Hamleys Toys (Ireland) Limited
Financial Statements
for the year ended 31st December, 2019

Independent Auditor’s Report

To the members of Hamleys Toys (Ireland) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hamleys Toys (Ireland) Limited (the Company), which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement for the financial year ended 31 December 2019 and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, Hamley Toys (Ireland) Limited’s financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the company as at 31 December 2019 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act, 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (‘ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the ‘Responsibilities of the auditor for the audit of the financial statements’ section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 departure from going concern

In forming our opinion on the financial statements, which is not modified, we have considered the presentation of the financial statements on the break-up basis, the adjustments arising from this presentation, and the adequacy of the disclosures made in the Directors’ report and Note 1.2 to the financial statements. The break-up basis has been adopted because the directors made the decision to close the Dundrum store and cease trading on 7 May 2018. The directors intend to consider the future for the company. It is therefore appropriate to prepare these financial statements on the break-up basis of accounting. Adjustments have been made in these financial statements to reduce assets to their realisable values and to provide for liabilities arising from the decision.

Other information

- Other information comprises information included in the annual report, other than the financial statements and the auditor’s report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
- We have nothing to report in this regard.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Strategic and Directors’ reports is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Strategic and Directors’ reports have been prepared in accordance with the requirements of the Companies Act 2014.

Independent Auditor's Report

Matters on which we are required to report by exception

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic and Directors' reports.

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine 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, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will also:

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

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

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

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Devender Arora ACA (Senior Statutory Auditor)

For and on behalf of PBG Associates Limited
Chartered Accountants and Statutory Auditors
65 Delamare Road
Hayes, Middx
UB4 0NN

April 24, 2020

Statement of profit and loss and other comprehensive income for the year ended 31 December 2019

	Note	**2019**	2018
		€000	€000
Gross transaction value	*2*	-	369
Revenue	*3*	-	319
Cost of sales		-	(188)
Gross profit		-	130
Selling and distribution expenses		-	(73)
Administrative expenses		**(423)**	(33)
Operating Profit		**(423)**	25
Financial expenses		-	0
Income/(Loss) on ordinary activities before taxation		**(423)**	25
Tax	*7*	-	
Income/(Loss) for the financial year		**(423)**	25
Other comprehensive loss			
Other comprehensive loss for the financial year, net of income tax		-	-
Total comprehensive income / (loss) for the financial year		**(423)**	25

All activities relate to discontinued operations.

The notes on pages 8 to 16 form part of the financial statements.

Balance sheet
at 31 December 2019

	Note	**2019**	2018
		€000	€000
Non-current assets			
Property, plant and equipment	*8*	**-**	-
		-	-
Current assets			
Inventories	*9*	**-**	-
Trade and other receivables	*10*	**3,427**	6,780
Cash and cash equivalents	*11*	**88**	23
		3,515	6,803
Total assets		**3,515**	6,803
Current liabilities			
Trade and other payables	*12*	**(11,673)**	(13,946)
Provisions	*13*	**0**	(592)
		(11,673)	(14,538)
Total liabilities		**(11,673)**	(14,538)
Net liabilities		**(8,158)**	(7,735)
Equity			
Share capital	*14*	**-**	-
Retained earnings		**(8,158)**	(7,735)
Total equity		**(8,158)**	(7,735)

The notes on pages 8 to 16 form part of the financial statements.

These financial statements were approved by the Board of Directors on 24 April 2020 and were signed on its behalf by:

Sohail Shaikh
Director

Company registered number: 00458284

Statement of changes in equity

	Share capital	**Retained earnings**	**Total equity**
	€000	**€000**	**€000**
Balance at 1 January 2018	-	(7,760)	(7,760)
Total comprehensive loss for the year			
Profit / (Loss) for the year	-	25	25
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	25	25
Balance at 31 December 2018	**-**	**(7,735)**	**(7,735)**

	Share capital	**Retained earnings**	**Total equity**
	€000	**€000**	**€000**
Balance at 1 January 2019	-	(7,735)	(7,735)
Total comprehensive loss for the year			
Profit / (Loss) for the year	-	(423)	(423)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(423)	(423)
Balance at 31 December 2019	**-**	**(8,158)**	**(8,158)**

The notes on pages 8 to 16 form part of the financial statements.

