Reliance Brands Holding UK Limited

Financial Statements
For the Year Ended 31 December 2022

Report of the Independent Auditors to the Members of
Reliance Brands Holding UK Limited

Opinion

We have audited the financial statements of Reliance Brands Holding UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the company statement of profit or loss, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the company statement of profit and loss, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated 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 UK adopted International Accounting standards.

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 2022 and of the group's profit and company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting standards.
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting standards and as applied in accordance with the provisions of the Companies Act 2006; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

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

In our evaluation of the directors' conclusions, we considered our knowledge of the company and its industry, company's current and projected cash flows, inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operation over the going concern period.

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

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

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

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report, the Report of the Director and the Statement of Director's 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 Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director
As explained more fully in the Statement of Director's Responsibilities set out on page eight, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has 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:

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:
o Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation.
o It is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business.

Audit procedures undertaken in response to the potential risks relating to irregularities, including fraud and non-compliance with laws and regulations, comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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.

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

Date: April 06th ,2023.

Reliance Brands Holding UK Limited

Consolidated Statement of Profit or Loss
for the Year Ended 31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
CONTINUING OPERATIONS			
Revenue	4	56,697	34,092
Cost of sales		(24,950)	(15,929)
GROSS PROFIT		31,747	18,163
Other operating income	5	2,647	4,083
Distribution costs		(18,642)	(11,594)
Administrative expenses		(10,076)	(9,756)
OPERATING PROFIT		5,676	896
Finance costs	7	(5,383)	(5,431)
PROFIT/(LOSS) BEFORE TAX	8	293	(4,535)
Tax	9	(196)	2,047
PROFIT/(LOSS) FOR THE YEAR		97	(2,488)
Profit/(Loss) attributable to:			
Owners of the parent		97	(2,488)

EARNINGS PER SHARE FROM CONTINUING OPERATIONS

	Notes	31.12.22 £'000	31.12.21 £'000
Earnings per share attributable to the Ordinary equity holders of the company-Basic and diluted.	10	0.001	(0.033)

All the activities of company are from continuing operations.

Reliance Brands Holding UK Limited

Consolidated Statement of Other Comprehensive Income/(Loss)
for the Year Ended 31 December 2022

	31.12.22 £'000	31.12.21 £'000
PROFIT/(LOSS) FOR THE YEAR	97	(2,488)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	97	(2,488)
Total comprehensive Income/(Loss) attributable to:		
Owners of the parent	97	(2,488)

The notes form part of these financial statements

Reliance Brands Holding UK Limited

Company Statement of Profit or Loss
for the Year Ended 31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
CONTINUING OPERATIONS			
Revenue		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Other operating income		-	-
Distribution costs		-	-
Administrative expenses		(30)	(10)
OPERATING (LOSS)		(30)	(10)
Finance costs	7	(40)	(68)
LOSS BEFORE TAX		(70)	(78)
Tax	9	44	15
LOSS FOR THE YEAR		(26)	(63)
Loss attributable to:			
Owners of the parent		(26)	(63)

All the activities of company are from continuing operations.

Reliance Brands Holding UK Limited
Consolidated Statement of Financial Position
As on 31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangibles assets	11	73,593	73,989
Property, plant and equipment	12	99,666	100,455
		173,259	174,444
CURRENT ASSETS			
Inventories	14	12,393	11,937
Trade and other receivables	15	4,896	2,714
Cash and cash equivalents	16	3,614	1,390
		20,903	16,041
TOTAL ASSETS		194,162	190,485
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	17	80,959	80,959
Other reserves	18	462	462
Retained earnings	18	(10,061)	(10,158)
TOTAL EQUITY		71,360	71,263
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	20	2,310	2,887
Lease liabilities	23	102,354	104,302
Deferred tax liabilities	22	339	302
Borrowings	21	2,740	-
		107,743	107,491
CURRENT LIABILITIES			
Trade and other payables	19	12,943	10,892
Lease liabilities	23	2,116	839
		15,059	11,731
TOTAL LIABILITIES		122,802	119,222
TOTAL EQUITY AND LIABILITIES		194,162	190,485

The financial statements were approved by the director and authorised for issue on **April 06th,2023** and were signed by:

