

Reliance Brands Holding UK Limited

Financial Statements

For the year ended 31st December 2023

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 2023 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the parent company statement of profit or loss and other Comprehensive Income, the Consolidated Statement of Financial Position, the parent Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the parent company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, the parent company 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 2023 and of the group's loss and company's profit 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.

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

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 six to nine, 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.

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

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.

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).

The company has operations in the retailing sector. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

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 18, 2024.

Reliance Brands Holding UK LimitedConsolidated Statement of Profit or Loss
for the Year Ended 31 December 2023

	Notes	31.12.2023 £'000	31.12.2022 £'000
CONTINUING OPERATIONS			
Revenue	4	51,447	56,697
Cost of sales		<u>(19,468)</u>	<u>(24,950)</u>
GROSS PROFIT		31,979	31,747
Other income	5	1,590	2,647
Distribution costs		(15,488)	(16,938)
Administrative expenses		<u>(11,893)</u>	<u>(11,780)</u>
OPERATING PROFIT		6,188	5,676
Earnings/(loss) before interest, tax, depreciation and amortization (EBITDA)		10,867	9,979
Depreciation and amortization		<u>(4,679)</u>	<u>(4,303)</u>
		6,188	5,676
Finance costs	7	(5,611)	(5,383)
Finance income	7	<u>96</u>	<u>-</u>
PROFIT BEFORE INCOME TAX		673	293
Income Tax	9	<u>(1,573)</u>	<u>(196)</u>
(LOSS)/PROFIT FOR THE YEAR		<u><u>(900)</u></u>	<u><u>97</u></u>
Profit/(loss) attributable to:			
Owners of the Reliance Brand Holding UK Limited		(907)	97
Non-controlling interests		<u>7</u>	<u>-</u>
		<u><u>(900)</u></u>	<u><u>97</u></u>

Reliance Brands Holding UK LimitedConsolidated Statement of Other Comprehensive Income
for the Year Ended 31 December 2023

	31.12.2023 £'000	31.12.2022 £'000
(LOSS)/PROFIT FOR THE YEAR	(900)	97
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>(900)</u>	<u>97</u>
Total comprehensive income/(loss) attributable to:		
Owners of the Reliance Brand Holding UK Limited	(907)	97
Non-controlling interests	<u>7</u>	—
	<u>(900)</u>	<u>97</u>

Reliance Brands Holding UK LimitedCompany Statement of Profit or Loss and other comprehensive income
for the Year Ended 31 December 2023

	Notes	31.12.2023 £'000	31.12.2022 £'000
CONTINUING OPERATIONS			
REVENUE			
		-	-
EXPENSES			
Administrative expenses		<u>(8)</u>	<u>(30)</u>
		<u>(8)</u>	<u>(30)</u>
Provisions written back		9,877	-
Impairment of investments	14	(6,972)	-
Finance costs	7	(377)	(40)
Profit/(loss) for the year before Income tax		<u>2,520</u>	<u>(70)</u>
Income Tax	9	<u>(1,849)</u>	<u>44</u>
Profit/(loss) for the year		<u><u>671</u></u>	<u><u>(26)</u></u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:		-	-
Items that will or may be reclassified to profit or loss:		<u>-</u>	<u>-</u>
Total Comprehensive income / (loss) for the year		<u><u>671</u></u>	<u><u>(26)</u></u>

Reliance Brands Holding UK LimitedConsolidated Statement of Financial position
31 December 2023

ASSETS	Notes	31.12.2023	31.12.2022
NON-CURRENT ASSETS		£'000	£'000
Goodwill	11	38,697	38,697
Other intangible assets	12	74,930	34,896
Property, plant and equipment	13	100,327	99,666
		<u>213,954</u>	<u>173,259</u>
CURRENT ASSETS			
Inventories	16	5,735	12,393
Trade and other receivables	17	11,332	4,896
Cash and cash equivalents	18	10,153	3,614
		<u>27,220</u>	<u>20,903</u>
TOTAL ASSETS		<u>241,174</u>	<u>194,162</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	19	80,959	80,959
Capital contribution reserve	20	462	462
Accumulated losses	20	(10,968)	(10,061)
		<u>70,453</u>	<u>71,360</u>
Non-controlling interests	10	9,607	-
TOTAL EQUITY		<u>80,060</u>	<u>71,360</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	21	1,885	2,310
Lease liabilities	23	100,427	99,369
Borrowings	22	33,117	2,740
Deferred tax liabilities	25	1,695	339
		<u>137,124</u>	<u>104,758</u>
CURRENT LIABILITIES			
Trade and other payables	21	19,140	12,943
Borrowings	22	-	-
Lease liabilities	23	4,850	5,101
		<u>23,990</u>	<u>18,044</u>
TOTAL LIABILITIES		<u>161,114</u>	<u>122,802</u>
TOTAL EQUITY AND LIABILITIES		<u>241,174</u>	<u>194,162</u>

