# Hamleys of London Limited

Financial Statements
For the Year Ended 31 December 2023

Report of the Independent Auditors to the Members of
Hamleys of London Limited

## Opinion

We have audited the financial statements of Hamleys of London Limited (the 'company') for the year ended 31 December 2023 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 UK adopted International Accounting Standards.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards 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

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 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.

Report of the Independent Auditors to the Members of
Hamleys of London Limited

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.

**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**
As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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:

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:
- 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.
- It is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business.

Report of the Independent Auditors to the Members of
Hamleys of London Limited

**Auditors' responsibilities for the audit of the financial statements (continued…)**
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 10, 2024

Hamleys of London Limited

Statement of Profit or Loss
for the Year Ended 31 December 2023

| | Notes | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue | 3 | 46,371 | 50,825 |
| Cost of sales | | (19,901) | (24,927) |
| **GROSS PROFIT** | | 26,470 | 25,898 |
| Other operating income | 4 | 1,649 | 2,173 |
| Distribution costs | | (15,143) | (16,600) |
| Administrative expenses | | (11,293) | (11,460) |
| **OPERATING PROFIT** | | 1,683 | 11 |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | 6,253 | 4,246 |
| Depreciation and amortisation | | (4,570) | (4,235) |
| | | 1,683 | 11 |
| Finance Income | 6 | 96 | - |
| Finance costs | 6 | (5,230) | (5,341) |
| **LOSS BEFORE INCOME TAX** | 7 | (3,451) | (5,330) |
| Income tax | 8 | 1,113 | 1,014 |
| **LOSS FOR THE YEAR** | | (2,338) | (4,316) |

All the activities of the company are from continuing operations.

Hamleys of London Limited

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2023

| | 31.12.23<br>£'000 | 31.12.22<br>£'000 |
|---|---|---|
| **LOSS FOR THE YEAR** | (2,338) | (4,316) |
| **OTHER COMPREHENSIVE INCOME** | - | - |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | (2,338) | (4,316) |

Hamleys of London Limited

Statement of Financial Position
31 December 2023

| | Notes | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 10 | 100,252 | 99,481 |
| Intangible assets | 9 | 51 | 170 |
| Deferred tax assets | 20 | 7,105 | 6,613 |
| | | 107,408 | 106,264 |
| **CURRENT ASSETS** | | | |
| Inventories | 11 | 5,730 | 12,390 |
| Trade and other receivables | 12 | 3,099 | 4,273 |
| Cash and cash equivalents | 13 | 10,083 | 3,595 |
| | | 18,912 | 20,258 |
| **TOTAL ASSETS** | | 126,320 | 126,522 |
| **EQUITY** | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 14 | 2,000 | 2,000 |
| Capital contribution reserve | 15 | 500 | 500 |
| Accumulated losses | 15 | (29,587) | (27,249) |
| **TOTAL EQUITY** | | (27,087) | (24,749) |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | 21 | 29 |
| Lease liabilities | 17 | 100,412 | 99,315 |
| | | 100,433 | 99,344 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | 48,163 | 46,875 |
| Borrowings | 18 | - | - |
| Lease liabilities | 17 | 4,811 | 5,052 |
| | | 52,974 | 51,927 |
| **TOTAL LIABILITIES** | | 153,407 | 151,271 |
| **TOTAL EQUITY AND LIABILITIES** | | 126,320 | 126,522 |

The financial statements were approved by the Board of Directors and authorised for issue on April 10, 2024 and were signed on its behalf by:

..........................................................................
Saji Varghese
Director
Date: April 10, 2024.

Hamleys of London Limited

Statement of Changes in Equity
for the Year Ended 31 December 2023

| | Share capital £'000 | Retained earnings £'000 | Capital contribution reserve £'000 | Total equity £'000 |
|---|---|---|---|---|
| **Balance at 1 January 2022** | 2,000 | (22,933) | 500 | (20,433) |
| **Changes in equity** | | | | |
| Total comprehensive loss | - | (4,316) | - | (4,316) |
| **Balance at 31 December 2022** | 2,000 | (27,249) | 500 | (24,749) |
| **Changes in equity** | | | | |
| Total comprehensive loss | - | (2,338) | - | (2,338) |
| **Balance at 31 December 2023** | 2,000 | (29,587) | 500 | (27,087) |

