

**The Hamleys Group Limited**

**Directors' report and financial  
statements**

**Registered number 2352435**

**For the 9 month period ended 31 December  
2012**

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## Directors' report

The directors present their annual report and the audited financial statements for the 9 months ended 31 December 2012

### Principal activities and business review

The principal activity of the company is that of an intermediate investment holding company in the retailing of toys. The business continues to develop its core Hamleys brand through a variety of channels to market, principally retail, internet and franchising. On 17 September 2012, the company's ultimate holding company, Corporal Limited, was acquired by Ludendo Enterprises UK Limited, a subsidiary of Ludendo Entreprises SAS.

Hamleys' group vision is to be the world's leading toy store brand and destination. Hamleys will achieve this vision by

- creating global destinations for the best toy retail entertainment in the world,
- offering our customers a uniquely interactive retail destination for children's toy shopping combining fun, entertainment and theatre,
- expanding own brand products in selected traditional toy categories,
- selling the widest range of quality mass market toys,
- operating a franchising model with presence in selected territories around the world,
- opening large format standalone stores in key locations in the UK and Ireland,
- operating a successful complementary web site

### Results and dividends

The results of the company for the period are shown on page 5

The directors do not recommend the payment of a dividend (*year to March 2012 £Nil*)

### Directors

A Dunn

G Reynisson

J-M Grunberg

(appointed 17 September 2012)

R Hidalgo

(appointed 17 September 2012)

J Des Courtis

(appointed 17 September 2012)

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

A Dunn

Director

2 Fouberts Place  
London  
W1F 7PA

12 June 2013

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

## **Independent auditor's report to the members of The Hamleys Group Limited**

We have audited the financial statements of Hamleys Group Limited for the period ended 31 December 2012 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 an auditor's report 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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of The Hamleys Group Limited**

*(continued)*

### **Matters on which we are required to report by exception**

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



**Simon Purkess (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

12 June 2013

## Profit and loss account

for the nine month period ended 31 December 2012

		9 month period ended 31 December 2012			53 week period ended 31 March 2012		
	Note	Excluding exceptional items £000	Exceptional items (note 4) £000	Including exceptional items £000	Excluding exceptional items £000	Exceptional items (note 4) £000	Including exceptional items £000
Administrative expenses		-	(887)	(887)	(1)	(400)	(401)
Other operating income		119	-	119	177	-	177
<b>Operating loss</b>		<b>119</b>	<b>(887)</b>	<b>(768)</b>	<b>176</b>	<b>(400)</b>	<b>(224)</b>
Interest payable and similar charges	5	(3)	-	(3)	(12)	-	(12)
Income from shares in group undertakings		28	-	28	161	-	161
<b>Loss on ordinary activities before taxation</b>	3	<b>144</b>	<b>(887)</b>	<b>(743)</b>	<b>325</b>	<b>(400)</b>	<b>(75)</b>
Tax on loss on ordinary activities	6	(42)	213	171	-	-	-
<b>Loss for the financial period</b>	13	<b>102</b>	<b>(674)</b>	<b>(572)</b>	<b>325</b>	<b>(400)</b>	<b>(75)</b>

**Balance sheet**  
*at 31 December 2012*

	<i>Note</i>	<b>31 December 2012</b>		<b>26 March 2012</b> (restated - see note 1)	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Investments	7		21,199		21,197
<b>Current assets</b>					
Debtors	8	14,679		14,320	
<b>Creditors</b> Amounts falling due within one year	9	(13,864)		(13,303)	
<b>Net current assets</b>			815		1,017
<b>Total assets less current liabilities</b>			22,014		22,214
<b>Creditors:</b> amounts falling due after more than one year	10		(1,230)		(1,453)
<b>Provisions for liabilities and charges</b>	11		(1,222)		(601)
<b>Net assets</b>			19,562		20,160
<b>Capital and reserves</b>					
Called up share capital	12		1,319		1,319
Share premium account	13		4,316		4,316
Capital redemption reserve	13		6,403		6,403
Merger relief reserve	13		978		978
Special reserve	13		10,921		10,921
Profit and loss account	13		(4,375)		(3,777)
<b>Shareholders' funds</b>	14		19,562		20,160

These financial statements were approved by the board of directors on 12 June 2013 and were signed on its behalf by



**A Dunn**  
 Director

Company number 2352435

**Statement of total recognised gains and losses**  
*for the nine month period ended 31 March 2012*

	9 month period ended 31 December 2012 £000	53 week period ended 31 March 2012 £000
Loss for the financial year	(572)	(75)
Foreign exchange translation differences	(26)	(70)
	<hr/>	<hr/>
<b>Total recognised gains and losses relating to the financial year</b>	<b>(598)</b>	<b>(145)</b>
	<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Corporal Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Ludendo Enterprises UK Limited, within which this Company is included, can be obtained from the address given in note 16.