The Consolidated financial statements were approved by the director and authorized for issue on April 18, 2024 and were signed by:

.....
Saji Varghese
Director
Date: April 18, 2024

Reliance Brands Holding UK LimitedCompany Statement of Financial Position
31 December 2023

	Notes	31.12.2023 £'000	31.12.2022 £'000
ASSETS			
NON-CURRENT ASSETS			
Investments	14	<u>102,487</u>	<u>72,006</u>
		<u>102,487</u>	<u>72,006</u>
CURRENT ASSETS			
Trade and other receivables	17	19,618	20,966
Cash and cash equivalents	18	<u>50</u>	<u>2</u>
		<u>19,668</u>	<u>20,968</u>
TOTAL ASSETS		<u>122,155</u>	<u>92,974</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	19	80,959	80,959
Accumulated losses	20	<u>(2,848)</u>	<u>(3,519)</u>
TOTAL EQUITY		<u>78,111</u>	<u>77,440</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,849	-
Borrowings	22	<u>33,117</u>	<u>2,740</u>
		<u>34,966</u>	<u>2,740</u>
CURRENT LIABILITIES			
Trade and other payables	21	<u>9,078</u>	<u>12,794</u>
TOTAL LIABILITIES		<u>44,044</u>	<u>15,534</u>
TOTAL EQUITY AND LIABILITIES		<u>122,155</u>	<u>92,974</u>

The financial statements were approved by the director and authorized for issue on April 18, 2024 and were signed by:

.....
Saji Varghese
Director

Reliance Brands Holding UK LimitedConsolidated Statement of Changes in Equity
for the Year Ended 31 December 2023

	Share capital £'000	Accumulated Losses £'000	Capital Contribution reserves £'000	Total £'000	Non- controlling interests £'000	Total equity £'000
Balance at 1 January 2022	80,959	(10,158)	462	71,263	-	71,263
Changes in equity						
Total comprehensive income	-	97	-	97	-	97
Balance at 31 December 2022	<u>80,959</u>	<u>(10,061)</u>	<u>462</u>	<u>71,360</u>	<u>-</u>	<u>71,360</u>
Changes in equity						
Non-Controlling interests on acquisition of subsidiary	-	-	-	-	9,600	9,600
Total comprehensive Loss	-	(907)	-	(907)	7	(900)
Balance at 31 December 2023	<u>80,959</u>	<u>(10,968)</u>	<u>462</u>	<u>70,453</u>	<u>9,607</u>	<u>80,060</u>

Reliance Brands Holding UK LimitedCompany Statement of Changes in Equity
for the Year Ended 31 December 2023

	Share capital £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 January 2022	80,959	(3,493)	77,466
Changes in equity			
Total comprehensive loss	-	(26)	(26)
Balance at 31 December 2022	<u>80,959</u>	<u>(3,519)</u>	<u>77,440</u>
Changes in equity			
Total comprehensive income	-	671	671
Balance at 31 December 2023	<u>80,959</u>	<u>(2,848)</u>	<u>78,111</u>

Reliance Brands Holding UK LimitedConsolidated 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	16,954	10,245
Income taxes paid		(216)	-
Net cash inflow from operating activities		16,738	10,245
Cash flows from investing activities			
Payments for Investments in subsidiary (refer note 29)		(30,481)	-
Payments to acquire other Intangible assets		(137)	-
Payments to acquire Property, Plant and Equipment		(3,604)	(2,784)
Net cash(outflow) from investing activities		(34,222)	(2,784)
Cash flows from financing activities			
Repayment of lease liabilities		(744)	(947)
Payment of finance cost on lease		(5,222)	(5,217)
Payment of finance cost on loan and bank overdraft		(11)	(126)
Proceeds from Borrowings from Parent company		30,000	2,700
Net cash(outflow) from financing activities		24,023	(3,590)
Net increase in cash and cash equivalents		6,539	3,871
Cash and cash equivalents at beginning of year	2	3,614	(257)
Cash and cash equivalents at end of year	2	10,153	3,614

