

Registered No: OC428301

## Build-A-Bear Development LLP

### Report and Financial Statements

For the 52 week period ended 30 January 2021



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Build-A-Bear Development LLP

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## Limited liability partnership Information

### Designated members

Build-A-Bear Retail Management Inc.  
Build-A-Bear Workshop UK Limited

### Auditors

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast  
BT2 7DT

### Registered Office

Aquasulis House  
10-14 Bath Road  
Slough  
Berkshire  
United Kingdom  
SL1 3SA

## Members' Report

The members present their annual report and the audited financial statements for the 52 week period to 30 January 2021.

### Members of the Limited liability partnership

The members who served the limited liability partnership during the period and up to the date of this report are as follows:

Build-A-Bear Retail Management Inc.  
Build-A-Bear Workshop UK Limited

### Results

The profit for the 52 week period ended 30 January 2021 was £216,000 (26 week period ended 1 February 2020: £394,000).

### Future Developments

Build-A-Bear Development LLP should benefit from the expansion of the Build-A-Bear Group into new territories. Consideration is given as to the best vehicle for this expansion either through new subsidiaries or franchisee agreements, but either format should result in increased royalty revenue.

### COVID-19 Pandemic

In March 2020, the World Health Organization announced that COVID-19 was a global pandemic. The pandemic has had far-reaching adverse impacts on many aspects of the operations of the Build-A-Bear Workshop corporately managed stores and the third-party franchise operated stores, directly and indirectly, consumer behaviour, distribution, our suppliers, and the market generally. The temporally enforced store closes in many countries has led to lower sales and consequently lower royalty revenues to Build-A-Bear Development LLP.

We continue to monitor the advice on the Covid-19 pandemic and take appropriate actions in corporately managed stores and work with our franchise partners to allow stores to trade again whilst maintaining the health and safety of our customers, employees and the communities where we operate.

### Going Concern

The directors have a reasonable expectation that the limited liability partnership has adequate resources to continue in operational existence for the foreseeable future as the limited liability partnership's ultimate parent, Build-A-Bear Workshop Inc., has provided a letter of support to ensure the limited liability partnership is able to meet its liabilities as and when they fall due for a period to 31 March 2023. The members have made appropriate and sufficient enquiries to satisfy themselves that the ultimate parent company is capable of providing the stated support and, accordingly, these financial statements have been prepared on the going concern basis.

### Disclosure of information to the auditors

So far as each member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow members and the limited liability partnership's auditor, each member has taken all the steps that he/she is obliged to take as a member in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

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**Auditors**

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

**Members' Capital and Interests**

The members, Build-A-Bear Retail Management Inc and Build-a-Bear Workshop UK Limited, made capital contributions in the proportion 61% and 39% respectively. In addition, Build-a-Bear Workshop UK Limited contributed intellectual property upon the incorporation of the company in 2019.

On behalf of the members

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Vojin Todorovic

On behalf of Build-a-Bear workshop Inc

Designated Member

.....25 March 2022.....  
Date

## Statement of members' responsibilities

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the members to prepare financial statements for each financial period. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUILD-A-BEAR DEVELOPMENT LLP**

### **Opinion**

We have audited the financial statements of Build-A-Bear Developments LLP for the 52 week period ended 30 January 2021 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of reconciliation of members' interests and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 January 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

### **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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership 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**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period to 31 March 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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 course of 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

**Responsibilities of members**

As explained more fully in the statement of members' responsibilities set out on page 5, the members 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 members determine is 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 members are responsible for assessing the partnership'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 members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 an auditor's report 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.



***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are those that relate to the reporting framework (Companies Act 2006 as applied to limited liability partnerships, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Bribery Act 2010 and Money Laundering regulations).
- We understood how the partnership is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures, including the members. We corroborated our enquiries through the review of the following documentation:
  - all minutes of members meetings held during the period;
  - the limited liability partnership agreement setting out the key principles and requirements for all members in relation to the partnerships conduct which includes compliance with laws and regulations; and
  - any relevant correspondence with local authorities
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the controls that the partnership established to address risks identified by the partnership or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the partnership applies.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business and review of legal correspondence.
- In addition, we assessed that revenue was a judgemental area of the audit which might be more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue and performed testing on the occurrence of the revenue recorded in the financial statements and any manual adjustments to revenue that met specific risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

*Neil Corry (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast  
Date: 25 March 2022*

## Income statement

for the 52 week period ended 30 January 2021

		52 week period ended 30 January 2021	26 week period ended 1 February 2020
	Notes	£000	£000
Revenue	5	1,124	929
Administrative expenses		(908)	(535)
<b>Operating profit</b>	6	216	394
<b>Profit for the period before members' remuneration</b>		216	394
Members' remuneration		-	-
<b>Profit for the period available for division among members</b>		216	394

The notes on pages 13 to 18 form part of the financial statements.

