HAMLEYS OF LONDON LIMITED

Financial Statements

For the year ended 31st December, 2020

Independent Auditor's Report

To the members of Hamleys on London Limited
Report on the audit of financial statements

Opinion

We have audited the financial statements of Hamleys of London Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities 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 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

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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report

Matters on which we are required to report by exception

In the light of the 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 Report or the Report of the Directors.

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

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

Responsibilities of directors

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 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 Report of the Auditors.

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 a Report of the Auditors 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.

ACA Devender Arora (Senior Statutory Auditor)
for and on behalf of PBG Associates Limited
Chartered Accountants and Statutory Auditors
65 Delamere Road
Hayes, Middx
UB4 0NN

Date: April 22, 2021

Statement of Profit or Loss
for the Year Ended 31 December 2020

	Notes	31.12.20 £'000	31.12.19 £'000
CONTINUING OPERATIONS			
Revenue	3	18,889	47,319
Cost of sales		(9,390)	(21,603)
GROSS PROFIT		9,499	25,716
Other operating income	4	1,112	1,259
Distribution costs		(9,747)	(19,552)
Administrative expenses		(6,969)	(11,647)
OPERATING LOSS		(6,105)	(4,224)
EBITDA		(1,424)	1,953
Depreciation, amortisation and impairment		(4,681)	(6,177)
		6,105	4,224
Finance costs	6	(5,469)	(5,592)
Finance income	6	-	6
LOSS BEFORE INCOME TAX		(11,574)	(9,810)
Income tax	8	2,609	1,228
LOSS FOR THE YEAR		(8,965)	(8,582)

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2020

	31.12.20 **£'000**	31.12.19 £'000
LOSS FOR THE YEAR	(8,965)	(8,582)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(8,965)	(8,582)

Balance Sheet as at 31 December 2020

	Notes	31.12.20 £'000	31.12.19 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	722	827
Property, plant and equipment	10	103,839	107,486
Deferred tax assets	12a	4,311	1,917
		108,872	110,230
CURRENT ASSETS			
Inventories	11	7,642	10,239
Trade and other receivables	12b	1,795	9,615
Cash and cash equivalents	13	165	5,150
		9,602	25,004
TOTAL ASSETS		118,474	135,234
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	14	2,000	2,000
Capital contribution reserve	15	500	500
Retained earnings	15	(18,223)	(9,216)
TOTAL EQUITY		(15,723)	(6,716)
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	16	172	340
Financial liabilities			
Interest bearing loans and borrowings	17	105,574	106,603
		105,746	106,943
CURRENT LIABILITIES			
Trade and other payables	16	27,462	32,188
Financial liabilities			
Interest bearing loans and borrowings	17	989	1,149
Provisions	20	-	1,670
		28,451	35,007
TOTAL LIABILITIES		134,197	141,950
TOTAL EQUITY AND LIABILITIES		118,474	135,234

The financial statements were approved by the Board of Directors and authorised for issue on April 22, 2021 and were signed on its behalf by:

Dilip Kumar Sharma
Director

Statement of Changes in Equity
for the Year Ended 31 December 2020

	Share Capital £'000	Retained earnings £'000	Capital contribution reserve £'000	Total equity £'000
Balance at 1 January 2019	2,000	(634)	500	1,866
Changes in equity				
Total comprehensive loss	-	(8,582)	-	(8,582)
Balance at 31 December 2019	2,000	(9,216)	500	(6,716)
Changes in equity				
Total comprehensive loss	-	(8,965)	-	(8,965)
Foreign exchange movements	-	(42)	-	(42)
Balance at 31 December 2020	2,000	(18,223)	500	(15,723)