Reliance Brands Holding UK LimitedNotes to the Consolidated Statement of Cash Flows
for the Year Ended 31 December 20231. **RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS**

	31.12.2023	31.12.2022
	£'000	£'000
Profit before income tax	673	293
Depreciation and amortisation charges	4,679	4,303
Finance costs	<u>5,233</u>	<u>5,383</u>
	<u>10,585</u>	<u>9,979</u>
Decrease/(increase) in inventories	6,658	(456)
Increase in trade and other receivables	(6,437)	(2,229)
Increase in trade and other payables	<u>6,148</u>	<u>2,951</u>
Cash generated from operations	<u><u>16,954</u></u>	<u><u>10,245</u></u>

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

	31.12.2023	1.1.23
	£'000	£'000
Cash and cash equivalents	<u>10,153</u>	<u>3,614</u>

Year ended 31 December 2022

	31.12.2022	1.1.22
	£'000	£'000
Cash and cash equivalents	3,614	1,390
Bank overdraft (Under Trade payables-current liabilities)	<u>-</u>	<u>(1,647)</u>
Total	<u><u>3,614</u></u>	<u><u>(257)</u></u>

Reliance Brands Holding UK LimitedCompany 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			
Profit /(loss)before tax		2,520	(70)
Movement in working capital			
(Increase)/decrease in trade and other receivables		1,347	(2,766)
Increase/(decrease) in trade and other payables		<u>(3,338)</u>	<u>136</u>
Net cash inflow from operating activities		<u>529</u>	<u>(2,700)</u>
Cash flows from investing activities			
Payment for Investments in subsidiary (refer note 29)		<u>(30,481)</u>	<u>-</u>
Net cash(outflow) from investing activities		<u>(30,481)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from Borrowings from parent company		<u>30,000</u>	<u>2,700</u>
Net cash(inflow) from financing activities		<u>30,000</u>	<u>2,700</u>
Net increase in cash and cash equivalents		48	-
Cash and cash equivalents at beginning of year	1	2	2
Cash and cash equivalents at end of year	1	<u>50</u>	<u>2</u>

1. 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

	31.12.2023 £'000	1.1.23 £'000
Cash at bank	<u>50</u>	<u>2</u>

Year ended 31 December 2022

	31.12.2022 £'000	1.1.22 £'000
Cash at bank	<u>2</u>	<u>2</u>

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements
for the Year Ended 31 December 2023**1. STATUTORY INFORMATION**

Reliance Brands Holding UK 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 1. The Reliance Brands Holding UK Ltd ("Company") is the holding company of Hamleys Group.

The principal activity of the group is 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.

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 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 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.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**2. ACCOUNTING POLICIES - continued**

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.

Measurement convention

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

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. Non-controlling interests represents the equity in subsidiaries that is not attributable, directly or indirectly, to the Company's shareholders.

Going concern

The Group has positive net worth of £80,060 thousands (2022: £71,360), the Group has made a loss after tax of £ 900 thousands for the year ended 31 December 2023 (2022: profit after tax £ 97 thousands) from continued operations during the year and net current assets as at the end of the year is £ 3,230 thousands (2022: £2,859 thousands).

The Directors expect the retail climate to recover although there remains a challenging trading environment. However, the Directors believe improvement in business growth and 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, 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.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**2. ACCOUNTING POLICIES - continued****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.

Expenses**Operating lease payments**

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.

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.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**2. ACCOUNTING POLICIES – continued****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
Intellectual property rights	Indefinite life
Trademarks	5 years
Computer software	3 years

Investments in Joint controlled entities and Associates

A joint controlled entity is an entity in which the Group shares joint control over the strategic, financial and operating decisions with one or more ventures under a contractual arrangement.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in joint controlled entities and associates are accounted for using the equity method of accounting, except when the investment is classified as held for sale, which is recognised at fair value less costs to sell. In accordance with the equity method, investments in joint controlled entities and associates are measured at cost plus post-acquisition changes in the Group's share of net assets of joint controlled entities, less any impairment in the value of individual investments.

Goodwill arising from the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised of the joint controlled entities is included in the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The income statement reflects share of results of operations of the joint controlled entities. Where there has been a change recognised directly in equity of the joint controlled entities, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the joint controlled entities are eliminated to the extent of the Group's interest in the relevant joint controlled entities

Reliance Brands Holding UK LimitedNotes to the Consolidated 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.

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 below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. 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.

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 LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**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 and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation, because of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the income statement as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group.