Hamleys of London Limited

Statement of Cash Flows
for the Year Ended 31 December 2023

| | Notes | 31.12.2023 £'000 | 31.12.2022 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 1 | 16,085 | 12,903 |
| **Net cash inflow from operating activities** | | **16,085** | **12,903** |
| **Cash flows from investing activities** | | | |
| Payments to acquire other Intangible assets | | (50) | - |
| Payments to acquire Property, Plant and Equipment | | (3,620) | (2,809) |
| **Net cash(outflow) from investing activities** | | **(3,670)** | **(2,809)** |
| **Cash flows from financing activities** | | | |
| Repayment of lease liabilities | | (697) | (886) |
| Payment of finance cost | | (5,230) | (5,341) |
| **Net cash(outflow) from financing activities** | | **(5,927)** | **(6,227)** |
| **Net increase in cash and cash equivalents** | | 6,488 | 3,867 |
| **Cash and cash equivalents at beginning of year** | 2 | 3,595 | (272) |
| **Cash and cash equivalents at end of year** | 2 | **10,083** | **3,595** |

Hamleys of London Limited

Notes to the Statement of Cash Flows
for the Year Ended 31 December 2023

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

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £'000 | £'000 |
| Loss before income tax | (3,451) | (5,330) |
| **Adjustments:** | | |
| Depreciation charges for tangible asset | 4,401 | 4,237 |
| Depreciation charges for intangible asset | 169 | - |
| Finance costs | 5,230 | 5,341 |
| | 6,349 | 4,248 |
| Movement in working capital: | | |
| Decrease/(increase) in inventories | 6,670 | (457) |
| Decrease in trade and other receivables | 674 | (1,402) |
| (Decrease)/increase in trade and other payables | 2,392 | 10,514 |
| **Cash generated from operations** | 16,085 | 12,903 |

## 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 2023**

| | 31.12.23 | 1.1.23 |
|---|---|---|
| | £'000 | £'000 |
| Cash and cash equivalents | 10,083 | 3,595 |

**Year ended 31 December 2022**

| | 31.12.22 | 1.1.22 |
|---|---|---|
| | £'000 | £'000 |
| Cash and cash equivalents | 3,595 | (272) |

Hamleys of London Limited

Notes to the Financial Statements
for the Year Ended 31 December 2023

1. **STATUTORY INFORMATION**
Hamleys of London Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The principal activity of the Company is retailing of toys.

2. **ACCOUNTING POLICIES**
**Basis of preparation**
The Company financial statements have been prepared and approved by the directors in accordance with UK Adopted International Accounting Standards.

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

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £000.

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 below under "accounting estimates and judgements"

**Adoption of new and revised standards**
The following international financial reporting standards (IFRSs) and interpretations were in issue and applicable to periods commencing on or after 1 January 2023:

| | |
|---|---|
| IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17). | Insurance Contracts |
| Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. | Disclosure of Accounting Policies |
| Amendments to IAS 12 Income Taxes. | Deferred Tax related to Assets and Liabilities arising from a single transaction |
| Amendments to IAS 12 Income Taxes. | International Tax Reform-Pillar Two model Rules |
| Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. | Definition of Accounting Estimates |

However, all standards or amendments to standards that have been issued by the IASB and were effective by 1 January 2023 were not applicable or material to the Company.

**New Standards and amendments issued but not yet applied**
The company does not consider that any standards or interpretations issued by the international accounting standards board, but not yet applicable, will have a significant impact on the company's financial statements.

| | |
|---|---|
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current. |
| Amendments to IAS 1 | Non-current Liabilities with Covenants. |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements. |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback. |

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the Company financial statements in the foreseeable future.

Hamleys of London Limited

Notes to the Financial Statements
for the Year Ended 31 December 2023

2. **ACCOUNTING POLICIES – continued**

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

**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 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.

**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.

**Intangible assets**
**Other intangible assets & Amortisation**
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. The estimated useful lives are as follows:

| | |
|---|---|
| Trademarks | 5 years |
| Computer software | 3 years |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

## 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.
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 |
| Equipment (HVAC)* | 15 Years |

*Heating, Ventilation and Air Conditioning.
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.

**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.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

2. **ACCOUNTING POLICIES - continued**

**Taxation (continued…)**
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.

**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.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

2. **ACCOUNTING POLICIES - continued**

**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 and deposits at bank.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

2. **ACCOUNTING POLICIES - continued**

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

**Leases**

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has the right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter lease term or useful life of the right-of-use asset. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses an incremental borrowing rate.

For short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term.
Variable lease payments are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

**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

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

## 2. ACCOUNTING POLICIES – continued

**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 company 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.

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

**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 are disclosed separately in the 'Statement of Profit or Loss and Other Comprehensive Income'.