Cash flow statement
for year ended 31 December 2019

	Note	2019 €000	2018 €000
Cash flows from operating activities			
Loss for the year		**(423)**	25
Adjustments for:			
Depreciation, amortisation and impairment	*8*	**-**	-
		(423)	25
Increase in trade and other receivables		**3,354**	(199)
Decrease in inventories		**-**	108
Increase in trade and other payables		**(2,866)**	(601)
Net cash used in operating activities		**65**	(667)
Cash flows from investing activities			
Acquisition of property, plant and equipment	*8*	**-**	-
Net cash from investing activities		**-**	-
Net cash from financing activities		**-**	-
Net increase in cash and cash equivalents		**65**	(667)
Cash and cash equivalents at start of the year		**23**	690
Cash and cash equivalents at end of year		**88**	23

The notes on pages 8 to 16 form part of the financial statements.

Notes to the financial statements

1 ACCOUNTING POLICIES

Hamleys Toys (Ireland) Limited (the "Company") is a company incorporated and domiciled in Ireland. The registered number is 00458284 and the registered address is 25-28 North Wall Quay, Dublin – 1.

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except where IFRSs require an alternative treatment.

1.2. Going concern

The Company ceased trading after the closure of the Dundrum store on 7 May 2018, and the directors intend to liquidate the Company in due course. These financial statements have therefore been prepared on a basis other than going concern basis, under the historical cost convention, and in accordance with standards. Given the nature of assets and liabilities held at 31 December 2019, this has not resulted in any recognition or measurement adjustments in preparing these accounts.

1.3. Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.4. Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5. Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the statement of profit and loss in administrative expenses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes to the financial statements

1.6. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Fixtures and fittings 5 - 20% per annum
- Computer equipment 20% - 33% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7. Intangible assets

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software 3 years

1.8. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

When necessary, provision is made to reduce the cost to no more than net realisable value having regard to the nature and condition of inventory as well as anticipated utilisation and saleability.

1.9. Impairment excluding inventories, and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Notes to the financial statements

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10. Revenue recognition

Revenue comprises the fair value of goods sold to external customers, net of value added tax and promotional discounts. Revenue is recognised in accordance with IFRS 15 for the sale of goods when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably. The significant risks and rewards of ownership are deemed to have been passed when sold over the counter in store and when despatched for online sales.

1.11. Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rentals arising under operation leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into an operating lease such incentives are recognised as a liability. Lease incentives are recognised as a reduction of rental expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease are consumed.

1.12. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

1.13. Updates to IFRS

New and revised standards that are effective for annual years beginning on or after 1 January 2019

IFRS 16 changes the recognition, measurement, presentation and disclosure of leases. In particular it requires lessees to record all leases on the balance sheet with exemptions available for low value and short-term leases. At the commencement of a lease, a lessee recognises lease payments (lease liability) and an asset representing the right to use the asset during the lease term (leased asset). Lessees subsequently reduce the lease liability when paid and recognise depreciation on the leased asset. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased asset. The standard has no impact on the actual cash flows of a group. However the standard requires the capitalisation, and subsequent depreciation, of costs that were previously expensed as paid which impacts disclosures of cash flows within the cash flow statement. The amounts previously expensed as operating cash outflows are instead capitalised and presented as financing cash outflows.

The amendment has no material impact on the Company's financial statements.

Notes to the financial statements

2 NON-GAAP FINANCIAL INFORMATION

Gross transaction value

	2019	2018
	€000	€000
Gross transaction value	-	369

Revenue from concessions is required to be shown on a net basis, being the commission received rather than the gross value achieved by concessionaires on sales. The directors believe that gross transactional value, which presents revenue on a gross basis before adjusting for concessions, represents a good guide to the value of the overall activity of the Company.

3 REVENUE

	2019	2018
	€000	€000
Sales of goods	-	319

4 EXPENSES AND AUDITOR'S REMUNERATION

Included in profit/loss are the following:

	2019	2018
	€000	€000
Foreign exchange gain	422	(125)
	422	(125)
Auditor's remuneration:		
The audit fee has been borne by Hamleys of London Limited, a group company	-	-

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the financial statements of the Company's UK parent, Reliance Brands Holding UK Limited. The prior year audit fee was payable to the predecessor auditor Grant Thornton UK LLP.