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 LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**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 LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**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 LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 20233. **NON-IFRS FINANCIAL INFORMATION****Gross transaction value**

	31.12.2023	31.12.2022
	£000	£000
Gross transaction value	<u>51,447</u>	<u>56,697</u>

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****Segmental Reporting**

	31.12.2023	31.12.2022
	£000	£000
Sale of goods including goods to franchisees	46,359	50,718
Franchise income*	5,088	5,979
	<u>51,447</u>	<u>56,697</u>

Timing of revenue recognition

	31.12.2023	31.12.2022
	£000	£000
At a point in time	51,030	56,362
Over time	417	335
	<u>51,447</u>	<u>56,697</u>

Revenue split by geography

	31.12.2023	31.12.2022
	£000	£000
United Kingdom	43,976	50,703
Europe	166	604
Rest of World	7,305	5,390
	<u>51,447</u>	<u>56,697</u>

*Franchise revenue include royalties, territory and store opening support fees.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 20235. **OTHER OPERATING INCOME**

	31.12.2023 £'000	31.12.2022 £'000
Window marketing income	365	442
Unclaimed liabilities written back	19	-
Commission Income	707	1,853
Party Income	413	224
Sundry Receipts	86	128
	<u>1,590</u>	<u>2,647</u>

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 31.12.2023	Number of employees 31.12.2022
Selling and distribution	408	444
Administration	27	32
	<u>435</u>	<u>476</u>

The aggregate payroll costs of these persons were as follows:

	31.12.2023 £000	31.12.2022 £000
Wages and salaries	9,442	9,979
Social security costs	595	579
Contributions to defined pension plans	180	169
	<u>10,217</u>	<u>10,727</u>

Director's remuneration during the year is £ Nil (2022: £ Nil)

7. **FINANCE COSTS & INCOME****FINANCE COSTS**

Recognised in profit or loss	Consolidated 31.12.2023 £000	Consolidated 31.12.2022 £000	Company 31.12.2023 £000	Company 31.12.2022 £000
	Interest expense on bank overdrafts	12	126	-
Interest expense on borrowings	377	40	377	40
Interest expense on leases	5,222	5,217	-	-
	<u>5,611</u>	<u>5,383</u>	<u>377</u>	<u>40</u>

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**7. FINANCE COSTS & INCOME****FINANCE INCOME**

Recognised in profit or loss	Consolidated	Consolidated	Company	Company
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	£000	£000	£000	£000
Interest on deposits at bank	96	-	-	-
	<u>96</u>	<u>-</u>	<u>-</u>	<u>-</u>

8. PROFIT/(LOSS) BEFORE TAX

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

	31.12.2023	31.12.2022
	£'000	£'000
Cost of inventories recognised as expense	18,647	23,207
Depreciation - owned assets	1,487	797
Amortisation of intangible assets	184	396
Net Foreign exchange gains/(losses)	194	(383)
Depreciation - right of use assets	3,008	3,110
Auditor's remuneration*	40	40
Hire of plant and machinery	50	29
Capital contribution and rent inducement	<u>(9)</u>	<u>(131)</u>

***Auditor's remuneration:**

	31.12.2023	31.12.2022
	£'000	£'000
Fees payable to the company's auditor for the audit of the company's annual accounts	40	40
Fees payable to the company's auditor for other services:	1.5	1.5

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

9. TAXATION

Recognised in the statement of profit or loss

	Consolidated	Consolidated	Company	Company
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	£000	£000	£000	£000
Tax expense /(credit) comprises:				
Current tax expense in respect of the current year	-	-	-	(44)
Current tax expense in respect of previous years	217	158	-	-
Current tax expense/(Credit)	<u>217</u>	<u>158</u>	<u>-</u>	<u>(44)</u>
Deferred tax expense in respect of the current year	1,356	205	1,849	-
Deferred tax expense in respect of the prior years	-	(167)	-	-
Deferred tax expense/(credit)	<u>1,356</u>	<u>38</u>	<u>1,849</u>	<u>-</u>
	<u>1,573</u>	<u>196</u>	<u>1,849</u>	<u>(44)</u>