Cash Flow Statement for the Year Ended 31 December 2020

	Notes	31.12.20 £'000	31.12.19 £'000
Cash flows from operating activities			
Cash generated from operations	1	1,897	115,465
Interest paid			-
Tax paid		215	630
Net cash from operating activities		2,112	116,095
Cash flows from investing activities			
Purchase of intangible fixed assets		(415)	(751)
Purchase of tangible fixed assets		(513)	(107,880)
Net cash from investing activities		(928)	(108,631)
Cash flows from financing activities			
Repayment of finance lease liabilities		(1,189)	(488)
Net financial expense paid		(5,469)	(5,586)
Net cash from financing activities		(6,658)	(6,074)
Increase in cash and cash equivalents		(5,474)	1,390
Cash and cash equivalents at beginning of year		2,702	1,312
Cash and cash equivalents at end of year	2	(2,772)	2,702

Notes to the Statement of Cash Flows for the Year Ended 31 December 2020

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	31.12.20	**31.12.19**
	£'000	**£'000**
Loss before income tax	(11,574)	(9,810)
Depreciation charges	4,681	5,065
Impairment	-	1,112
Finance costs	5,469	5,592
Finance income	-	(6)
	(1,424)	1,953
Decrease / (Increase) in inventories	2,597	(265)
Decrease in trade and other receivables	7,820	5,524
(Decrease) / Increase in trade and other payables	(7,096)	108,253
Cash generated from operations	1,897	115,465

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£'000	£'000
Cash and cash equivalents	2,772	2,702

Year ended 31 December 2019

	31.12.19	1.1.19
	£'000	£'000
Cash and cash equivalents	2,702	1,312

Notes to the Financial Statements

1. STATUTORY INFORMATION

Hamleys of London Limited is a private company, limited by shares, registered in England and Wales. The registration number of the company is 02287862 and registered office of the company is situated at 4 Floor Suite A, Greencoat House, Francis Street, London, England, SW1P 1DH.

2. ACCOUNTING POLICIES

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.
Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

2.1. Measurement convention

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

2.2. Revenue recognition

Revenue from the sale of stock comprises the fair value of goods sold to external customers, net of value added tax and promotional discounts. Revenue is recognised on 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.

Revenue from the sale of concessions stock comprises the fair value of commissions earned by Hamleys of London Limited on the sale of any stock owned by concessions. Revenue is recognised on the sale of the goods when the significant risk 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.

2.3. 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:

- Trademarks 5 years
- Branding 2 years
- Computer software 3 years

2.4. 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.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as financial leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Operating lease payments are accounted for as described at 1.11 below.

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:

- Leasehold property: Shorter of lease of premises or 10 years
- Fixtures and fittings: 3 -5 years
- Computer equipment: 3 years

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

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings 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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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.

2.5. 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.

Foreign currencies

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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

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.

2.6. 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”).

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 respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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.

Expenses

Lease payments
Payments made under leases are recognised in the income statement on a straight-line basis over the term of the lease. Contingent rentals arising under 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 a 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.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The finance charge is allocated to each year during the lease term so as to produce a constant yearly rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method. Financing income comprise interest receivable on funds invested.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

3. REVENUE

Segmental reporting

	2020 £000	2019 £000
Sale of goods	18,889	47,319

Non-IFRS financial information: Gross transaction value

	2020 £000	2019 £000
Sale of goods	20,300	53,549

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 Group.

4. OTHER OPERATING INCOME

	2020 £000	2019 £000
Party income	76	289
Commission from dynamic currency conversion	24	169
Liability Written Back	-	140
Window income	380	661

Lease Liability no longer required written back	577	-
Sundry Receipts	55	-
	1,112	1,259

5. EMPLOYEES AND DIRECTORS

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

	Number of employees	
	2020	2019
Selling and distribution	441	555
Administration	46	68
	487	623

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	5,180	12,418
Social security costs	469	944
Contributions to defined contribution plans	177	219
Director's Remuneration	415	990

6. NET FINANCE COSTS

	2020	**2019**
	£000	**£000**
Interest expense on bank loan and overdrafts	131	116
Interest expense on finance leases	-	64
Interest expenses on lease liabilities	5,334	5,412
Other interest expense	4	-
Total finance expense	5,469	5,592