....
Saji Varghese
Director

The notes form part of these financial statements

Reliance Brands Holding UK Limited

Company Statement of Financial Position
As on 31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
ASSETS			
NON-CURRENT ASSETS			
Investments	13	72,006	72,006
		72,006	72,006
CURRENT ASSETS			
Trade and other receivables	15	20,966	18,200
Cash and cash equivalents	16	2	2
		20,968	18,202
TOTAL ASSETS		92,974	90,208
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	17	80,959	80,959
Retained earnings	18	(3,519)	(3,493)
TOTAL EQUITY		77,440	77,466
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings	21	2,740	-
		2,740	-
CURRENT LIABILITIES			
Trade and other payables	19	12,794	12,742
TOTAL LIABILITIES		15,534	12,742
TOTAL EQUITY AND LIABILITIES		92,974	90,208

The financial statements were approved by the director and authorised for issue on **April 06th ,2023** and were signed by:

....
Saji Varghese
Director

Reliance Brands Holding UK Limited

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2021	72,959	(7,670)	462	65,751
Changes in equity				
Increase in share capital	8,000	-	-	8,000
Total comprehensive income/(loss)	-	(2,488)	-	(2,488)
Balance at 31 December 2021	80,959	(10,158)	462	71,263
Changes in equity				
Total comprehensive income	-	97	-	97
Balance at 31 December 2022	80,959	(10,061)	462	71,360

Reliance Brands Holding UK Limited

Company Statement of Changes in Equity
for the Year Ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	72,959	(3,430)	69,529
Changes in equity			
Increase in share capital	8,000	-	8,000
Total comprehensive income/(loss)	-	(63)	(63)
Balance at 31 December 2021	80,959	(3,493)	77,466
Changes in equity			
Total comprehensive income/(loss)	-	(26)	(26)
Balance at 31 December 2022	80,959	(3,519)	77,440

Reliance Brands Holding UK Limited

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2022

	Notes	31.12.22 £'000	31.12.21 £'000
Cash flows from operating activities			
Cash generated from operations	1	10,245	2,164
Net cash from operating activities		10,245	2,164
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(265)
Purchase of tangible fixed assets		(2,784)	(1,069)
Net cash used in investing activities		(2,784)	(1,334)
Cash flows from financing activities			
Re-payment of lease liabilities		(947)	(907)
Financial expenses on loan & overdraft		(126)	(175)
Proceeds from loans & borrowings		2,700	-
Finance cost on lease liabilities		(5,217)	(5,256)
Proceeds from issue shares		-	8,000
Net cash (used in) / from financing activities		(3,590)	1,662
Increase in cash and cash equivalents		3,871	2,492
Cash and cash equivalents at beginning of year	2	(257)	(2,749)
Cash and cash equivalents at end of year	2	3,614	(257)

Reliance Brands Holding UK Limited

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 2022

1. **RECONCILIATION OF PROFIT/(LOSS) BEFORE TAX TO CASH GENERATED FROM OPERATIONS**

	31.12.22	**31.12.21**
	£'000	£'000
Profit/(loss) before tax	293	(4,535)
Depreciation charges	4,303	4,537
Finance costs	5,383	5,431
Lease liability written back	-	(2,311)
Bad debt provision reversal	-	(8)
Unclaimed liabilities written back	-	(126)
	9,979	**2,988**
(Increase) in inventories	(456)	(4,223)
(Increase)/decrease in trade and other receivables	(2,229)	465
Increase in trade and other payables	2,914	594
Increase in deferred tax liabilities	37	2,340
Cash generated from operations	10,245	2,164

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 2022	**31.12.22**	**31.12.21**
	£'000	**£'000**
Cash and cash equivalents	2,945	1,390
Bank Over draft	669	(1,647)
Net Cash and Cash Equivalents at the end of the year	**3,614**	**(257)**

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2022

1. **STATUTORY INFORMATION**

Reliance Brands Holding UK Limited (the "Company") is a company incorporated and domiciled in the UK. The registered number is 12071632 and the registered address is 105 (8th Floor) Wigmore Street, London, United Kingdom, W1U 1QY. The Reliance Brands holding UK Ltd ("Company") is the holding company of Hamleys Group. The principal activity of the group is the retailing of toys and franchising of the Hamleys brand through a variety of international channels and franchise partners.

2. **ACCOUNTING POLICIES**

Basis of preparation
The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The group financial statements have been prepared and approved by the Director in accordance with UK Adopted International Accounting Standards.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements, companies Act 2006 and other applicable laws.