#### ***Going concern***

The directors believe the retail climate through 2013 is uncertain and is likely to remain challenging. In response to these market conditions, the directors have taken a number of actions to protect against any potential future sales downturn. 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 group manages its cost base and cash flow commitments to retain flexibility, making the group better able to cope with difficult economic conditions.

The company's ultimate beneficial owner is Ludendo Entreprises SAS, a company incorporated in France.

The directors, after considering the financial forecasts, appropriate sensitivities, current trading and available facilities expect the group to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### ***Investments***

Shares in subsidiary undertakings are stated at cost less amounts written off where, in the opinion of the directors there has been a diminution in the value of the investments.

#### ***Taxation***

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Foreign exchange***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences on permanent balances are recognised in reserves, all other exchange differences are taken to the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### Other operating income

Other operating income represents rent received, excluding VAT

#### Restatement

The brought forward cost of investment has been increased by £2,001,000, to reflect an increase in the Company's investment in Hamleys of London Limited on 1 May 2008. The intercompany creditor has increased by the equivalent amount.

### 2 Directors' emoluments and staff numbers

The emoluments of the directors are borne by other group companies and disclosed within their financial statements.

With the exception of directors, the company has no employees.

### 3 Notes to the profit and loss account

	9 month period ended 31 December 2012 £000	53 week period ended 31 March 2012 £000
<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>		
Management recharge in respect of directors' emoluments	525	712
Redistribution of directors' emoluments to subsidiaries	(525)	(712)
	<hr/>	<hr/>
<i>Auditors' remuneration</i>		
Audit of these financial statements	3	3
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The audit fee has been borne by Hamleys of London Limited, a subsidiary of The Hamleys Group Limited.

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's UK parent, Ludendo Enterprises UK Limited.

### 4 Operating exceptional items

	9 month period ended 31 December 2012 £000	53 week period ended 31 March 2012 £000
Closure costs	887	400
Tax deduction in respect of closure costs	(213)	-
	<hr/>	<hr/>
	674	-
	<hr/>	<hr/>

Exceptional costs in the current period mainly relate to an additional provision relating to a retail unit in Watford for which the group took over the lease as a result of the sale of The Bear Factory in 2006. The group does not trade this unit but it is currently sub-let for partial rent. According to FRS 12, the group must provide for the cost of an onerous lease. A provision was made in 2006 and increased further in 2009 and March 2012 but the directors felt it appropriate to increase the provision this period. The provision now represents the directors' best estimate of the net cost to the group to the end of the lease term (see note 11).

## Notes (continued)

### 5 Interest payable and similar charges

	9 month period ended 31 December 2012 £000	53 week period ended 31 March 2012 £000
Finance charges payable in respect of finance leases and hire purchase contracts	3	12

### 6 Tax on loss on ordinary activities

#### Analysis of credit in period

	9 month period ended 31 December 2012 £000	53 week period ended 31 March 2012 £000
<i>UK corporation tax</i>		
Current tax on loss for the period	(171)	-
Tax in respect of prior periods	-	-
Total current tax	(171)	-
Tax on loss on ordinary activities	(171)	-

#### Factors affecting the tax credit for the current year

The current tax credit for the year is lower (2011 lower) than the standard rate of corporation tax in the UK of 24.02% (2011 26%). The differences are explained below

	9 month period ended 31 December 2012 £000	53 week period ended 31 March 2012 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(743)	(75)
Current tax at 24.02% (2011 26%)	(178)	(20)
<i>Effects of</i>		
Expenses not deductible for tax purposes	4	-
Utilisation of tax losses	-	(42)
Increase in other timing differences	10	104
Income not deductible for tax purposes	(7)	-
Dividend income	-	(42)
Total current tax credit (see above)	(171)	-

## Notes (continued)

### 6 Tax on loss on ordinary activities (continued)

#### Factors that may affect future charges

The company has not recognised the following deferred tax assets in these financial statements

	9 month period ended 31 December 2012 £000	53 week period ended 31 March 2012 £000
Other timing differences	92	96
Losses	87	92
	<u>179</u>	<u>188</u>

The directors recognise an asset for the remaining losses in relation to deferred taxation only to the extent that its utilisation can be forecast, with reasonable certainty, in the foreseeable future

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's unrecognised deferred tax asset accordingly.