7. LOSS BEFORE INCOME TAX

Included in profit/loss are the following:

	2020	**2019**
	£000	**£000**
Rentals under operating leases:		
Hire of plant and machinery	57	63
Other operating leases:		
Property		
Capital contribution and rent free year unwind	(191)	(548)
Depreciation and amortisation charge for the year		
Depreciation charge - owned property, plant and equipment	1,137	1,277
Depreciation charge - right of use assets	3024	3,254
Amortisation charge	520	533
Impairment charge	-	1,112
Net gains on foreign currency	(62)	(203)

Auditor's remuneration:	**2020**	**2019**
	£000	**£000**
Fees payable to the company's auditor for the audit of the company's annual accounts	30	30
Fees payable to the company's auditor for other services:		-

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.

8. INCOME TAX

Recognised in the statement of profit or loss.

	2020 £000	2019 £000
Current tax expense		
Current tax on income for the period	(215)	(606)
Adjustments for prior years	-	(26)
Current tax credit	(215)	(632)
Deferred tax expense		
Origination and reversal of temporary differences	(2,170)	(702)
Adjustments for prior years	(224)	106
Deferred tax credit	(2,394)	(596)
Total tax credit	(2,609)	(1,228)

Reconciliation of effective tax rate

	2020 £000	2019 £000
Loss for the year	(8,965)	(8,582)
Total tax credit	(2,609)	1,228
Loss excluding taxation	(11,574)	(9,810)
Tax using the UK corporation tax rate of 19.00% (2019: 19.00%)	(2,199)	(1,889)
Other expenses not deductible for tax purposes	(56)	585
Reduction in tax rates on deferred tax balances	(224)	83
Deferred tax not recognised	(130)	12
Group relief not paid for	-	(98)
Adjustments in respect of prior years	-	80
Total tax expense	(2,609)	(1,228)

9. INTANGIBLE ASSETS

	Trademark £'000	Computer software £'000	Totals £'000
COST			
At 1 January 2020	3,183	4,666	7,849
Additions	-	121	121
Transfers	-	294	294
At 31 December 2020	3,183	5,081	8,264
AMORTISATION			
At 1 January 2020	3,079	3,943	7,022
Amortisation for year	51	469	520
At 31 December 2020	3,130	4,412	7,542
NET BOOK VALUE			
At 31 December 2020	53	669	722
At 31 December 2019	104	723	827

Fixed and intangible asset impairments

The Company carried out a full impairment review of fixed assets held at each of its stores to assess their recoverable amounts. The carrying value of intangible assets were also reviewed.

10. PROPERTY, PLANT AND EQUIPMENT

	Right of use assets £'000	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2020	108,367	2,524	24,715	2,854	137,470
Reclassifications	-	16,212	(16,212)	-	-
Additions	-	134	665	9	807
Reclassification/transfer	-	398	(698)	6	(294)
At 31 December 2020	107,377	19,268	8,470	2,869	137,984
DEPRECIATION					
At 1 January 2020 Reclassifications	4,244	1,406	22,867	2,637	29,984
	-	14,804	(14,804)	-	-
Charge for year	3,024	760	272	105	4,161
At 31 December 2020	6,278	16,970	8,155	2,742	34,145
NET BOOK VALUE					
At 31 December 2020	101,099	2,298	315	127	103,839
At 31 December 2019	104,123	2,526	621	217	107,486

11. INVENTORIES

	31.12.20 £'000	31.12.19 £'000
Stocks	7,642	10,239

During the year £1,925 thousand (2019: £2,143 thousand) was recognised as an expense in cost of sales in respect of the write down of inventory to net realisable value.