## 3. REVENUE

**Segmental reporting**

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Sale of goods | 46,371 | 50,825 |

| | 31.12.23 | 31.12.22 |
|---|---|---|
| **Timing of revenue recognition:** | £000 | £000 |
| At a point in time | 46,371 | 50,825 |
| Over time | - | - |
| | 46,371 | 50,825 |

| **Revenue split by geography** | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| United Kingdom | 46,371 | 50,810 |
| Rest of World | - | 15 |
| | 46,371 | 50,825 |

**Non-IFRS financial information: Gross transaction value**

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Sale of goods | 52,407 | 55,818 |

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

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

## 4. OTHER OPERATING INCOME

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £'000 | £'000 |
| Commission Income | 803 | 1,380 |
| Other miscellaneous income | 36 | 80 |
| Commission from dynamic currency conversion | 52 | 48 |
| Window income | 365 | 441 |
| Unclaimed Liability Written Back | 20 | - |
| Party Income | 373 | 224 |
| | 1,649 | 2,173 |

## 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 | |
|---|---|---|
| | 31.12.23 | 31.12.22 |
| Selling and distribution | 402 | 444 |
| Administration | 27 | 26 |
| | 429 | 470 |

The aggregate payroll costs of these persons were as follows:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Wages and salaries | 9,121 | 9,674 |
| Social security costs | 595 | 579 |
| Contributions to defined pension plans | 170 | 160 |
| | 9,886 | 10,413 |

No remuneration paid to directors in current year (2022 -NIL)

## 6. FINANCE COSTS & INCOME

| | 31.12.23 | 31.12.22 |
|---|---|---|
| **FINANCE COSTS** | £000 | £000 |
| Interest expense on bank overdrafts | 11 | 126 |
| Interest expenses on lease liabilities | 5,219 | 5,215 |
| Total finance cost | 5,230 | 5,341 |

| | 31.12.23 | 31.12.22 |
|---|---|---|
| **FINANCE INCOME** | £000 | £000 |
| Interest on deposits at bank | 96 | - |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

## 7. LOSS BEFORE TAX

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

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Rentals under operating leases: | | |
| Hire of plant and machinery | 47 | 29 |
| Variable lease payments * | 991 | 976 |
| Capital contribution and rent-free year unwind | (9) | (131) |
| **Depreciation and amortisation charge for the year** | | |
| Depreciation charge - owned property, plant and equipment | 1,441 | 841 |
| Depreciation charge - right of use assets | 2,960 | 3,057 |
| Amortisation charge | 169 | 339 |
| Forex exchange losses/(gains) | (259) | 380 |

* Variable lease payments not recognised in the related lease liability are expensed as incurred and include rentals based on revenue from stores.

| | 31.12.23 | 31.12.22 |
|---|---|---|
| **Auditor's remuneration:** | | |
| | £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: | 1.5 | 1.5 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

## 8. TAXATION

Recognised in the statement of profit and loss

| | 31.12.23 | 31.12.22 |
|---|---|---|
| **Current tax expense** | £000 | £000 |
| Current tax on loss for the period | (793) | (1,053) |
| Current tax expense in respect of previous year | 308 | - |
| Current tax credit | (485) | (1,053) |
| | | |
| **Deferred tax expense** | | |
| Deferred tax expense in respect of the current year | (283) | - |
| Deferred tax expense in respect of the prior year | (345) | - |
| Adjustments for prior years | - | 39 |
| Deferred tax credit | (628) | 39 |
| | | |
| Total tax credit | (1,113) | (1,014) |

**Reconciliation of effective tax rate**

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Loss for the year | (2,328) | (4,316) |
| Total tax credit | (1,113) | (1,014) |
| Loss excluding taxation | (3,441) | (5,330) |
| Tax using the UK corporation tax rate of 23.5% (2022: 19.00%) | (809) | (1,014) |
| Other expenses not deductible for tax purposes | 35 | - |
| Reduction in tax rates on deferred tax balances | (17) | 49 |
| Deferred tax not recognised | (286) | 117 |
| Adjustments in respect of prior years | (36) | (166) |
| Total tax expense | (1,113) | (1,014) |