5 STAFF NUMBERS AND COSTS

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

	Number of employees	
	2019	2018
Administration	0	14

The aggregate payroll costs of these persons were as follows:

	2019	2018
	€000	€000
Wages and salaries	-	160
Social security costs	-	15
	-	175

6 DIRECTORS' REMUNERATION

	2019	2018
	€000	€000
Directors' remuneration	-	4

Notes to the financial statements

7 TAXATION

Reconciliation of effective tax rate

	2019	2018
	€000	€000
Profit/(Loss) for the year	**(423)**	25
Total tax expense	**-**	-
Profit/(Loss) excluding taxation	**(423)**	25
Tax using the Ireland corporation tax rate of 12.5% *(2018: 12.5%)*	**53**	
Utilisation of bought forward losses / losses carried forward	**53**	(3)
Total tax expense	**-**	-

The company has trading losses carried forward of €5,614 thousand *(2018: €5,192 thousand)*. Deferred tax assets are recognised only to the extent that they are regarded as recoverable in the foreseeable future.

8 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fixtures	**Computer equipment**	**Total**
	€000	**€000**	**€000**
Cost			
Balance at 1 January 2018	4,337	130	4,467
Additions	-	-	-
Balance at 31 December 2018	4,337	130	4,467
Balance at 1 January 2019	4,337	130	4,467
Additions	-	-	-
Balance at 31 December 2019	4,337	130	4,467
Depreciation and impairment			
Balance at 1 January 2018	4,337	130	4,467
Depreciation charge for the year	-	-	-
Impairment charge for the year	-	-	-
Balance at 31 December 2018	4,337	130	4,467
Balance at 1 January 2019	4,337	130	4,467
Depreciation charge for the year	-	-	-
Balance at 31 December 2019	4,337	130	4,467
Net book value			
At 31 December 2018	**-**	**-**	**-**
At 31 December 2019	**-**	**-**	**-**

During the year, an impairment review was carried out on the assets of the Company in order to assess the recoverable amount. Given the closure of the Dundrum store, all assets were fully impaired in 2017. An impairment charge of €nil (2018: €nil) was recognised during the year.

9 INVENTORIES

	2019	2018
	€000	€000
Finished goods	**-**	-

During the year €nil *(2018: €nil)* was recognised as an expense in cost of sales in respect of the write down of inventory to net realisable value.

Inventory purchased recognised as an expense in cost of sales was €0 million *(2018: €0.2 million)*.

Notes to the financial statements

10 TRADE AND OTHER RECEIVABLES

	2019	2018
	€000	€000
Trade receivables due from group companies	3,421	6,618
Other debtors	6	162
	3,427	6,780

11 CASH AND CASH EQUIVALENTS

	2019	2018
	€000	€000
Cash and cash equivalents	88	23

12 TRADE AND OTHER PAYABLES

	2019	2018
	€000	€000
Current		
Trade payables	1	-
Trade payables due to group companies	11,672	13,924
Other creditors	-	22
	11,673	13,946

Amounts due to group companies are interest free and repayable on demand.

13 PROVISIONS

Onerous lease

	€000
At 1 January 2018	2,149
Released during the year	(1,557)
At 31 December 2018	**592**
At 1 January 2019	592
Released during the year	(592)
At 31 December 2019	-

The onerous lease provision relates to the store in Dundrum which was closed during the year.

14 CAPITAL AND RESERVES

Share capital

	2019	2018
	€	€
Allotted, called up and fully paid		
1 ordinary share of €1 each	1	1

Details of all movements in reserves for the Company are shown in the Statement of Changes in Equity. All reserves are distributable.

Notes to the financial statements

15 FINANCIAL INSTRUMENTS

Financial risk management

Senior management and the directors have overall responsibility for the oversight of the Company's risk management framework. Senior management and directors review and manage risk on an ad hoc basis when required through specific consideration of transactions. When identified, agreed actions are taken to mitigate these risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation and arises solely from the Company's intercompany receivables.

The company is also exposed to credit risk arising from other financial assets, which comprise of cash. The Company's exposure to credit risk arises from the default of the counterparty with a maximum exposure equal to the carrying value of these instruments if a counterparty to a financial instrument fails to meet its contractual obligation.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due by ensuring that there is sufficient cash or working capital facilities to meet the Company's cash requirements.

The risk is measured by review of forecast liquidity each month to determine whether there are sufficient credit facilities to meet forecast requirements. Cash flow forecasts are submitted monthly to the Directors. These continue to demonstrate the strong cash generating ability of the business and its ability to operate within existing agreed facilities.

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates will affect the Company's income. The Company's exposure to market risk predominately relates to foreign currency risk. The Company has no long-term borrowings, resulting in no interest rate risk.

Foreign currency risk

The Company transacts with its parent and subsidiary companies in GBP and is, therefore, exposed to the foreign exchange risk which can negatively impact revenue, costs, margins and profits.