12a. DEFERRED TAX ASSETS

	31.12.20 £'000	**31.12.19 £'000**
Non-current:		
Deferred tax assets	4,311	1,917

12b. TRADE AND OTHER RECEIVABLES

	31.12.20 £'000	**31.12.19 £'000**
Current:		
Trade debtors	312	-
Tax receivables	125	80
Amounts owed by group undertakings	-	6,572
Other debtors	1,057	641
Accrued income	68	238
Prepayments	233	2,084
	1,795	9,615

Aging of trade receivables (which are included in trade and other receivables), based on invoice date and net of allowance of doubtful debts, is as follows:

	2020 £000	**2019 £000**
Within 30 days	292	-
31-60 days	2	-
121+ days	18	-
Total	312	-

13. CASH AND CASH EQUIVALENTS

	31.12.20 £'000	31.12.19 £'000
Cash and cash equivalents	165	5,150

14. SHARE CAPITAL

Allotted, called up and fully paid:

Number:	Class:	Nominal value	31.12.20 £'000	31.12.19 £'000
2,000,100	Ordinary shares	£1	2,000	2,000

15. RESERVES AND SURPLUS

	Retained earnings £'000	Capital contribution reserve £'000	Totals £'000
At 1 January 2020	(9,216)	500	(8,716)
Deficit for the year	(8,965)	-	(8,965)
Movement on account of Foreign Exchanges	(42)	-	(42)
At 31 December 2020	(18,223)	500	(17,723)

16. TRADE AND OTHER PAYABLES

	31.12.20 £'000	31.12.19 £'000
Current:		
Bank overdraft	2,937	2,448
Trade creditors	2,190	7,368
Amounts owed to group undertakings	19,119	18,040
Social security and other taxes	93	760
Other creditors	84	128
Accruals	2,729	3,170
VAT payable	265	202
Deferred income	45	72
	27,462	32,188
Non-current:		
Other creditors	172	340
Aggregate amounts	27,634	32,528

17. FINANCIAL LIABILITIES

	31.12.20 £'000	31.12.19 £'000
Current:		
Other interest bearing loans and borrowings	-	161
Leases liabilities (see note 18)	989	988
	989	1,149
Non-current:		
Other interest-bearing loans and liabilities	-	40
Leases (see note 18)	105,574	106,563
	105,574	106,603

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payment 2020 £000	Interest 2020 £000	Principal 2020 £000	Minimum lease payments 2019 £000	Interest 2019 £000	Principal 2019 £000
Less than one year	-	-	-	171	(10)	161
Between one and five years	-	-	-	41	(1)	40
More than five year	-	-	-	-	-	-
	-	-	-	212	(11)	201

18. LEASING

Lease liabilities

Minimum lease payments fall due as follows:

	31.12.20 £'000	31.12.19 £'000
Gross obligations repayable:		
Within one year	989	988
Between one and five years	1,931	2,779
In more than five years	103,643	103,784
	106,563	107,551
Net obligations repayable:		
Within one year	989	988
Between one and five years	1,931	2,779
In more than five years	103,643	103,784
	106,563	107,551

19. 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 principally from the Company's intercompany receivables.
The company is also exposed to credit risk arising from other financial assets, which comprise of cash and short term deposits. 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.

All short term trade and other payables, accruals, bank overdrafts and borrowings mature within one year or less. The carrying value of all financial liabilities due in less than one year is equal to their contractual undiscounted cash flows.
The maturity profile of the contractual undiscounted cash flows of the Company's financial liabilities is as follows:

	2020 £000	2019 £000
In less than one year	-	171
In more than one year but not more than two years	-	41
In more than two years but not more than three years	-	-
Total	-	212

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.
Foreign currency risk
The Company operates internationally and is, therefore, exposed to the foreign exchange risk which can negatively impact revenue, costs, margins and profits.
The Company transacts with its suppliers of finished goods, based in continental Europe and Asia, in euro and US dollar. In addition to this, the Company is exposed to transaction risk on the translation and conversion of surplus US dollar cash balances into pounds sterling.
The following table shows the extent to which the Company has monetary assets at the balance sheet date in currencies other than the local currency of operation. Monetary assets and liabilities refer to cash and other amounts to be received or paid in cash.