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

	Consolidated	Consolidated	Company	Company
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	£000	£000	£000	£000
Profit/(loss) for the period	(900)	97	671	(26)
Total tax (credit)/expense	<u>1,573</u>	<u>196</u>	<u>1,849</u>	<u>(44)</u>
Profit/(Loss) excluding taxation	<u>673</u>	<u>293</u>	<u>2,520</u>	<u>(70)</u>
Tax using the UK corporation tax rate of 23.5% (2022 :19%)	158	56	592	(13)
Deferred tax not recognised	286	117	-	-
Expenses not deductible for tax	(35)	-	-	-
Changes in tax rates on deferred tax	567	49	1,048	-
Adjustment respect to prior period	597	(26)	209	(31)
Total tax expense/(credit)	<u>1,573</u>	<u>196</u>	<u>1,849</u>	<u>(44)</u>

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 202310. **NON-CONTROLLING INTEREST (NCI)**

Set out below is summarised financial information for the subsidiary, IPCO Holdings LLP that has non-controlling interests that are material to the group. The amounts disclosed for subsidiary is before Inter-company eliminations.

Summarised Balance sheet

Particulars	£'000
Current assets	8,040
Current liabilities	8,010
Current net assets	30
Non-Current assets	40,000
Non-Current Liabilities	-
Non-Current net assets	40,000
Net Assets	40,030
Non-Controlling interest	9,600
Profit allocated to NCI	7
Accumulated NCI	9,607

Summarised Statement on comprehensive income

Particulars	£'000
Revenue	40
Profit for the period	30
Other comprehensive income	-
Total comprehensive income	30
Profit allocated to NCI	7

Summarised cash flows

Particulars	£'000
Cash flows from operating activities	-
Cash flows from investing activities	(40,000)
Cash flows from financing activities	40,000
Net Increase/(decrease) in cash and cash equivalents	-

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 202311. **GOODWILL****Group**

£'000

COST

At 1 January 2023

and 31 December 2023

38,697**NET BOOK VALUE**

At 31 December 2023

38,697

At 31 December 2022

38,69712. **INTANGIBLE ASSETS**

	Patents and licences £'000	Brand* £'000	Computer software £'000	Intellectual Property £'000	Totals £'000
COST					
At 1 January 2023	3,662	34,813	5,375	-	43,850
Additions	-	-	137	40,081	40,218
At 31 December 2023	<u>3,662</u>	<u>34,813</u>	<u>5,512</u>	<u>40,081</u>	<u>84,068</u>
AMORTISATION					
At 1 January 2023	3,662	-	5,292	-	8,954
Amortisation for year	-	-	184	-	184
At 31 December 2023	<u>3,662</u>	<u>-</u>	<u>5,476</u>	<u>-</u>	<u>9,138</u>
NET BOOK VALUE					
At 31 December 2023	<u>-</u>	<u>34,813</u>	<u>36</u>	<u>40,081</u>	<u>74,930</u>
At 31 December 2022	<u>-</u>	<u>34,813</u>	<u>83</u>	<u>-</u>	<u>34,896</u>

*It 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 i.e. Brand and Intellectual property rights (IPR) are not amortised, but tested annually for impairment and whenever there is an indication that the asset may be impaired.

For Intangible assets with indefinite useful lives (Brand and IPR) If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU) that is expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, if the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the units pro-rata based on the carrying amount of each asset in the unit, any impairment loss or goodwill is not reversed in subsequent period. On disposal of relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

13. PROPERTY, PLANT AND EQUIPMENT**Group**

	Properties Leased For own use £'000	Improvements to property £'000	Fixtures and fittings £'000	Computer and equipment £'000	Totals £'000
COST					
At 1 January 2023	108,293	25,239	9,618	3,724	146,874
Additions	<u>1,552</u>	<u>762</u>	<u>302</u>	<u>2,540</u>	<u>5,156</u>
At 31 December 2023	<u>109,845</u>	<u>26,001</u>	<u>9,920</u>	<u>6,264</u>	<u>152,030</u>
DEPRECIATION					
At 1 January 2023	13,518	21,825	8,826	3,039	47,208
Charge for year	<u>3,008</u>	<u>731</u>	<u>366</u>	<u>390</u>	<u>4,495</u>
At 31 December 2023	<u>16,526</u>	<u>22,556</u>	<u>9,192</u>	<u>3,429</u>	<u>51,703</u>
NET BOOK VALUE					
At 31 December 2023	<u>93,319</u>	<u>3,445</u>	<u>728</u>	<u>2,835</u>	<u>100,327</u>
At 31 December 2022	<u>94,775</u>	<u>3,414</u>	<u>792</u>	<u>685</u>	<u>99,666</u>