Judgements made by the Director, 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 below under "accounting estimates and judgements"

Adoption of new and revised standards
The following international financial reporting standards (IFRSs') and interpretations were in issued and effective to the periods commencing on or after 01 Jan 2022:
" IFRS3 (Amendment) Reference to the Conceptual framework
" Amendments to IAS 16 Property, Plant and Equipment-Proceeds before Intended use
" Amendments to IAS 37 Onerous Contracts-Cost of Fulfilling a contract.
" **Annual Improvements to IFRS Accounting standards 2018-2020 Cycle. The Annual Improvements include Amendment to four standards.**

- IFRS 1 First-time Adoption of International Financial Reporting Standards-The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences
- IFRS 9 Financial Instruments- The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf
- IFRS 16 Leases - The amendment removes the illustration of the reimbursement of leasehold improvements.
- IAS 41 Agriculture-The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of

However, all standards or amendments to standards that have been issued by the IASB and were effective by 1 January 2022 were not applicable or material to the Group.

All other new standards or amendments that are not yet effective that have been issued by the IASB are not applicable or material to group.

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

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

Basis of consolidation
Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Going concern

The Directors expect the retail climate to recover and though there remains a challenging trading environment. However, the Directors believe with improvement in business growth and the continuous focus on cost optimization would ensure better returns for the company.

Financial forecasts, including sensitivities, for the year have been prepared using conservative sales levels and cost planning accordingly has been aligned to those sales estimates. The Company has made considerable effort to improve cost base management, reduce cash levels tied up in working capital by managing stock orders on a just in time basis, and ease pressures on cash flow by managing supplier expectations.

The Directors, after considering the financial forecasts, appropriate sensitivities, current trading and available facilities expect the Company to have adequate resources to continue in operational existence for the foreseeable future. The Directors also anticipate that the existing funding facilities to remain in place and would ensure sufficient liquidity in the business for next 12 months.

Based on all of the evidence available the Directors continue to adopt the going concern basis in preparing the financial statements.

Revenue
Revenue comprises the fair value of goods sold to external customers and franchisees, 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, when despatched for online sales and when despatched to franchisees. Territory fees are spread over the term of the initial contract period. Store opening fees paid by franchisees are recognised at the point the store opens. Franchise royalties are based upon a percentage of reported sales and are recognised on a monthly basis when earned.

Cash and cash equivalents
Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under ‘current liabilities’ on the Statement of Financial Position.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

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 operating leases are recognised as an expense in the period 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.

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 period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses
Financing expenses comprise of interest payable on shareholder loans and finance leases and the unwinding of the discount on provisions. 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.

Intangible assets and goodwill
Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

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 Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation
Amortisation is charged to the income statement 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:

- Hamleys brand — Indefinite life
- Other branding — 4 years
- Branding — 2 years
- Trademarks — 5 years
- Concession agreement — 9 years
- Computer software — 3 years

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

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 Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance 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 the notes below.

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold Properties- 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.

Classification of financial instruments issued by the group
Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:
(a) they include no contractual obligations upon the group 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 group; 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.

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.

Where necessary, a 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.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Foreign currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in pounds sterling which are the Company's functional and Group's presentational currency.

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 consolidated 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, 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 impairment losses.

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 Group'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.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

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 Group'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"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods 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.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

3. NON-IFRS FINANCIAL INFORMATION

Gross transaction value

	31.12.22 £000	31.12.21 £000
Gross transaction value	61,690	36,171

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. Statutory turnover includes franchise royalty income and territory fees – these amounts are excluded from gross transactional value.

EBITDA

Earnings before interest, tax, depreciation, amortisation and impairments ("EBITDA") has been presented as in the opinion of the Directors, this measure of the group's performance provides useful additional disclosure. It is not intended to be a substitute for, or superior to, GAAP measurements of profit.

4. REVENUE

	31.12.22 £000	31.12.21 £000
Sale of goods including goods to franchisees	50,718	30,307
Franchise income*	5,979	3,785
Total revenues	56,697	34,092

Revenue split by geography	**31.03.2022** **£000**	**31.03.2021** **£000**
UK	50,703	30,307
Europe	604	550
Rest of World	5,390	3,235
	56,697	**34,092**

*Franchising revenues include royalties, territory and store opening support fees.

