	**387**	**58**	**138**	**583**
Additions	**104**	**1**	**55**	**160**
At 31 December 2023	**491**	**59**	**193**	**743**
Depreciation				
At 1 January 2023	**193**	**12**	**45**	**250**
Charge for the year on owned assets	**101**	**12**	**33**	**146**
At 31 December 2023	**294**	**24**	**78**	**396**
Net book value				
At 31 December 2023	**197**	**35**	**115**	**347**
At 31 December 2022	*194*	*46*	*93*	*333*

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Yoto Inc	228 Park Ave S #48734, New York, NY 10003, USA	Ordinary	100%
Yoto SAS	8 rue Saint Augustin, 75002, Paris	Ordinary	100%

Both subsidiaries are included in the consolidated financial statements.

16. Stocks

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Stock - finished goods	**8,094**	*4,039*	**2,910**	*4,039*

The carrying value of stocks are stated net of impairment losses totalling £Nil *(2022: £Nil)*. Impairment losses totalling £Nil *(2022: £Nil)* were recognised in profit and loss.

17. Debtors

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Trade debtors	**3,337**	*2,670*	**1,246**	*2,670*
Amounts owed by group undertakings	**-**	*-*	**8,304**	*7,659*
Other debtors	**2,191**	*2,456*	**2,179**	*2,363*
	5,528	*5,126*	**11,729**	*12,692*

Trade debtors includes £1,784k *(2022: £1,321k)* cash on account for fulfilled orders held with sales platforms due to payouts post year end.

Amounts owed by group undertakings are interest free, unsecured and due on demand.

An impairment loss of £Nil *(2022: £Nil)* was recognised against trade debtors.

18. Cash and cash equivalents

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Cash at bank and in hand	**25,874**	*10,139*	**20,532**	*2,267*

19. Creditors: Amounts falling due within one year

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Bank loans	**9**	*10*	**9**	*10*
Other loans	**707**	*1,895*	**-**	*1,895*
Trade creditors	**4,257**	*1,156*	**3,256**	*1,045*
Amounts owed to group undertakings	**-**	*-*	**398**	*-*
Other taxation and social security	**2,250**	*1,549*	**1,765**	*1,549*
Other creditors	**3,037**	*568*	**1,059**	*482*
Accruals and deferred income	**4,589**	*3,408*	**4,320**	*3,358*
	14,849	*8,586*	**10,807**	*8,339*

Included within other creditors are outstanding pension contributions totalling £38K *(2022: £29K)*.

Amounts owed by group undertakings are interest free, unsecured and due on demand.

20. Creditors: Amounts falling due after more than one year

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Bank loans	**18**	*28*	**18**	*28*

Bank loans relate to a Bounce Back unsecured loan at 2.5% which is fully repayable by September 2026.

21. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Amounts falling due within one year				
Bank loans	9	*10*	9	*10*
Other loans	707	*1,895*	-	*1,895*
	716	*1,905*	9	*1,905*
Amounts falling due 1-2 years				
Bank loans	10	*10*	10	*10*
Amounts falling due 2-5 years				
Bank loans	8	*18*	8	*18*
	734	*1,933*	27	*1,933*

22. Share capital

	2023 £	*2022 £*
Allotted, called up and fully paid		
7,509,300 *(2022: 7,509,300)* A Preferred shares of £0.0001 each	751	*751*
5,966,199 *(2022: 6,526,716)* A2 Preferred shares of £0.0001 each	597	*653*
10,649,825 *(2022: Nil)* B Preferred shares of £0.0001 each	1,065	-
16,602,210 *(2022: 18,470,600)* Ordinary shares of £0.0001 each	1,660	*1,847*
6,801,200 *(2022: 6,801,200)* Seed preferred shares of £0.0001 each	680	*680*
6,374,000 *(2022: 6,374,000)* Seed-2 Preferred shares of £0.0001 each	637	*637*
	5,390	*4,568*

