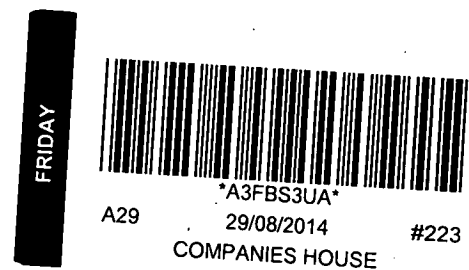


The Hamleys Group Limited

**Annual report and financial
statements**

Registered number 2352435

For the year ended 31 December 2013



Contents

Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements	3
Independent auditor's report to the members of The Hamleys Group Limited	4
Profit and loss account	6
Balance sheet	7
Statement of total recognised gains and losses	8
Notes	9

Strategic report

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.

The company's ultimate parent company is Ludendo Entreprises SAS.

Strategy

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 company delivered a profit before tax excluding exceptional items of £5,462,000 after receiving income from shares in group undertakings of £5,308,000 (*period ended 31 December 2012: profit before tax excluding exceptional items of £144,000*). The position of the company as at the year end is shown on page 7.

By order of the board



A Dunn
Director

29 April 2014

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Directors

A Dunn
G Reynisson
J-M Grunberg
R Hidalgo
J Des Courtis

Dividend

The directors do not recommend the payment of a dividend (*period to 31 December 2012: £Nil*).

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

29 April 2014

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, 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 2013 set out on pages 6 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 3, 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.

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 2013 and of its profit 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 Strategic report and 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.



Graham Neale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

29 April 2014

Profit and loss account
for the year ended 31 December 2013

		Year ended 31 December 2013			9 month period ended 31 December 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		(3)	82	79	-	(887)	(887)
Other operating income		157	-	157	119	-	119
Operating profit/(loss)		154	82	236	119	(887)	(768)
Amounts written off investments	7	-	(2,076)	(2,076)	-	-	-
Interest payable and similar charges	5	-	-	-	(3)	-	(3)
Income from shares in group undertakings		5,308	-	5,308	28	-	28
Profit/(loss) on ordinary activities before taxation	3	5,462	(1,994)	3,468	144	(887)	(743)
Tax on profit/(loss) on ordinary activities	6	87	(19)	68	(42)	213	171
Profit/(loss) for the financial year	13	5,549	(2,013)	3,536	102	(674)	(572)

Balance sheet
at 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Fixed assets			
Investments	7	24,214	21,199
Current assets			
Debtors	8	8,092	14,679
Creditors: Amounts falling due within one year	9	(7,090)	(13,864)
Net current assets		<u>1,002</u>	<u>815</u>
Total assets less current liabilities		<u>25,216</u>	<u>22,014</u>
Creditors: amounts falling due after more than one year	10	(1,278)	(1,230)
Provisions for liabilities and charges	11	(791)	(1,222)
Net assets		<u>23,147</u>	<u>19,562</u>
Capital and reserves			
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	(790)	(4,375)
Shareholders' funds	14	<u>23,147</u>	<u>19,562</u>

These financial statements were approved by the board of directors on 29 April 2014 and were signed on its behalf by:



A Dunn
Director

Company number: 2352435

Statement of total recognised gains and losses
for the year ended 31 March 2013

	Year ended 31 December 2013	9 month period ended 31 December 2012
	£000	£000
Profit/(loss) for the financial year	3,536	(572)
Foreign exchange translation differences	49	(26)
Total recognised gains and losses relating to the financial year	3,585	(598)

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 2014 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. Further forecasts will be performed throughout the year to ensure the cost planning remains in line.

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.

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

	Year ended 31 December 2013 £000	9 month period ended 31 December 2012 £000
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Management recharge in respect of directors' emoluments and senior employees	1,016	525
Redistribution of directors' and senior employees emoluments to subsidiaries	(1,016)	(525)
	<hr/>	<hr/>
<i>Auditors' remuneration</i>		
Audit of these financial statements	3	3
	<hr/>	<hr/>

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.

Notes (continued)

4 Operating exceptional items

	Year ended 31 December 2013	9 month period ended 31 December 2012
	£000	£000
Closure costs	(82)	887
Tax deduction in respect of closure costs	19	(213)
Amounts written off investments (see note 7)	2,076	-
	<u>2,013</u>	<u>674</u>

Exceptional costs in the prior period related 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 in the prior period. During 2013, the sub-lease was extended and therefore the directors have re-assessed the provision and reduced it accordingly. 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).