5. OTHER OPERATING INCOME

	31.12.22 £'000	31.12.21 £'000
Window marketing income	442	251
Commission Income	1,853	1,204
Lease Liability no longer required written back*	-	2,311
Party Income	224	129
Sundry Receipts	128	62
Unclaimed liabilities written back	-	126
	2,647	4,083

* One-year extension to the practical expedient for COVID-19 related rent concessions under IFRS 16 Leases has been published by the IASB (the Board) till 30 June 22. Company has followed the treatment given in IFRS 16 in respect of rent concession.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

6. EMPLOYEES AND DIRECTORS

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

	Number of employees	**Number of employees**
	31.12.22	31.12.21
Selling and distribution	444	470
Administration	32	27
	476	497

The aggregate payroll costs of these persons were as follows:

	31.12.22	31.12.21
	£000	£000
Wages and salaries	9,979	6,877
Social security costs	579	426
Contributions to defined contribution plans	169	162
	10,727	7,465

Director's remuneration during the year is £ Nil (2021: £ Nil)

7. NET FINANCE COSTS

Recognised in profit or loss	**Consolidated**	**Consolidated**	**Company**	**Company**
	31.12.22	31.12.21	31.12.22	31.12.21
	£000	£000	£000	£000
Finance costs				
Interest expense on overdrafts	126	105	-	-
Interest expense on shareholder loans	40	70	40	68
Interest expense on leases	5,217	5,256	-	-
Total finance costs	5,383	5,431	40	68

8. PROFIT/(LOSS) BEFORE TAX

The profit/(loss) before tax is stated after charging/(crediting):

	31.12.22	31.12.21
	£'000	£'000
Cost of inventories recognised as expense	27,291	15,929
Depreciation - owned assets	797	955
Amortisation	396	508
Foreign exchange differences	(383)	(13)
Depreciation – right of use assets	3,110	3,074
Auditor's remuneration	40	40
Hire of plant and machinery	29	77
Capital contribution and rent inducement	(131)	(161)

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

9. TAXATION

Recognised in the statement of profit or loss

	Consolidated 31.12.22 £000	Consolidated 31.12.21 £000	Company 31.12.22 £000	Company 31.12.21 £000
Current tax expense				
Corporation tax charge for the period	-	-	(44)	(15)
Adjustment for prior periods	158	293	-	-
Current tax expense/(credit)	**158**	**293**	**(44)**	**(15)**
Deferred tax expense				
Origination and reversal of temporary differences	205	(798)	-	-
Adjustment for prior periods	(167)	(176)	-	-
Change in tax rate	-	(1,366)		
Deferred tax credit	**38**	**(2,340)**	-	-
Current tax expense/(credit)	196	(2,047)	(44)	(15)

The tax charge is reconciled with the standard rates of UK corporation tax as follows:

	31.12.22 £000	**31.12.21** £000	**31.12.22** £000	**31.12.21** £000
Profit/(loss) for the period	97	(2,488)	(26)	(63)
Total tax (credit)/expense	196	(2,047)	(44)	(15)
Profit/(Loss) excluding taxation	293	(4,535)	(70)	(78)
Tax using the UK corporation tax rate of 19.00%	56	(862)	(13)	(15)
Deferred tax not recognised	117	143	-	-
Expenses not deductible for tax	-	81	-	-
Reduction in tax rates on deferred tax	49	(192)		
Adjustment respect to prior period	(26)	(1,217)	(31)	-
Total tax expense/(credit)	196	(2,047)	(44)	(15)

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

10. PROFIT/(LOSS) PER SHARE

Both the basic and diluted earnings per share is calculated by dividing profit after tax for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. (i.e., no adjustments to profit were necessary on 2022 or 2021.)

Shares representing:	Shares
Share capital at 31 December 2022 and 31 December 2021	80,959,354

The following table contains computations for basic and diluted earnings per share:

	31.12.2022	**31.12.2021**
Profit/ (Loss after tax from continuing operations attributable to equity holder of the Company (£'000)	97	(2,488)
Weighted average number of ordinary shares for basic earnings per share (In thousands)	80,959	74,959
Basic and diluted Earnings per share continuing operations	0.001	(0.033)

