Hamleys (Franchising) Limited

Financial Statements
For the Year Ended 31 December 2024

Report of the Independent Auditors to the Members of
Hamleys (Franchising) Limited

Opinion
We have audited the financial statements of Hamleys (Franchising) Limited (the 'company') for the year ended 31 December 2024 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 2024 and of its profit for the year then 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 director's 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.

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Other information (Continued…)
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 (Franchising) 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 15, 2025

Hamleys (Franchising) Limited

Statement of Profit or Loss
for the Year Ended 31 December 2024

	Notes	2024 £'000	2023 £'000
CONTINUING OPERATIONS			
Revenue	3	7,375	7,471
Cost of sales		(1,963)	(2,391)
GROSS PROFIT		5,412	5,080
Administrative expenses		(9)	(638)
OPERATING PROFIT		5,403	4,442
PROFIT BEFORE INCOME TAX	5	5,403	4,442
Income tax	6	(227)	(836)
PROFIT FOR THE YEAR		5,176	3,606

All activities of the company are from continuing operations

Hamleys (Franchising) Limited

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2024

	2024 £'000	2023 £'000
PROFIT FOR THE YEAR	5,176	3,606
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5,176	3,606

Hamleys (Franchising) Limited

Statement of Financial Position
31 December 2024

	Notes	31.12.24 £'000	31.12.23 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	7	89	105
Property, plant and equipment	8	-	-
Deferred tax	16	12	8
		101	113
CURRENT ASSETS			
Inventories	9	6	6
Trade and other receivables	10	31,449	26,903
Contract assets	3	493	589
Cash and cash equivalents	11	220	-
		32,168	27,498
TOTAL ASSETS		32,269	27,611
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	12	-	-
Retained earnings	13	30,122	24,946
TOTAL EQUITY		30,122	24,946
LIABILITIES			
NON-CURRENT LIABILITIES			
Contract liabilities	3	1,447	1,864
CURRENT LIABILITIES			
Contract liabilities	3	393	393
Trade and other payables	14	307	408
TOTAL LIABILITIES		2,147	2,665
TOTAL EQUITY AND LIABILITIES		32,269	27,611

The financial statements were approved by the Board of Directors and authorised for issue on April 15, 2025 and were signed on its behalf by:

.....
Saji Varghese
Director

Hamleys (Franchising) Limited

Statement of Changes in Equity
for the Year Ended 31 December 2024

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023	-*	21,340	21,340
Changes in equity			
Total comprehensive income	-	3,606	3,606
Balance at 31 December 2023	-*	24,946	24,946
Changes in equity			
Total comprehensive income	-	5,176	5,176
Balance at 31 December 2024	-*	30,122	30,122

*Share capital is £ 100.

Hamleys (Franchising) Limited

Statement of Cash Flows
for the Year Ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Cash generated from operations	1	451	-
Tax paid		(231)	-
Net cash from operating activities		220	-
Increase/(decrease) in cash and cash equivalents		220	-
Cash and cash equivalents at beginning of year	2	-	-
Cash and cash equivalents at end of year	2	220	-

Hamleys (Franchising) Limited

Notes to the Statement of Cash Flows
for the Year Ended 31 December 2024

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

	2024	2023
	£'000	£'000
Profit before income tax	5,403	4,442
Depreciation charges	16	16
	5,419	4,458
Increase in inventories	-	(2)
Increase in trade and other receivables	(4,450)	(4,076)
Decrease in trade and other payables	(518)	(380)
Cash generated from operations	451	-

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 2024

	31.12.24	31.12.23
	£'000	£'000
Cash and cash equivalents	220	-

Year ended 31 December 2023

	31.12.23	1.1.23
	£'000	£'000
Cash and cash equivalents	-	-

Hamleys (Franchising) Limited

Notes to the Financial Statements
for the Year Ended 31 December 2024

1. STATUTORY INFORMATION

Hamleys (Franchising) 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 the franchising of the Hamleys brand through a variety of international channels and franchise partners.

2. ACCOUNTING POLICIES

Accounting policies
The Company financial statements have been prepared and approved by the directors in accordance with UK Adopted International Accounting Standards (IAS).