5 Interest payable and similar charges

	Year ended 31 December 2013	9 month period ended 31 December 2012
	£000	£000
Finance charges payable in respect of finance leases and hire purchase contracts	-	3
	<u>-</u>	<u>3</u>

6 Taxation

Analysis of charge/(credit) in period

	Year ended 31 December 2013	9 month period ended 31 December 2012
	£000	£000
<i>UK corporation tax</i>		
Current tax on profit/(loss) for the year	-	(171)
Tax in respect of prior periods	(68)	-
	<u>(68)</u>	<u>(171)</u>
Total current tax	(68)	(171)
	<u>(68)</u>	<u>(171)</u>
Tax on profit/(loss) on ordinary activities	(68)	(171)
	<u>(68)</u>	<u>(171)</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (*period ended 31 December 2012: credit is lower*) than the standard rate of corporation tax in the UK of 23.25% (*period ended 31 December 2012: 24.02%*). The differences are explained below:

	Year ended 31 December 2013 £000	9 month period ended 31 December 2012 £000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	3,468	(743)
Current tax at 23.25% (<i>period ended 31 December 2012: 24.02%</i>)	806	(178)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	464	4
Utilisation of tax losses	(36)	-
Increase in other timing differences	-	10
Income not deductible for tax purposes	(1,234)	(7)
Adjustment in respect of prior periods	(68)	-
Total current tax charge/(credit) (see above)	(68)	(171)

Factors that may affect future charges

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

	Year ended 31 December 2013 £000	9 month period ended 31 December 2012 £000
Other timing differences	67	92
Losses	78	87
	145	179

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.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax credit accordingly. The unrecognised deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% substantively enacted at the balance sheet date.

Notes (continued)

7 Investments

	Shares in subsidiary undertakings £000
<i>Cost</i>	
At beginning of year	21,199
Additions	5,091
Disposals	(2,076)
At end of year	24,214

On 7 May 2013, Hamleys Employment Services Limited, Hamleys Financial Services Limited, Hamleys Properties Limited and Hamleys Bear Investment Limited were struck off. As a result of the waiver of intercompany balances in the remaining Hamleys Group, The Hamleys Group Limited's investment in Hamleys of London Limited increased by £3,515,000, Hamleys Financial Services Limited increased by £836,000, in Hamleys Properties Limited increased by £356,000 and in Hamleys Bear Investment Limited increased by £384,000. Following the strike off, the total investment in Hamleys Employment Services Limited, Hamleys Financial Services Limited, Hamleys Properties Limited and Hamleys Bear Investment Limited of £2,076,000 was disposed of and has been recognised as a loss on disposal in the profit and loss account. The increase in the cost of investment in Hamleys of London Limited has been recognised as a capital contribution in Hamleys of London Limited.

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

Name	Principal activity	Country of incorporation	Class and percentage of shares held
Hamleys of London Limited	Toy retailing	Great Britain	100%
Hamleys BV	Dormant	The Netherlands	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%
Scrumpalicious Limited	Toy retailing	Great Britain	100%
Luvley Limited	Toy retailing	Great Britain	100%

8 Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	8,092	14,534
Other debtors	-	40
Other tax and social security	-	105
	8,092	14,679

Notes (continued)

9 Creditors: Amounts falling due within one year

	2013 £000	2012 £000
Bank overdraft (secured – see note 15)	147	1,939
Obligations under finance leases and hire purchase contracts (secured)	5	10
Trade creditors	76	77
Amounts owed to group undertakings	6,862	11,838
	<u>7,090</u>	<u>13,864</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.

10 Creditors: Amounts falling due after more than one year

	2013 £000	2012 £000
Amounts owed to group undertakings	<u>1,278</u>	<u>1,230</u>

11 Provisions for liabilities and charges

	Other provisions £000
At beginning of year	1,222
Released during the period (see note 4)	82
Utilised during the year	(513)
At end of year	<u>791</u>

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 three years.

12 Share capital

	2013 Number	£000	2012 Number	£000
Ordinary 5 5/9p shares				
Allotted, issued and fully paid	<u>23,740,354</u>	<u>1,319</u>	<u>23,740,354</u>	<u>1,319</u>

Notes (continued)

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 year	4,316	6,403	978	10,921	(4,375)
Profit for the year	-	-	-	-	3,536
Foreign currency translation differences	-	-	-	-	49
At end of year	4,316	6,403	978	10,921	(790)

The special reserve is not distributable.

14 Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Profit/(loss) for the financial period	3,536	(572)
Foreign exchange translation differences	49	(26)
Net increase/(reduction) in shareholders' funds	3,585	(598)
Opening shareholders' funds	19,562	20,160
Closing shareholders' funds	23,147	19,562

15 Contingent liabilities

There is a cross-guarantee in place between certain group companies in respect of the current year bank facilities. The company exposure at the year end is £Nil.

Bank loans and overdrafts at the prior period end were secured on debenture mortgages and cross-guarantees between certain group companies. The company exposure at the period end was £6,638,000.

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.