## 9. INTANGIBLE ASSETS

| | Trademark £'000 | Computer software £'000 | Totals £'000 |
|---|---|---|---|
| **COST** | | | |
| At 1 January 2023 | 3,183 | 5,362 | 8,545 |
| Additions | - | 50 | 50 |
| At 31 December 2023 | 3,183 | 5,412 | 8,595 |
| | | | |
| **AMORTISATION** | | | |
| At 1 January 2023 | 3,178 | 5,197 | 8,375 |
| Amortisation for year | 5 | 164 | 169 |
| At 31 December 2023 | 3,183 | 5,361 | 8,544 |
| | | | |
| **NET BOOK VALUE** | | | |
| At 31 December 2023 | - | 51 | 51 |
| | | | |
| At 31 December 2022 | 5 | 165 | 170 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

9. **INTANGIBLE ASSETS - continued**

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 | Computers and equipment £'000 | Totals £'000 |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 1 January 2023 | 107,027 | 21,660 | 9,254 | 3,573 | 141,514 |
| Additions | 1,552 | 762 | 302 | 2,556 | 5,172 |
| At 31 December 2023 | 108,579 | 22,422 | 9,556 | 6,129 | 146,686 |
| **DEPRECIATION** | | | | | |
| At 1 January 2023 | 12,372 | 18,225 | 8,460 | 2,976 | 42,033 |
| Charge for year | 2,960 | 751 | 368 | 322 | 4,401 |
| At 31 December 2023 | 15,332 | 18,976 | 8,828 | 3,298 | 46,434 |
| **NET BOOK VALUE** | | | | | |
| At 31 December 2023 | 93,247 | 3,446 | 728 | 2,831 | 100,252 |
| At 31 December 2022 | 94,655 | 3,435 | 794 | 597 | 99,481 |

11. **INVENTORIES**

| | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|
| Stocks | 5,730 | 12,390 |

During the year £ 162 thousands (2022: £ 95 thousands) was recognised as an expense in cost of sales in respect of the write down of inventory to net realisable value.

12. **TRADE AND OTHER RECEIVABLES**

| | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|
| Current: | | |
| Trade debtors | 265 | 588 |
| Amounts owed by group undertakings | 110 | 141 |
| Other debtors | 1,463 | 544 |
| Corporate tax recoverable | - | 171 |
| Accrued income | 147 | 245 |
| Prepayments | 1,114 | 2,584 |
| | 3,099 | 4,273 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

12. **TRADE AND OTHER RECEIVABLES - continued**

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:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Within 30 days | 24 | 189 |
| 31-60 days | 100 | 144 |
| 61-90 days | 132 | 246 |
| 90 days and above | 9 | 9 |
| Total | 265 | 588 |

13. **CASH AND CASH EQUIVALENTS**

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Cash in hand | 582 | 774 |
| Cash at bank | 966 | 2,821 |
| | 1,548 | 3,595 |
| Deposits at bank | 8,535 | - |
| Net Cash and Cash Equivalents at the end of the year | **10,083** | **3,595** |

* 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.

Deposits at bank included in cash and cash equivalents have an original maturity period of less than 90 days.

14. **SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|---|---|
| 2,000,100 | Ordinary shares | 1 | 2,000 | 2,000 |

15. **RESERVES**

| | Accumulated losses £'000 | Capital contribution reserve £'000 | Totals £'000 |
|---|---|---|---|
| At 1 January 2023 | (27,249) | 500 | (26,749) |
| Deficit for the year | (2,338) | - | (2,338) |
| At 31 December 2023 | (29,587) | 500 | (29,087) |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

## 16. TRADE AND OTHER PAYABLES

| | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|
| Current: | | |
| Trade creditors | 5,642 | 7,475 |
| Amounts owed to group undertakings | 36,643 | 34,607 |
| Social security and other taxes | 205 | 201 |
| Other creditors | 198 | 160 |
| Accrued expenses | 4,381 | 3,384 |
| VAT payable | 1,054 | 999 |
| Deferred income | 40 | 49 |
| | 48,163 | 46,875 |
| Non-current: | | |
| Other creditors | 21 | 29 |
| Aggregate amounts | 48,184 | 46,904 |

## 17. LEASING

| | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|
| Current: | | |
| Leases | 4,811 | 5,052 |
| Non-current: | | |
| Leases | 100,412 | 99,315 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

## 17. LEASING - continued

### Lease liabilities

Minimum lease payments fall due as follows:

| | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|
| Within one year | 4,811 | 5,052 |
| Between one and five years | 17,612 | 17,706 |
| In more than five years | 82,800 | 81,609 |
| | 105,223 | 104,367 |

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 57 years left to run as at 31 December 2023.

| **As a lessee** | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|
| **Right of use assets** | | |
| Balance as on beginning of the year | 94,655 | 97,542 |
| Additions | 1,552 | 170 |
| Depreciation | (2,960) | (3,057) |
| Balance at the end of the year | 93,247 | 94,655 |