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

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 2024:

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments	Disclosures titled Supplier Finance Arrangements
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Presentation of financial statement-Non-current Liabilities with covenants
Amendments to IFRS 16 Leases	Lease Liability in a sale and leaseback

However, all standards or amendments to standards that have been issued by the IASB and were effective by 1 January 2024 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 IAS 21	The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability
IFRS 18	Presentation and Disclosures in Financial Statement
IFRS 19	Subsidiaries without Public Accountability: Disclosures

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 (Franchising) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2024

2. **ACCOUNTING POLICIES - continued**

Measurement conversion
The financial statements are prepared on the historical cost basis except where UK Adopted International Accounting Standards require an alternative treatment.

Going concern
The Directors believe the diversified portfolio of the Franchise business in multiple territories and across a few Franchise Partners will mitigate any macroeconomic factors in the economies we operate in. With strong fundamentals of the business and future expansion plans, company will invest in new partnership avenues /opportunities that comes across to put itself in a strong position of growth.

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.

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

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any provision for impairment.
A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the statement of profit and loss in administrative expenses.

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

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Intangible assets
Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred. Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

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

Trademarks	5 years
Software	3 years
Brand	4 years

Hamleys (Franchising) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2024

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:

Fixtures and fittings 5-20% per annum

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

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.

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").

Hamleys (Franchising) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2024

2. **ACCOUNTING POLICIES - continued**

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

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 periods.

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.

Revenue recognition
Revenue comprises the fair value of goods sold to 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 franchisee and the amount of revenue can be measured reliably. The significant risks and rewards of ownership are deemed to have been passed 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.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.
When necessary, provision is made to reduce the cost to no more than net realisable value having regard to the nature and condition of inventory as well as anticipated utilisation and saleability.

2. **ACCOUNTING POLICIES - continued**

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 judgement

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 period in which the estimate is revised and in any future periods impacted.

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

Depreciation and amortisation

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

Recoverability of trade receivables including territory fees and intercompany 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.

Hamleys (Franchising) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2024

3. REVENUE

Revenue from contracts with customers

	2024 £000	2023 £000
Sales of goods	1,869	2,384
Franchise income	5,500	5,087
Party Income	6	-
Total revenues	7,375	7,471

Revenue split by geography	**2024 £000**	**2023 £000**
United Kingdom	-	-
Europe	832	166
Rest of World	6,543	7,305
	7,375	**7,471**

Assets and liabilities related to contracts with customers

Company has recognised the following assets and liabilities related to contracts with customers:

	2024 £000	2023 £000
Total contract assets	493	589
Current contract liabilities	393	393
Non-current contract liabilities	1,447	1,864
Revenue recognised that was included in the contract liability balance at the beginning of the period (from current contract liabilities)	393	415

*Both current and non-current is contract liabilities in respect of territory fees which are being recognized over the life of the initial contract.

4. EMPLOYEES AND DIRECTORS

There were no employees employed by the company during the year apart from the directors. This was same for 2023.

5. PROFIT BEFORE INCOME TAX

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

	2024 £'000	2023 £'000
Cost of inventories recognised as expense	1,963	2,391
Trademarks amortisation	16	16
Foreign exchange (gain)/loss	(156)	515

Auditor's remuneration
The audit fee has been borne by Hamleys of London limited, a fellow subsidiary company.

Hamleys (Franchising) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2024

6. INCOME TAX

Recognised in the statement of Profit or loss

	2024	2023
Current tax expense	£000	£000
Current period	231	838
Adjustment for prior periods	-	-
Current tax (I)	231	838
Deferred tax expense		
Adjustments for prior years	(4)	(2)
Deferred tax (II)	(4)	(2)
Total tax (I +II)	227	836

Reconciliation of effective tax rate

	2024	2023
	£000	£000
Profit for the year	5,176	3,606
Tax	227	836
Loss excluding taxation	5,403	4,442
Tax using the UK corporation tax rate of 25% (2023: 23.5%)	1,350	1,044
Effects of:		
Group tax relief	(1,119)	-
Adjustments in respect of prior years	(4)	(208)
Total tax expense	227	836

7. INTANGIBLE ASSETS

	Trademarks £'000	Computer software £'000	Totals £'000
COST			
At 1 January 2024 and 31 December 2024	631	9	640
AMORTISATION			
At 1 January 2024	526	9	535
Amortisation for year	16	-	16
At 31 December 2024	542	9	551
NET BOOK VALUE			
At 31 December 2024	89	-	89
At 31 December 2023	105	-	105

Hamleys (Franchising) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2024

8. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £'000
COST	
At 1 January 2024 and 31 December 2024	114
DEPRECIATION	
At 1 January 2024 and 31 December 2024	114
NET BOOK VALUE	
At 31 December 2024	-
At 31 December 2023	-