## Statement of Comprehensive Income


There are no amounts going through other comprehensive income in the current period nor during the period ended 1 February 2020 and as such no Statement of Comprehensive Income has been prepared.

**Statement of financial position**

at 30 January 2021

		30 January 2021	01 February 2020
	Notes	£000	£000
<b>Fixed assets</b>			
Intangible assets	7	1,404	2,106
<b>Current assets</b>			
Cash		10	410
Debtors: amounts falling due within one year	8	3,237	1,854
<b>Total current assets</b>		3,247	2,264
<b>Creditors: amounts falling due within one year</b>	9	(502)	(309)
<b>Net current assets</b>		2,745	1,955
<b>Total assets less current liabilities</b>		4,149	4,061
<b>Creditors: amounts falling due after one year</b>	10	(671)	(799)
<b>Net assets attributable to members</b>		3,478	3,262
<b>Represented by:</b>			
Members' other interests - equity	11	2,868	2,868
Members' other interests - reserves	11	610	394
		3,478	3,262

The financial statements on pages 10 to 18 were approved and authorised by the members and were signed on their behalf by Vojin Todorovic on 25 March 2022.

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Vojin Todorovic

For and on behalf of Build-A-Bear Retail Management Inc

Designated Member

Date ....25 March 2022...

## Reconciliation of members' interests

For the 52 week period ended 30 January 2021

	<i>Members' other interests - equity £000</i>	<i>Members' other interests - reserves £000</i>	<i>Total £000</i>
As at 1 August 2019	-	-	-
Members' capital contributions in the period	2,868	-	2,868
Profit for the period available for distribution	-	394	394
As at 1 February 2020	<u>2,868</u>	<u>394</u>	<u>3,262</u>

	<i>Members' other interests - equity £000</i>	<i>Members' other interests - reserves £000</i>	<i>Total £000</i>
As at 2 February 2020	2,868	394	3,262
Members' capital contributions in the period	-	-	-
Profit for the period available for distribution	-	216	216
As at 30 January 2021	<u>2,868</u>	<u>610</u>	<u>3,478</u>

The notes on pages 13 to 18 form part of the financial statements.

## Notes to the financial statements

at 30 January 2021

### 1. Accounting policies

#### *Statement of compliance and basis of preparation*

Build-A-Bear Development LLP is a limited liability partnership incorporated and domiciled in England. The registered office is Aquasulis House, 10-14 Bath Road, Slough, Berkshire, United Kingdom, SL1 3SA.

The financial statements have been prepared under the historical cost convention and in compliance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Companies Act 2006 as applied to limited liability partnerships. The financial statements have been prepared on a going concern basis.

The functional currency of Build-A-Bear Development LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Limited liability partnership operates.

Build-A-Bear Development LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate limited liability partnership financial statements under FRS 102 section 1.12 in relation to:

- Presentation of a cash flow statement
- Disclosure of related party transactions with and between wholly-owned subsidiaries
- Exemption from preparing consolidated accounts

Build-A-Bear Development LLP is consolidated in the financial statements of its ultimate parent, Build-A-Bear Workshop, Inc. details of where these can be obtained are documented in Note 13.

#### *Going concern*

The directors have a reasonable expectation that the limited liability partnership has adequate resources to continue in operational existence for the foreseeable future as the limited liability partnership's ultimate parent, Build-A-Bear Workshop Inc., has provided a letter of support to ensure the limited liability partnership is able to meet its liabilities as and when they fall due for a period to 31 March 2023. The members have made appropriate and sufficient enquiries to satisfy themselves that the ultimate parent company is capable of providing the stated support and, accordingly, these financial statements have been prepared on the going concern basis.

#### *Related parties*

As the limited liability partnership is a wholly owned subsidiary of Build-A-Bear Workshop Inc., the limited liability partnership has taken advantage of the exemption contained in section 33 of FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

#### *Intangible assets*

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses. The LLP's intangible asset is amortised on a straight-line basis over its predicted economic useful life of 7 years. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators that the residual value or useful life of an intangible asset has changed since the most annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended.

## Notes to the financial statements

at 30 January 2021

### 1. Accounting policies (continued)

Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

#### *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Limited liability partnership intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Limited liability partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Limited liability partnership, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### *Short term debtors*

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

#### *Creditors*

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

#### *Foreign currencies*

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

#### *Revenue accounting policy*

Royalty revenue is stated net of VAT and other taxes and is recognised in line with net sales of specific products.

Development fee revenue is recognised on a straight-line basis over the term of the franchise.