	Monetary assets		Monetary liabilities	
	2020 £000	2019 £000	2020 £000	2019 £000
Euro	-	-	8	201
US Dollar	-	-	3,092	4,244
Danish Krone	-	-	1	26
Rupees	-	-	-	85
	-	-	3,101	4,556

Capital risk management

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

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

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

Fair value hierarchy

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:

	2020 £000	2019 £000
Cash and cash equivalents	165	5,150
Trade and other receivables	1795	7,451
Total financial assets	1,960	12,601

Bank overdraft	2,937	2,448
Trade and other payables	24,697	28,520
Borrowings at amortised cost	-	201
Total financial liabilities	27,634	31,168

Foreign exchange rate sensitivity analysis

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

	2020 Increase/ (decrease in equity) £000	2019 Increase/ (decrease in equity) £000
10% appreciation in the US dollar	(309)	(424)
10% depreciation in the US dollar	309	424

A strengthening / weakening of sterling, as indicated, against the US dollar 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 considers to be reasonably possible at the end of the reporting year. The analysis assumes that all other variables remain constant.

20. PROVISIONS

	31.12.20 £'000	31.12.19 £'000
Other provisions	-	1,670
Analysed as follows:		
Current	-	1,670

21. CONTINGENCIES

There is a cross-guarantee in place between certain group companies in respect of the current year bank facilities. The Company exposure at the end of the year is £nil (2019: nil).

22. RELATED PARTIES

Other related party transactions

	2020 £000	2019 £000
Holding Company		
Reliance Brands Limited - Purchases of Goods	312	-
Fellow Subsidiaries		
Hamleys Asia Limited - Management recharge salaries	18	12
Hamleys (Franchising) Limited - Management recharge salaries	595	958
Luvley Limited – Revenue	-	859
Luvley Limited - Cost of Sales	-	366
Scrumpalicious Limited – Revenue	-	1,131
Scrumpalicious Limited –Cost of sales	-	395
	925	3,721

	Receivables outstanding		Payables outstanding	
Fellow Subsidiaries	**2020 £000**	**2019 £000**	**2020 £000**	**2019 £000**
Hamleys Asia Limited	-	-	10	7
Hamleys (Franchising) Limited	-	-	7,243	2,032
The Hamleys Group Limited*	-	-	-	3,739
Hamleys Global Holdings Limited*	-	6,572	-	-
Luvley Limited	-	-	-	6,559
Scrumpalicious Limited	-	-	-	4,090

Holding Companies				
Reliance Brands Holding UK Limited	-	-	11,587	1,613
Reliance Brands Limited	-	-	279	-
	-	6,572	19,119	18,040

* Holding Company in previous year

Note that there is a balance of £9,604 thousand owing to Hamleys of London Limited from Hamleys Toys (Ireland) Limited. This entity ceased trading and therefore it is considered prudent to provide against this balance.

23. 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 will be available on the website of Companies House, Cardiff. The Company's ultimate parent company and controlling party is Reliance Industries Limited, a company incorporated in India and listed on the Indian Stock Exchange. The company office address is 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai, Maharashtra 400021.

24. 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.

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.

Recoverability of receivables

Trade 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.

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.

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 life.

Impairment of property, plant and equipment and intangibles

The group has undertaken a significant strategic review of its store estate resulting in impairment of fixed assets in loss making stores where a decision has been made to exit. The carrying value of assets for the remaining store assets have been assessed against future cash flows and impairments have been recognised for stores where carrying amounts of the assets may not be recoverable.

Classification of exceptional items

Judgement is required in classifying items as exceptional. Management have considered items to be exceptional if they are material and one off in nature. These have been disclosed separately in the 'Statement of Profit and Loss and Other Comprehensive Income'.

25. PREVIOUS YEAR FIGURES

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