14. INVESTMENTS IN SUBSIDIARIES

Company

Shares in group undertakings	31.12.2023 £000	31.12.2022 £000
Balance as on 1 January	72,006	72,006
Additions in the year- acquisition of IPCO Holdings LLP (a)	30,481	-
Additions in the year -Capital contribution in Hamleys Toys (Ireland) Limited (b)	6,972	-
Impairment in the year (b)	<u>(6,972)</u>	<u>-</u>
Balance as on 31 December	<u>102,487</u>	<u>72,006</u>

Investments in subsidiaries are recorded at cost, which is fair value of the consideration paid.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**14. INVESTMENTS IN SUBSIDIARIES****Acquisition of IPCO Holdings LLP**

- a. During the year, the company acquired 76% of the voting shares of IPCO Holdings LLP (IPCO) a Limited Liability Partnership incorporated in the United Kingdom for a consideration of GBP 30,400(in '000s), along with directly attributable costs incurred for the said investment of GBP 81 (in '000s).

Capital contribution

- b. As at 31 December 2023, the company has converted outstanding intercompany payables into capital contribution of GBP 6,972 (in '000s), in the subsidiary, Hamleys Toys (Ireland) Limited. The company has impaired the said investments amounting to GBP 6,972 (in '000s) on account of reason stated in Note 28.

The Company has investments in following subsidiaries. For details, refer note 15-Interest in subsidiaries.

15. INTEREST IN SUBSIDIARIES

The Company has following investments in subsidiaries unless otherwise stated, they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

The Company have the investments in following subsidiaries:

Name of entity	Address of the registered office	Country of Incorporation	Principal activities	Ownership interest held directly by the company/group		Ownership interest held directly by the non-controlling interests	
				2023	2022	2023	2022
Hamleys of London Limited	4 Floor Suite A, Greencoat House, London	UK	Toy Retailing	100%	100%	-	-
Hamleys (Franchising) Limited	4 Floor Suite A, Greencoat House, London	UK	Franchise company	100%	100%	-	-
Hamleys Asia Limited	Suite 2501B, Skyline Tower, Hong Kong	Hong Kong	Import company	100%	100%	-	-
Hamleys Toys (Ireland) Limited*	3 Dublin landings, North Wall Quay, Ireland	Ireland	Toy Retailing	100%	100%	-	-
IPCO Holdings LLP #	4 Floor Suite A, Greencoat House, London	UK	Retailing of Apparel via Franchise model	76%	-	24%	-

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**15. INTEREST IN SUBSIDIARIES (Continued)**

*Company ceased trading

On 19 September 2023, the company acquired 76% of the voting shares of IPCO Holdings LLP (IPCO) a Limited Liability Partnership incorporated in the United Kingdom for a consideration of GBP 30,400 (in '000s), along with directly attributable costs incurred for the said investment of GBP 81 (in '000s).

For the financial year ended 31 December 2023, the Group has consolidated the financial position as at 31 December 2023 and results of its above-mentioned subsidiaries.

All subsidiary undertakings are included in the consolidation. The company does not have any shareholdings in the preference shares of subsidiary undertakings included in the group.

16. INVENTORIES

	Group	
	31.12.2023	31.12.2022
	£'000	£'000
Finished goods	<u>5,735</u>	<u>12,393</u>

All inventories are expected to be sold within 12 months.

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.

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	£'000	£'000	£'000	£'000
Current:				
Trade receivables	694	632	-	-
Corporate tax Recoverable	173	207	-	-
Amounts owed by group undertakings	83	66	19,597	20,966
Other debtors	1,499	588	-	-
VAT Recoverable	6,992	-	21	-
Accrued Income	735	788	-	-
Prepayments	<u>1,156</u>	<u>2,615</u>	<u>-</u>	<u>-</u>
	<u>11,332</u>	<u>4,896</u>	<u>19,618</u>	<u>20,966</u>

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

	31.12.2023	31.12.2022
	£000	£000
Within 30 days	306	209
31-60 days	135	160
61-90 days	132	246
91 days and above	<u>121</u>	<u>17</u>
	<u>694</u>	<u>632</u>

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**17. TRADE AND OTHER RECEIVABLES (Continued)**

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

	31.12.2023	31.12.2022
	£000	£000
Opening balance	40	18
Bad debts provision	-	22
Reversal of Bad debts provision	(9)	-
Balance at end of the year	<u>31</u>	<u>40</u>