11. INTANGIBLE ASSETS

Group	Branding £'000	Goodwill £'000	Patents and licences £'000	Computer software £'000	Total £'000
COST					
At 1 January 2022	34,813	38,697	3,662	5,375	82,547
Additions	-	-	-	-	-
At 31 December 2022	34,813	38,697	3,662	5,375	82,547
AMORTISATION					
At 1 January 2022	-	-	3,654	4,904	8,558
Amortisation for year	-	-	8	388	396
At 31 December 2022	-	-	3,662	5,292	8,954
NET BOOK VALUE					
At 31 December 2022	34,813	38,697	-	83	73,593
At 31 December 2021	34,813	38,697	8	471	73,989

Included is the Hamleys brand valued at £34.81 million which has an indefinite life. This indefinite life is supported by Hamleys being a well-established and reputable brand and is the world's oldest toy store. There are no known legal or contractual provisions that would limit the life of the brand and it is protected by trademarks that can be renewed indefinitely.

Amortisation charge

All amortisation is recognised in administrative expenses in the statement of profit and loss.

Goodwill and indefinite life intangible assets are not amortised, but tested annually for impairment on the basis of value in use calculations using discounted cash flows. The group considers there to be one CGU, being the UK business.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

The calculated value in use exceeded the carrying value of goodwill and indefinite life intangible assets and no further sensitivity calculations were necessary to conclude there was no impairment. However, a combination of adverse changes in assumptions (such as forecast revenue growth) and other variables (such as discount rates), could result in an impairment in future years.

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Properties Leased For own use £'000	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2022	108,005	23,397	9,117	3,237	143,756
Additions	288	1,842	501	487	3,118
At 31 December 2022	108,293	25,239	9,618	3,724	146,874
DEPRECIATION					
At 1 January 2022	10,408	21,273	8,656	2,964	43,301
Charge for year	3,110	552	170	75	3,907
At 31 December 2022	13,518	21,825	8,826	3,039	47,208
NET BOOK VALUE					
At 31 December 2022	94,775	3,414	792	685	99,666
At 31 December 2021	97,597	2,124	461	273	100,455

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

13. INVESTMENTS

Company

	31.12.22	31.12.21
	£000	£000
Cost and net book value at beginning and end of the year.	72,006	72,006

The Group and Company have the following investments in subsidiaries:

Company	Country of incorporation	Principal activity	Class of shares held	Ownership 2022
Hamleys of London Limited	United Kingdom	Toy Retailing	Ordinary	100%
Hamleys (Franchising) Limited	United Kingdom	Franchise Company	Ordinary	100%
Hamleys Asia Limited	Hong Kong	Import Company	Ordinary	100%
Hamleys Toys (Ireland) Limited*	Ireland	Toy Retailing	Ordinary	100%

*Companies ceased trading

For the financial year ended 31 December 2022, the Group has consolidated the financial position as at 31 December 2022 and results of its above-mentioned subsidiaries.

14. INVENTORIES

	Group	
	31.12.22	31.12.21
	£'000	£'000
Finished goods	12,393	11,937

All inventories are expected to be sold within 12 months.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.22	31.12.21	31.12.22	31.12.21
	£'000	£'000	£'000	£'000
Current:				
Trade receivables	632	65	-	-
Corporate Tax receivables	207	158	-	-
Amounts owed by group undertakings	66	5	20,966	18,200
Other debtors	588	434	-	-
Accrued income	788	744	-	-
Prepayments	2,615	1,308	-	-
	4,896	2,714	20,966	18,200

Ageing 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:

	31.12.22	31.12.21
	£000	£000
Within 30 days	209	65
31-60 days	160	-
61-90 days	246	
91-180 days	17	-
	632	65

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	31.12.22	31.12.21
	£000	£000
Opening balance	18	19
Impairment loss recognised	-	(1)
Closing balance	18	18

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

16. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	31.12.22	31.12.21	31.12.22	31.12.21
	£'000	£'000	£'000	£'000
Cash in hand and bank*	3,614	1,390	2	2

* Comprises: -

	Consolidated	**Consolidated**	**Company**	**Company**
	31.12.22	31.12.21	31.12.22	31.12.21
	£000	£000	£000	£000
Bank Overdraft**	669	(1,647)	-	-
Cash and Bank Balances	2,945	1,390	2	2

** Secured against charge on inventory and receivables
The Company has a sanctioned overdraft facility of GBP 5 million from Bank which carries interest based on prevalent Bank of England base rate plus 1.5 percent, on actual amount utilised and the same is repayable on demand.

17. SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.22 £'000	31.12.21 £'000
80,959,354	Ordinary shares	1£	80,959	80,959
			80,959	80,959

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

18. RESERVES

Group

	Accumulated Losses £'000	Other reserves £'000	Total £'000
At 1 January 2022	(10,158)	462	(9,696)
Profit for the year	97	-	97
At 31 December 2022	(10,061)	462	(9,599)

Company

	Accumulated Losses £'000
At 1 January 2022	(3,493)
Deficit for the year	(26)
At 31 December 2022	(3,519)

19. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.22 £'000	31.12.21 £'000	31.12.22 £'000	31.12.21 £'000
Current:				
Bank overdraft	-	1,647	-	-
Trade payables	7,545	4,462	15	18
Amounts owed to group undertakings	-	-	12,779	12,724
Social security and other taxes	203	161	-	-
Other creditors	343	426	-	-
Accruals	3,398	3,230	-	-
VAT payable	989	448	-	-
Deferred income	465	518	-	-
	12,943	10,892	12,794	12,742

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

20. TRADE AND OTHER PAYABLES - continued

	Group		Company	
	31.12.22	31.12.21	31.12.22	31.12.21
	£'000	£'000	£'000	£'000
Non-current:				
Accruals	29	41	-	-
Deferred income	2,281	2,846	-	-
	2,310	2,887	-	-

Included within accruals and deferred income, both current and non-current are lease incentives and capital contributions that are being spread over the life of the lease and deferred income in respect of territory fees which are being recognised over the life of the initial contract.

21. BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 24.

	Consolidated	**Consolidated**	**Company**	**Company**
	31.12.22	31.12.21	31.12.22	31.12.21
	£000	£000	£000	£000
Non-Current liabilities				
Unsecured shareholder loans (ultimate parent undertaking) *	2,740	-	2,740	-
	2,740	-	2,740	-

*It represents borrowings from Reliance Brands Limited, the immediate parent company including Interest accrued for GBP 40(‘000) as on 31st December, 2022.

22. DEFERRED TAX LIABILITIES

	31.12.22	31.12.21
	£'000	£'000
Non-current:		
Deferred tax liabilities	339	302

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

23. LEASING

Group

The Company leases a number of stores and warehouses under leases of varying lengths, for which incentives/ premiums are received under the relevant lease agreements. One lease relating to the property in Regent Street has 58 years left to run as at 31 December 2022.

As a lessee	**31.12.22**	**31.12.21**
	£'000	£'000
Right of use assets		
Balance as on beginning of the year	97,597	101,190
Additions	288	423
Modification	-	(942)
Depreciation	(3,110)	(3,074)
Balance at the end of the year.	94,775	97,597

Amounts recognised in profit and loss

	31.12.22	**31.12.21**
	£000	£000
Depreciation expense on right-of-use assets	3,110	3,074
Interest expense on lease liabilities	5,217	5,256
Expense relating to short-term leases	380	173
Expense relating to variable lease payments not included in the measurement of the lease liability	977	550

Lease liabilities include

	31.12.22	**31.12.21**
	£'000	£'000
Within one year	2,116	839
Between one and five years	6,504	1,038
In more than five years	95,850	103,264
	104,470	105,141

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

24. FINANCIAL INSTRUMENTS

Financial risk management
Senior management and the Directors have overall responsibility for the oversight of the Group's risk management framework. Senior management and Director's 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 Group if a counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Group's receivables from franchisees.

The Group has no significant concentrations of credit risk. The trade receivables balance is spread across a large number of different franchisees. The Group has policies in place to ensure that agreements are made with franchisees with an appropriate credit history. The Group only sells to franchisees that are credit-worthy and mitigates risk in certain markets by bank guarantees. The Group monitors the credit-worthiness of counterparties using publicly available information. As a result, the Group's exposure to bad debts is not significant and default rates have historically been very low. Sales to retail customers are made in cash or via major credit cards.

Liquidity risk
Liquidity risk is the risk that the Group 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 Group'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. For further details of the Group's borrowings, see Note 21.

All short-term trade and other payables, accruals 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 and Group's financial liabilities is as follows:

	Consolidated	**Consolidated**	**Company**	**Company**
	31.12.22	31.12.21	31.12.22	31.12.21
	£000	£000	£000	£000
In less than one year	11,337	9,765	12,742	18
In more than one year but not more than two years	2,740	-	2,740	-
More than two years but not more than five years	29	41	-	-
	14,106	9,806	15,482	18

Market risk
Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates will affect the Group's income. The Group's exposure to market risk predominantly relates to interest and currency risk.