### 7 Investments

	Shares in subsidiary undertakings £000
<b>Cost</b>	
At beginning (restated – see note)	21,199
Additions	-
	<u>21,199</u>
At end of period	<u>21,199</u>

Additions relate to Scrumptious Limited and Luvley Limited which are newly incorporated companies each with £1 ordinary share capital.

The company's wholly owned subsidiary undertakings, all of which are owned directly (with the exception of Hamleys BV) are as follows:

## Notes (continued)

### 7 Investments (continued)

Name	Principal activity	Country of incorporation	Class and percentage of shares held
Hamleys of London Limited	Toy retailing	Great Britain	100%
Hamleys Trustees limited	Employee share trust	Great Britain	100%
Hamleys BV	Dormant	The Netherlands	100%
Hamleys Employment Services Limited	Dormant	Great Britain	100%
Hamleys Financial Services Limited	Dormant	Great Britain	100%
Hamleys Properties Limited	Dormant	Great Britain	100%
Hamleys Bear Investment Limited	Dormant	Great Britain	100%
Hamleys (Franchising) Limited	Franchising Company	Great Britain	100%
Hamleys Asia Limited	Import company	Hong Kong	100%
Hamleys Toys (Ireland) Limited	Toy retailing	Ireland	100%
Scrupalicious Limited	Toy retailing	Great Britain	100%
Luvley Limited	Toy retailing	Great Britain	100%

### 8 Debtors

	31 December 2012 £000	31 March 2012 £000
Amounts owed by group undertakings	14,534	14,182
Other debtors	40	139
Other tax and social security	105	-
	<u>14,679</u>	<u>14,320</u>

### 9 Creditors: Amounts falling due within one year

	31 December 2012 £000	31 March 2012 (restated – see note 1) £000
Bank overdraft (secured – see note 15)	1,939	2,636
Obligations under finance leases and hire purchase contracts (secured)	10	43
Trade creditors	77	-
Amounts owed to group undertakings	11,838	10,598
Other tax and social security	-	26
	<u>13,864</u>	<u>13,303</u>

Amounts owed under finance lease and hire purchase contracts are secured on the assets to which they relate

The assets held under finance leases are included within the fixed asset registers of Hamleys of London Limited and Hamleys Toys (Ireland) Limited

## Notes (continued)

### 10 Creditors: Amounts falling due after more than one year

	31 December 2012 £000	31 March 2012 £000
Amounts owed to group undertakings	1,230	1,453

Amounts owed under finance leases and hire purchase contracts all fall due within five years

### 11 Provisions for liabilities and charges

	Other provisions £000
At beginning of period	601
Charged during the period (see note 4)	887
Utilised during the period	(266)
At end of period	1,222

Other provisions represent amounts provided in respect of an onerous lease for certain land and buildings. It is expected the provision will be utilised over the next four years.

### 12 Share capital

	31 December 2012 Number	£000	31 March 2012 Number	£000
Ordinary 5 5/9p shares				
Allotted, issued and fully paid	23,740,354	1,319	23,740,354	1,319

### 13 Reserves

	Share premium account £000	Capital redemption reserve £000	Merger relief reserve £000	Special reserve £000	Profit and loss account £000
At beginning of period	4,316	6,403	978	10,921	(3,777)
Loss for the period	-	-	-	-	(572)
Foreign currency translation differences	-	-	-	-	(26)
At end of period	4,316	6,403	978	10,921	4,375

The special reserve is not distributable

## Notes (continued)

### 14 Reconciliation of movements in shareholders' funds

	31 December 2012 £000	31 March 2012 £000
Loss for the financial period	(572)	(75)
Foreign exchange translation differences	(26)	(70)
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Net reduction in shareholders' funds	(598)	(145)
Opening shareholders' funds	20,160	20,303
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Closing shareholders' funds	19,562	20,160
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### 15 Contingent liabilities

Bank loans and overdrafts are secured on debenture mortgages and cross-guarantees between certain group companies. The company exposure at the period end was £6,638,000 (31 March 2012 £13,164,000)

### 16 Ultimate parent company

Until 17 September 2012 the ultimate parent company and controlling party was Corporal Limited, a company incorporated in Great Britain

On 17 September 2012, Corporal Limited was acquired by Ludendo Enterprises UK Limited, a company incorporated in Great Britain. 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 ultimate parent company and controlling party is Ludendo Entreprises SAS, a company registered in France. This is the largest group in which the results of the Ludendo Enterprises UK Limited group are consolidated