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.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	£'000	£'000	£'000	£'000
Cash in hand and bank	<u>10,153</u>	<u>3,614</u>	<u>50</u>	<u>2</u>
It comprises of:				
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	£000	£000	£000	£000
Cash at bank	1,035	2,839	50	2
Cash in hand	583	775	-	-
Deposits at bank	<u>8,535</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>10,153</u>	<u>3,614</u>	<u>50</u>	<u>2</u>

19. SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.2023	31.12.2022
			£'000	£'000
80,959,354	Ordinary shares	£1	<u>80,959</u>	<u>80,959</u>

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

20. RESERVES

Group

	Accumulated Losses £'000	Other reserves £'000	Totals £'000
At 1 January 2023	(10,061)	462	(9,599)
Deficit for the year	<u>(907)</u>	<u>-</u>	<u>(907)</u>
At 31 December 2023	<u>(10,968)</u>	<u>462</u>	<u>(10,506)</u>

Company

	Retained earnings £'000
At 1 January 2023	(3,519)
Profit for the year	<u>671</u>
At 31 December 2023	<u>(2,848)</u>

21. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2023 £'000	31.12.2022 £'000	31.12.2023 £'000	31.12.2022 £'000
Current:				
Trade payables	13,780	7,545	-	15
Amounts owed to group undertakings	-	-	9,078	12,779
Social security and other taxes	130	203	-	-
Other creditors	427	343	-	-
Accrued expenses	4,373	3,398	-	-
VAT Payable	-	989	-	-
Deferred Revenue*	<u>430</u>	<u>465</u>	<u>-</u>	<u>-</u>
	<u>19,140</u>	<u>12,943</u>	<u>9,078</u>	<u>12,794</u>
Non-current:				
Other creditors	21	29	-	-
Deferred Revenue*	<u>1,864</u>	<u>2,281</u>	<u>-</u>	<u>-</u>
	<u>1,885</u>	<u>2,310</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>21,025</u>	<u>15,253</u>	<u>9,078</u>	<u>12,794</u>

*Included within both current and non-current and deferred income in respect of territory fees which are being recognised over the life of the initial contract.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**22. FINANCIAL LIABILITIES - BORROWINGS****NON -CURRENT**

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 -.

	Consolidated	Consolidated	Company	Company
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	£000	£000	£000	£000
Beginning of the year	2,740	-	2,740	-
Loans advanced	30,000	2,700	30,000	2,700
Interest charged	<u>377</u>	<u>40</u>	<u>377</u>	<u>40</u>
End of year	<u><u>33,117</u></u>	<u><u>2,740</u></u>	<u><u>33,117</u></u>	<u><u>2,740</u></u>

It represents borrowings from Reliance Brands Limited, the immediate parent company including Interest accrued as on 31 December, 2023.

CURRENT

Secured -At Amortised cost

	31.12.2023	31.12.2022
	£'000	£'000
Bank overdrafts*	<u>-</u>	<u>-</u>

* 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.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 202323. **LEASES****Group**

	31.12.2023	31.12.2022
Current:	£'000	£'000
Leases	<u>4,850</u>	<u>5,101</u>
Non-Current:	£'000	£'000
Leases	<u>100,427</u>	<u>99,369</u>

Minimum Lease payments fall due as follows

	31.12.2023	31.12.2022
	£'000	£'000
Within one year	4,850	5,101
Between one and five years	17,612	17,744
In more than five years	<u>82,815</u>	<u>81,625</u>
	<u>105,277</u>	<u>104,470</u>

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	31.12.2023	31.12.2022
	£'000	£'000
Right of use assets		
Balance as on beginning of the year	94,775	97,597
Additions	1,552	288
Depreciation	<u>(3,008)</u>	<u>(3,110)</u>
	<u>93,319</u>	<u>94,775</u>
Amounts recognised in profit and loss	31.12.2023	31.12.2022
	£'000	£'000
Depreciation expense on right-of-use assets	3,008	3,110
Interest expense on lease liabilities	5,222	5,217
Expense relating to short-term leases	(9)	380
Expense relating to variable lease payments not included in the measurement of the lease liability	<u>991</u>	<u>977</u>

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**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 16.

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
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	£000	£000	£000	£000
In less than one year	24,361	16,972	9,078	12,742
In more than one year but not more than five years	27,417	26,752	33,117	2,740
More than five years	308,599	313,285	-	-
	<u>360,377</u>	<u>357,009</u>	<u>42,195</u>	<u>15,482</u>

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.

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.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

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.

	31.12.2023	31.12.2023	31.12.2022	31.12.2022
	Monetary	Monetary	Monetary	Monetary
	Assets	liabilities	Assets	liabilities
	£000	£000	£000	£000
Euro	-	-	67	-
US dollar	549	83	609	350
HK dollar	-	-	-	-
	549	83	676	350

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.