The following table shows the extent to which the Group has monetary assets and liabilities at the balance sheet date in currencies other than the local currency of operation. Monetary assets and liabilities refer to intercompany receivables and payables.

	2019 Monetary assets	2018 Monetary assets	**2019 Monetary liabilities**	2018 Monetary liabilities
	€000	€000	**€000**	€000
GBP	**3,421**	6,618	**11,672**	13,924

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to optimise returns to its shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future growth. The directors regularly monitor the level of capital in the Group to ensure that this can be achieved.

Fair value disclosures and hierarchy

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables and trade payables

The fair value approximates to the carrying value because of the short maturity of these instruments.

Notes to the financial statements

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

All financial instruments carried at fair value have been measured using a Level 2 valuation method.

The fair value (which is equal to carrying value) of financial assets and liabilities are as follows:

	2019	2018
	€000	€000
Cash and cash equivalents	**88**	23
Trade and other receivables	**3,427**	6,780
Total financial assets	**3,515**	6,803
Trade and other payables	**11,673**	13,946
Total financial liabilities	**11,673**	13,946

Foreign exchange rate sensitivity analysis

The table below shows the Company's sensitivity to foreign exchange rates for its GBP financial instruments, the major currency in which the Company's derivatives are denominated.

	2019	2018
	Increase/ (decrease) in equity	Increase/ (decrease) in equity
	€000	€000
10% appreciation in GBP	**(825)**	(731)
10% depreciation in GBP	**825**	731

A strengthening / weakening of sterling, as indicated, against the Euro at each year would have increased / (decreased) retained earnings by the amounts shown above. This analysis is based on foreign exchange rate variances that the Company considered to be reasonably possible at the end of the reporting year. The analysis assumes that all other variables remain constant. There are no material movements in profit and loss for the year.

16 RELATED PARTIES

Transactions with key management personnel – Directors' emoluments

Only directors' remuneration is recharged to the Company from Hamleys of London Limited, which is disclosed in Note 6.

Other related party transactions

Administrative expenses incurred from

	2019	2018
	€000	**€000**
Subsidiaries		
Management fee – Hamleys of London Limited	-	25
	-	25

	Receivables outstanding		**Payables outstanding**	
	2019	2018	**2019**	2018
	€000	€000	**€000**	€000
Group company				
The Hamleys Group Limited	**3,421**	6,618	**-**	3,414
Hamleys of London Limited	**-**	-	**11,330**	10,179
Hamleys (Franchising) Limited	**-**	-	**324**	314
Scrumpalicious Limited	**-**	-	**18**	17
	3,421	6,618	**11,672**	13,924

Notes to the financial statements

17 ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Reliance Brands Holding UK Limited, a company incorporated in England. This is the smallest group in which the results of the Company are consolidated. Copies of the group financial statements are available from the Registrar of Companies, Companies House, Cardiff. The Company's ultimate parent company and controlling party is Reliance Industries Limited, a company incorporated in India and is a listed company in India. The office address of Reliance Industries Limited is 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai, Maharashtra 400021.

18 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial information requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years impacted.

The key judgements and estimates employed in the financial statements are considered below.

Depreciation and amortisation

Judgement is required in assessing the useful economic lives of tangible fixed assets and intangible assets. These assumptions are based on the directors' best estimate of the life of the asset and its residual value at the end of its economic value.

Recoverability of inventories

The value of inventories is assessed for impairment and where required, a provision is made to reduce the cost to no more than net realisable value. This requires judgement and assumptions are made on anticipated utilisation and saleability, taking into account the nature and condition of inventory as well as historic experience and assessment of future profitability.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised. The directors make an assessment of future profits based on historical experience and various other forecasting judgements and assumptions. Where it is not deemed probable that future profits will be available, the deferred tax asset is not recognised to this extent.

Recoverability of intercompany receivables

Intercompany receivables are assessed for impairment and are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The Directors use historic experience and assessment of future profitability to assess whether an impairment is required.

19 EVENTS AFTER THE YEAR END

The company will remain open until all obligations are met, at which point the Board of Directors will consider the plan for the legal entity going forward.

20 APPROVAL OF THE FINANCIAL STATEMENTS

The board of directors approved these financial statements for issue on 24 April 2020.

21 PREVIOUS YEAR FIGURES

The previous year figures has been regrouped/reclassified, whenever necessary, to conform to the current year presentation.