22. Share capital (continued)

The issued share capital of the Company is comprised of ordinary shares, B preferred shares, A preferred shares, A2 preferred shares, seed preferred shares and seed-2 preferred shares. The articles of association of the company provide for a class of deferred shares, however no deferred shares are currently in issue. The rights attaching to each class of share are as follows:

a. All shares (other than deferred shares) have an equal right to receive dividends on distribution.

b. All shares (other than deferred shares) have an equal right to receive notice of and to attend, speak and vote at general meetings of the company and to receive and vote on proposed written resolutions of the company.

c. B preferred shares, A2 preferred shares, A preferred shares, seed preferred shares and seed-2 preferred shares have an equal right to participate in the distribution of assets and the proceeds of sale up to their respective preference amounts and in priority to the deferred shares and the ordinary shares. Deferred shares have the right to participate up to an aggregate total of £1 on the distribution of assets or the proceeds of sale in priority to ordinary shares. Ordinary shares then participate in the balance of assets and process of sale.

d. All shares (other than deferred shares) have the right to be offered the opportunity to subscribe on a pre-emptive basis for their pro rata allocation of new securities upon a proposed allotment (subject to exceptions).

e. All shares (other than deferred shares) have the right to be offered the opportunity to purchase on a pre-emptive basis their pro rata allocation of shares that are proposed to be transferred (subject to exceptions).

f. All classes of shares other than the ordinary shares and deferred shares (i.e. B preferred shares, A preferred shares, A2 preferred shares, seed preferred shares and seed-2 preferred shares) have the right to be issued anti-dilution shares in the event that securities are issued below the price paid for such shares as an anti-dilution protection.

g. The deferred shares have the right to participate up to an aggregate total of £1 on the distribution of assets or the proceeds of sale. Deferred shares do not have the right to receive dividends, to receive notice of and to attend, to speak and to vote at general meetings of the company and to receive and to vote on proposed written resolutions of the company, to be offered the opportunity to subscribe on a pre-emptive basis for their pro rata allocation of new securities upon a proposed allotment, to be offered the opportunity to purchase on a pre-emptive basis their pro rata allocation of shares that are proposed to be transferred or to be issued anti-dilution shares in the event that securities are issued below the price paid for such shares as an anti-dilution protection.

B preferred shares were issued during the year for a total consideration of $28.5m. As part of this transaction $5m Ordinary shares and $1.5m A2 Preferred shares were converted into B preferred shares.

23. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retranslation reserve

Comprises translation differences arising from the translation of financial statements of the group's foreign entities into Sterling (£).

Profit and loss account

Includes all current and prior periods retained profits & losses.

24. Analysis of net debt

	At 1 January 2023 £000	Cash flows £000	At 31 December 2023 £000
Cash at bank and in hand	**10,139**	**15,735**	**25,874**
Debt due after 1 year	**(28)**	**10**	**(18)**
Debt due within 1 year	**(1,905)**	**1,189**	**(716)**
	8,206	**16,934**	**25,140**

25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £183,890 *(2022: £135,380)*. Contributions totalling £14,150 *(2022: £29,253)* were payable to the fund at the Balance Sheet date and are included in creditors.

26. Commitments under operating leases

At 31 December 2023 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Land and buildings				
Not later than 1 year	**295**	*236*	**250**	*216*

27. Post balance sheet events

In 2024 we initiated a voluntary recall of our Yoto Mini speaker due to a product quality issue that affected the battery. No other Yoto products are affected as only the Yoto Mini uses a battery from this supplier. The solution provided to every customer was a free Yoto Mini Smart Cable and an automatic software update. In addition, as a gesture of goodwill for the disruption this has caused for our customers, we will provide a gift voucher to everyone who redeems the smart cable.

The group estimate the total impact post year end, relating to the goodwill gesture to be approximately £800k. As at 31 December 2023, management have recognised a provision of £655k for the costs associated with providing the smart cable.

28. Controlling party

The company is owned by a number of private shareholders and companies, none of whom own more than 30% of the issued share capital of the company.