9. INVENTORIES

	31.12.24 £'000	31.12.23 £'000
Stocks	6	6

10. TRADE AND OTHER RECEIVABLES

	31.12.24 £'000	31.12.23 £'000
Current:		
Trade debtors	1,106	391
Other Debtors	7	-
Advance Corporation tax and withholding taxes	269	250
Amounts owed by group undertakings	30,025	26,204
VAT	32	24
Prepayments	10	34
	31,449	26,903

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:

	31.12.24 £000	31.12.23 £000
Not Due	280	-
Within 30 days	1	244
31-90 days	189	35
91-180 days	636	112
Total	1,106	391

Hamleys (Franchising) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2024

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

	31.12.24	31.12.23
	£000	£000
Opening balance	31	40
Reversal of bad debt provision	11	(9)
Closing balance	42	31

The allowance account for trade receivables is used to record impairment losses unless the Company 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.

11. CASH AND CASH EQUIVALENTS

	31.12.24	31.12.23
	£000	£000
Cash at Bank	220	-*

*Cash at bank is £92 as at 31.12.2023

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.24 £	31.12.23 £
100	Ordinary Shares	£1	100	100

13. RESERVES

	Retained earnings £'000
At 1 January 2024	24,946
Profit for the year	5,176
At 31 December 2024	30,122

	Retained earnings £'000
At 1 January 2023	21,340
Profit for the year	3,606
At 31 December 2023	24,946

Hamleys (Franchising) Limited

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14. TRADE AND OTHER PAYABLES

	31.12.24 £'000	31.12.23 £'000
Current:		
Trade creditors	130	115
Other creditors	88	238
Accruals	89	55
	307	408

15. FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

The Company transacts with franchisees in 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 refer to cash and trade receivables. There are no monetary liabilities in foreign currency.

	Financial assets		Financial liabilities	
	31.12.24	**31.12.23**	**31.12.24**	**31.12.23**
	£000	£000	£000	£000
US dollar	2,043	549	-	13

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.

	31.12.24	**31.12.23**
	Increase/ (decrease in equity)	
	£000	£000
10% appreciation in the US dollar	204	53
10% depreciation in the US dollar	(204)	(53)

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 considers to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant.

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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 and trade payables

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:

	31.12.24	**31.12.23**
	£000	£000
Cash and cash equivalents	220	-
Trade and other receivables	31,624	27,184
Total financial assets	31,844	24,184
Trade and other payables	(307)	(408)
Total financial liabilities	(307)	(408)

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Notes to the Financial Statements - continued
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16. DEFERRED TAX

Recognised deferred tax assets and liabilities
Deferred tax assets are attributable to the following:

	31.12.24 £000	31.12.23 £000
Property, plant and equipment	12	8
	12	8

Movement in deferred tax during the year

	01-Jan-24 £000	Recognised in income £000	31-Dec-24 £000
Property, plant and equipment	8	4	12

Movement in deferred tax during the prior year

	01-Jan-23 £000	Recognised in income £000	31-Dec-23 £000
Property, plant and equipment	6	2	8

17. ULTIMATE PARENT COMPANY

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

18. 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 (2023: £nil).
The Capital commitments at the end of the year is £nil (2023: £nil).

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19. RELATED PARTY DISCLOSURES

	2024	2023
Group Company	**£000**	**£000**
Revenue (Sale of Stock & Royalty Income) -Reliance Brands Limited	1,326	1,472
Purchases-Reliance Brand Limited	139	
Fellow Subsidiary		
-Management recharge salaries	-	-
	1,465	1,472

	Receivables outstanding		Payables outstanding	
	31.12.24	31.12.23	31.12.24	31.12.23
	£000	£000	£000	£000
Subsidiaries				
Hamleys of London Limited	20,840	17,046	-	-
Holding Companies			-	-
Reliance Brands Limited #	296	83	-	-
Reliance Brands Holding UK Limited	9,076	9,075	-	-
	30,212	**26,204**	**-**	**-**

GBP 187 (in 000's) is included in Contract Assets as at 31.12.2024.

20. PREVIOUS YEAR FIGURES

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

This includes the reclassification of amounts previously presented under 'Deferred Income' and 'Accrued Income' to 'Contract Liabilities' and 'Contract Assets', respectively.

21. EVENTS AFTER REPORTING PERIOD

Subsequent events have been evaluated till the date on which is the financial statements were issued. There are no subsequent events which have impact on these financial statements.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on April 15, 2025.