	31.12.2023
	Increase/ (decrease)
	in equity
	£000
10% appreciation in the US dollar	(46)
10% depreciation in the US dollar	<u>46</u>

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.

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.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**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:

	31.12.2023	31.12.2022
	£000	£000
Cash and cash equivalents	10,153	3,614
Trade and other receivables	2,991	2,125
Total financial assets	<u>13,144</u>	<u>5,739</u>
	31.12.2023	31.12.2022
	£000	£000
Trade and other payables	(19,942)	(14,077)
Borrowings at amortised cost	(33,117)	(2,740)
Total financial liabilities	<u>(53,059)</u>	<u>(16,817)</u>

25. DEFERRED TAX

The movement on the deferred tax account is as follows

	31.12.2023	31.12.2022
	£'000	£'000
At the start of the year	339	339
Expense recognised in profit and loss	1,356	-
At the end of year	<u>1,695</u>	<u>339</u>

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**25. DEFERRED TAX (CONTINUED)**

Components of Deferred tax (Assets)/Liabilities:

	31.12.2022 £'000	Expense/ (Income) recognised in profit or loss £'000	31.12.2023 £'000
Deferred tax (Assets) / Liabilities in relation to:			
Property, Plant and Equipment	(1,103)	(253)	(1,356)
Intangible Assets	6,959	2,195	9,154
Carried Forward Losses	(5,340)	(586)	(5,926)
Others	(177)	-	(177)
	<u>339</u>	<u>1,356</u>	<u>1,695</u>
	31.12.2021 £'000	Expense/ (Income) recognise d in profit or loss £'000	31.12.2022 £'000
Deferred tax (Assets) / Liabilities in relation to:			
Property, Plant and Equipment	(1,646)	543	(1,103)
Intangible Assets	6,960	(1)	6,959
Carried Forward Losses	(4,835)	(505)	(5,340)
Others	(177)	-	(177)
	<u>302</u>	<u>37</u>	<u>339</u>

26. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The Company's 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 LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023**27. 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	Expenses	Income	Expenses
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
	£000	£000	£000	£000
Holding Company				
Reliance Brands Limited				
Shareholder loan interest income/expenses	-	337	-	40
Other (sale of stock, royalty)	1,472	-	1,490	-
Purchase of Stock	-	339	-	388
	<u>1,472</u>	<u>676</u>	<u>1,490</u>	<u>428</u>
	Receivable	Payables	Receivable	Payables
	outstanding	outstanding	outstanding	outstanding
	31.12.2023	31.12.2023	31.12.2022	31.12.2022
	£000	£000	£000	£000
Holding Company				
Reliance Brands Limited				
Borrowings-Non current	-	33,117	-	2,740
Amount owed (to)/by group undertakings	83	-	66	-
	<u>83</u>	<u>33,117</u>	<u>66</u>	<u>2,740</u>

28. EVENTS AFTER THE REPORTING DATE

Hamleys Toys (Ireland) Limited, a subsidiary of the company has applied for Voluntary strike off with effect from 15 March 2024. The final dissolution order is awaited as on the date of approval of these financial statements.

Reliance Brands Holding UK LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

29. During the year, the parent company acquired 76% of the voting shares of IPCO Holdings LLP (IPCO) a Limited Liability Partnership incorporated in the United Kingdom for a consideration of £ 30,400(in '000s) along with directly attributable costs incurred for the said investments for GBP 81(in '000s). As at the Balance sheet date, IPCO holds the Intellectual property rights of the brand "Superdry" for trading in the territories of India, Sri Lanka and Bangladesh.

The following table summarizes the consideration paid by the company, acquisition of assets and liabilities and the non-controlling interest at the acquisition date:

Particulars	GBP (£000)
Intellectual property Rights	40,000
Less: Non-Controlling Interest	<u>(9,600)</u>
Investment by the Company	<u><u>30,400</u></u>

30. **PREVIOUS YEAR FIGURES**

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

- The reclassification involves a sum of GBP 1,704 (in '000s) previously presented under "Distribution cost," to now presented under the category of "Administrative expenses" representing Salaries and wages cost.
- The reclassification involves a sum of GBP 2,985 (in '000s) previously presented under "non-current -lease liabilities," to now presented under the category of " Current -lease liabilities".

31. **APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors and authorised for issue on April 18, 2024.