Interest rate risk
The Group is exposed to the risk of interest rate fluctuations with regard to the debt provided by Reliance Brands Limited. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial covenants and business plan.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

Foreign currency risk

The Group operates internationally and is, therefore, exposed to the foreign exchange risk which can negatively impact revenue, costs, margins and profits.

The Groups transacts with customers in Ireland in Euro, with customers in Denmark, Sweden and Norway in Danish krone, Swedish krona and Norwegian krone respectively, and with franchisees in US Dollar. The Group transacts with its suppliers of finished goods, based in continental Europe and Asia, in Euro and US Dollar. In addition to this, the Group is exposed to transaction risk on the translation and conversion of surplus Euro, US dollar, Danish krone, Swedish krona and Norwegian krone and Hong Kong dollar cash balances into pounds sterling.
The following table shows the extent to which the Group has monetary assets at the balance sheet date in currencies other than the local currency of operation. Financial assets and liabilities refer to cash, borrowings and other amounts to be received or paid in cash. Amounts exclude intercompany balances which eliminate on consolidation.

	31.12.22		**31.12.21**	
	Monetary Assets £000	**Monetary liabilities £000**	**Monetary Assets £000**	**Monetary liabilities £000**
Euro	67	-	4	-
US dollar	609	350	136	487
HK dollar	-	-	8	-
	676	350	148	487

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

	31.12.22 Increase/ (decrease) in equity £000
10% appreciation in the US dollar	(26)
10% depreciation in the US dollar	26

A strengthening / weakening of sterling, as indicated, against the US dollar at each period 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 period. The analysis assumes that all other variables remain constant.

There are no material movements in profit and loss for the period.

Own operated store sales are denominated in GBP whilst franchise revenue is denominated in USD. The USD foreign exchange risk is mitigated by stock purchases being made in USD. The Board will keep monitoring the impact of the exchange rate on the business closely and take appropriate measures to mitigate the impact where necessary.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

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 the carrying value because of the short maturity of these instruments.

Long-term borrowings
Following a substantial modification to the shareholder loan, management has recognised a fair value adjustment to the carrying value of the loan in the balance sheet.

Fair value hierarchy
Financial instruments carried at fair value should be measured with reference to the following levels:
· Level 1: quoted prices (unadjusted) 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)
· 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 of financial assets and liabilities are as follows:

	31.12.22	31.12.21
	£000	£000
Cash and cash equivalents	3,614	1,390
Trade and other receivables	2,125	1,248
Total financial assets	**5,739**	**2,638**

	31.12.22	31.12.21
	£000	£000
Trade and other payables	(14,077)	(9,806)
Borrowings at amortised cost	(2,740)	-
Total financial liabilities	**(16,817)**	**(9,806)**

25. **ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP**

The Company's immediate, ultimate parent company and controlling party is Reliance Industries Limited, a company incorporated in India. The company office address is 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai, Maharashtra 400021.

Reliance Brands Holding UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

26. RELATED PARTY DISCLOSURES

Balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transaction and balances between group and its holding company or other related parties, except the immediate parent undertaking of the company are disclosed below:

During the year, group companies entered into following transaction with related parties who are not members of group:

	Income 31.12.22 £000	**Expenses 31.12.22 £000**	**Income 31.12.21 £000**	**Expenses 31.12.21 £000**
Holding Company				
Reliance Brands Limited				
Shareholder loan interest income/expense	-	40	-	-
Other (sale of stock, royalty)	1,490		1,037	-
Purchase of Stock	-	388	-	517
	1,490	428	1,037	517

	Receivables outstanding 31.12.22 £000	**Payables outstanding 31.12.22 £000**	**Receivables outstanding 31.12.21 £000**	**Payables outstanding 31.12.21 £000**
Holding Company				
Reliance Brands Limited -Unsecured shareholder loans	2,740	-	-	-
Reliance Brands Limited	66	-	5	-

27. PREVIOUS YEAR FIGURES

The previous year figures have been rearranged/regrouped/reclassified, wherever considered necessary to facilitate Comparison with current year figures.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on April 6th,2023.