## Notes to the financial statements

at 30 January 2021

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Limited liability partnership's accounting policies, which are described in Note 1, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumption concerning the future and other key sources of estimation uncertainty, relates to the impairment of intangible assets and the recoverability of debtors. Determining whether an impairment is required involves significant judgement, as it typically requires various estimates and assumptions, including estimating future cash flows.

### 3. Audit fees

Audit fees of £15,000 (26 week period ended 1 February 2020: £9,000) have been borne by a related company. The auditors did not provide any non-audit services to the limited liability partnership during the period ended 30 January 2021 nor during the period ended 1 February 2020.

### 4. Staff costs and Employee numbers

The limited liability partnership has no employees and therefore incurred no staff costs in the current period nor during the period ended 1 February 2020.

### 5. Revenue

Revenue represents amortised development fee and royalty revenue.

	<i>52 week period ended 30 January 2021 £000</i>	<i>26 week period ended 1 February 2020 £000</i>
<i>Revenue by activity</i>		
Development fee revenue	127	161
Royalty revenue	997	768
	<u>1,124</u>	<u>929</u>



## Notes to the financial statements

at 30 January 2021

### 5. Revenue (continued)

<i>Source of turnover</i>	<i>52 week period ended 30 January 2021 £000</i>	<i>26 week period ended 1 February 2020 £000</i>
United Kingdom & Ireland	924	768
Rest of the world	200	161
	<u>1,124</u>	<u>929</u>

### 6. Operating profit

This is stated after charging/(crediting):

	<i>52 week period ended 30 January 2021 £000</i>	<i>26 week period ended 1 February 2020 £000</i>
Amortisation of intangible assets	702	351
Intercompany management fee	194	184
Bad debt provision	<u>12</u>	<u>-</u>

### 7. Intangible assets

The intangible assets represent intellectual property which were transferred from Build-A-Bear Workshop UK Limited to Build-A-Bear Development LLP in August 2019 as part of capital contribution to the LLP. The intangible assets are amortised on a straight-line basis over their estimated useful life.

	<i>£000</i>
<b>Cost</b>	
At 02 February 2020	2,457
Additions	-
At 30 January 2021	<u>2,457</u>
<b>Accumulated Amortisation</b>	
At 02 February 2020	(351)
Charge for the period	(702)
At 30 January 2021	<u>(1,053)</u>
<b>Net book value</b>	
Net book value as at 30 January 2021	<u>1,404</u>
Net book value as at 02 February 2020	<u>2,106</u>

## Notes to the financial statements

at 30 January 2021

### 8. Debtors: amounts falling due within one year

	<i>30 January 2021</i>	<i>01 February 2020</i>
	<i>£000</i>	<i>£000</i>
Amounts due from related parties	<u>3,237</u>	<u>1,854</u>

Amounts due from related parties are unsecured, interest free and repayable on demand.

### 9. Creditors: amounts falling due within one year

	<i>30 January 2021</i>	<i>01 February 2020</i>
	<i>£000</i>	<i>£000</i>
Deferred revenue	126	126
Amounts due to related parties	<u>376</u>	<u>183</u>
	<u>502</u>	<u>309</u>

Amounts due to related parties are unsecured, interest free and repayable on demand.

### 10. Creditors: amounts falling due after one year

	<i>30 January 2021</i>	<i>01 February 2020</i>
	<i>£000</i>	<i>£000</i>
Deferred revenue	671	799
Amounts due to related parties	<u>-</u>	<u>-</u>
	<u>671</u>	<u>799</u>

Deferred revenue relates to franchise fees paid by franchisees which are amortised over the length of the franchise agreement.

## Notes to the financial statements

at 30 January 2021

### 11. Members' interests

	<i>Members' other interests - equity £000</i>	<i>Members' other interests - reserves £000</i>
As at 2 February 2020	2,868	394
Members' capital contributions in the period	-	-
Profit for the financial period	-	216
As at 30 January 2021	<u>2,868</u>	<u>610</u>

Equity members' capital includes all capital contributed by the members. Other reserves include retained profits and losses.

The average number of members during the period was 2.

### 12. Events after the balance sheet date

There are no events after the balance sheet date.

### 13. Ultimate and immediate parent undertaking and controlling party

The ultimate parent company and controlling party is Build-A-Bear Workshop Inc, incorporated in the United States of America.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements for the period ended 30 January 2021 are prepared and of which the company is a member is Build-A-Bear Workshop Inc. Copies of the group financial statements are publicly available on [www.buildabear.com](http://www.buildabear.com) and can also be obtained from:

Build-A-Bear Workshop Inc  
415 South 18<sup>th</sup> Street  
STE 200  
St. Louis, MO 63103  
United States of America