### Amounts recognised in profit and loss

| | 31.12.23 £'000 | 31.12.22 £'000 |
|---|---|---|
| Depreciation expense on right-of-use assets | 2,960 | 3,057 |
| Interest expense on lease liabilities | 5,219 | 5,215 |
| Expense relating to short-term leases | (9) | (131) |
| Expense relating to variable lease payments not included in the measurement of the lease liability | 991 | 976 |

## 18. BORROWINGS

Secured -At Amortised cost

| | 31.12.2023 **£'000** | 31.12.2022 **£'000** |
|---|---|---|
| Bank overdrafts* | - | - |

* Secured against charge on inventory and receivables The Group 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

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

## 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:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| In less than one year | 5,789 | 5,733 |
| In more than one year but not more than two years | 27,417 | 26,752 |
| In more than two years but not more than three years | 308,599 | 313,285 |
| Total | 341,805 | 345,770 |

**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.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

19. **FINANCIAL INSTRUMENTS (Continued…)**

| | Financial assets | | Financial liabilities | |
|---|---|---|---|---|
| | 31.12.23 | 31.12.22 | 31.12.23 | 31.12.22 |
| | £000 | £000 | £000 | £000 |
| Euro | - | 67 | - | - |
| US dollar | - | 20 | 70 | 175 |
| Total | - | 87 | 70 | 175 |

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:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Cash and cash equivalents | 10,083 | 3,595 |
| Trade and other receivables | 1,995 | 1,518 |
| Total financial assets | 12,078 | 5,113 |
| | | |
| Trade and other payables | (46,863) | (45,655) |
| Total financial liabilities | (46,863) | (45,655) |

**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.

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | **Increase/ (decrease in equity) £000** | **Increase/ (decrease in equity) £000** |
| 10% appreciation in the US dollar | (7) | (9) |
| 10% depreciation in the US dollar | 7 | 9 |

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

19. **FINANCIAL INSTRUMENTS (Continued…)**

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. **DEFERRED TAX ASSETS**

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| Non-current: | | |
| Deferred tax assets | 7,105 | 6,613 |

21. **CONTINGENCIES AND COMMITMENTS**

There is a cross-guarantee in place between certain group companies in respect of the current year bank facilities.
The Company exposure/Contingent liability at the end of the year is £ nil (2022: £ nil).
The capital commitments at the end of year are £ nil (2022: £ nil)

22. **RELATED PARTIES**

| | 31.12.23 | 31.12.22 |
|---|---|---|
| | £000 | £000 |
| **Holding Company** | | |
| Reliance Brands Limited | | |
| - Purchases of Goods | 339 | 388 |
| **Fellow Subsidiaries** | | |
| Hamleys Asia Limited | | |
| - Management recharge salaries expenses | - | 17 |
| - Commission expenses | 110 | 141 |
| Hamleys (Franchising) Limited | | |
| - Management recharge salaries expenses | - | 374 |
| | 449 | 920 |

| | Receivables outstanding | | Payables outstanding | |
|---|---|---|---|---|
| | 31.12.23 | 31.12.22 | 31.12.23 | 31.12.22 |
| **Subsidiaries** | £000 | £000 | £000 | £000 |
| Hamleys Asia Limited | 110 | 141 | - | - |
| Hamleys (Franchising) Limited | - | - | 17,046 | 13,592 |
| Hamleys Toys (Ireland) Limited | *- | 9,604 | - | |
| Impairment provision | *- | (9,604) | - | - |
| **Holding Companies** | - | - | - | |
| Reliance Brands Holding UK Limited | - | - | 19,597 | 20,963 |
| Reliance Brands Limited (India) | - | - | - | 52 |
| | **110** | **141** | **36,643** | **34,607** |

*During the year the balance of £ 9,604 thousand owing from Hamleys Toys (Ireland) Limited along with the provision Has been novated to the holding company, Reliance Brands Holding UK Limited.

Hamleys of London Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2023

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

24. **PREVIOUS YEAR FIGURES**

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

- The reclassification involves shifting a sum of GBP 1,704 (in ‘000s) previously designated under "Distribution cost," to now fall under the category of "Administrative expenses” representing Salaries and wages cost.
- The reclassification involves shifting a sum of GBP 3,040 (in ‘000s) previously designated under "non-current - lease liabilities," to now fall under the category of " Current -lease liabilities”.

25. **APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors and authorised for issue on April 10, 2024.