

Hamleys Denmark ApS

Vesterbrogade 1 H  
1620 Copenhagen V

CVR no. 35 82 57 70

**Annual report for the period 1 April – 31 December 2016**

The annual report was presented and approved at  
the Company's annual general meeting on

30 May 2017

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chairman

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## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Hamleys Denmark ApS for the financial period 1 April – 31 December 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial period 1 April – 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 30 May 2017  
Executive Board:

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Claus Nielsen

Board of Directors:

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Alasdair Andrew Dunn  
Chairman

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Ralph Brander  
Cunningham

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Claus Nielsen



## **Independent auditor's report**

### **To the shareholder of Hamleys Denmark ApS**

#### **Opinion**

We have audited the financial statements of Hamleys Denmark ApS for the financial period 1 April – 31 December 2016 comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial period 1 April – 31 December 2016 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines 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, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



## Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 May 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Joakim Juul Larsen  
State Authorised  
Public Accountant

**Hamleys Denmark ApS**  
Annual report 2016  
CVR no. 35 82 57 70

## **Management's review**

### **Company details**

Hamleys Denmark ApS  
Vesterbrogade 1 H, 1620 Copenhagen V  
Denmark

CVR no.: 35 82 57 70  
Registered office: Copenhagen  
Financial period: 1 April – 31 December

### **Board of Directors**

Alasdair Andrew Dunn, Chairman  
Ralph Brander Cunningham  
Claus Nielsen

### **Executive Board**

Claus Nielsen

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø

## **Management's review**

### **Operating review**

#### **Main activity**

The main activity of the company is retailing of toy in stores located in Copenhagen.

The Company is in the process of determining the future strategy and market approach in Denmark, which is expected to have a positive effect on the Company's results going forward.

#### **Development in the year**

The income statement of the Company from 1 April - 31 December 2016 shows a loss of DKK 6,919 thousand (2015/16: loss of DKK 10,186 thousand) and at 31 December 2016 the balance sheet of the Company shows equity of DKK 432 thousand (31 March 2016: DKK 7,350 thousand).

Result for the year has been negatively affected by decline in sales.

#### **Capital resources**

The Company has received a letter of support from The Hamleys Group Limited where it is stated that they will unconditionally support the Company financially until the annual general meeting in 2018 when the annual report for the following financial year is approved. It is therefore concluded that the capital resources is sufficient for the operation in 2018.



## Financial statements 1 April – 31 December

### Income statement

DKK'000	Note	1. Apr – 31. Dec 2016	1. Apr 2015 - 31. Mar 2016
<b>Gross loss</b>		-2,100	-3,077
Staff costs	3	-4,477	-5,604
Depreciation, amortisation and impairment of property, plant and equipment		-332	-609
<b>Loss before financial income and expenses</b>		-6,909	-9,290
Financial income	4	0	841
Financial expenses	5	-10	-1,737
<b>Loss before tax</b>		-6,919	-10,186
Tax on profit/loss for the year		0	0
<b>Loss for the year</b>		-6,919	-10,186

### Proposed distribution of loss

Retained earnings		-6,919	-10,186
		-6,919	-10,186

## Financial statements 1 April – 31 December

### Balance sheet

DKK'000	Note	31 December 2016	31 March 2016
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment		153	440
Leasehold improvements		58	250
		<u>211</u>	<u>690</u>
<b>Investments</b>			
Deposits		659	859
		<u>659</u>	<u>859</u>
<b>Total fixed assets</b>		<u>870</u>	<u>1,549</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		2,700	3,461
		<u>2,700</u>	<u>3,461</u>
<b>Receivables</b>			
Trade receivables		1,609	184
Receivables from group entities		7,557	6,290
Other receivables		154	151
Prepayments		602	227
		<u>9,922</u>	<u>6,852</u>
<b>Cash at bank and in hand</b>		<u>761</u>	<u>2,136</u>
<b>Total current assets</b>		<u>13,383</u>	<u>12,449</u>
<b>TOTAL ASSETS</b>		<u><u>14,253</u></u>	<u><u>13,998</u></u>

## Financial statements 1 April – 31 December

### Balance sheet

DKK'000	Note	31 December 2016	31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	6		
Share capital		50	50
Retained earnings		382	7,300
<b>Total equity</b>		<u>432</u>	<u>7,350</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		3,450	1,112
Payables to group entities		8,678	4,090
Other payables		1,693	1,446
		<u>13,821</u>	<u>6,648</u>
<b>Total liabilities other than provisions</b>		<u>13,821</u>	<u>6,648</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>14,253</u>	<u>13,998</u>
Going concern	2		
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## Financial statements 1 April – 31 December

### Notes

#### 1 Accounting policies

The Annual Report of Hamleys Denmark ApS for 31 April - 31 December 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 April 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

— Going forward, the residual value of property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Financial Statements for 31 April - 31 December 2016 are presented in thousand DKK.

#### Change of financial year

The company has changed its financial year from 1 April - 31 March to 1 January - 31 December. The financial year 2016 consists of 9 months from 1 April - 31 December 2016.

### Income statement

#### Gross profit

With reference to section 32 of the Danish Financial Statements Act, revenue and other external costs has not been disclosed in the Annual Report.

#### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

## Financial statements 1 April – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

##### Expenses for consumables

Expenses for consumables comprise the consumables consumed to achieve revenue for the year.

##### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

##### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Balance sheet

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3 years
Leasehold improvements	3 years

## Financial statements 1 April – 31 December

### Notes

#### 1 Accounting policies (continued)

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

#### Deposits

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

#### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations.

#### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made on an individual basis.

#### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

#### Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

#### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

## Financial statements 1 April – 31 December

### Notes

#### 1 Accounting policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Financial statements 1 April – 31 December

### Notes

#### 2 Going concern

The Company has received a letter of support from The Hamleys Group Limited where it is stated that they will unconditionally support the Company financially until the annual general meeting in 2018 when the annual report for the following financial year is approved. It is therefore concluded that the capital resources is sufficient for the operation in 2018.

#### 3 Staff costs

DKK'000	1. Apr – 31. Dec 2016	1. Apr 2015 - 31. Mar 2016
Wages and salaries	4,268	5,304
Pensions	27	0
Other staff costs	182	300
	<u>4,477</u>	<u>5,604</u>
Average number of full-time employees	<u>26</u>	<u>38</u>

#### 4 Financial income

Debt forgiveness on payables to related parties	0	841
	<u>0</u>	<u>841</u>

#### 5 Financial expenses

Other financial costs	10	85
Write-down of receivables from related parties	0	1,652
	<u>10</u>	<u>1,737</u>

#### 6 Equity

The share capital consists of 50,000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital since the Company was incorporated in April 2014.



## Financial statements 1 April – 31 December

### Notes

#### 7 Rental agreements and leases

Lease obligations under operating leases relating to leasehold. Total future lease payments:

DKK'000	1. Apr – 31. Dec 2016	1. Apr 2015 - 31. Mar 2016
Within 1 year	1,309	1,482
Between 1 and 5 years	5,236	5,267
After 5 years	1,858	2,853
	<u>8,403</u>	<u>9,602</u>

#### 8 Contingent liabilities

The Danish group enterprises are jointly and severally liable for tax on the jointly taxed income of the Group and for Danish taxes at source such as dividend tax, tax on royalty payments and withholding tax.

#### 9 Related party disclosures

##### Control

Hamleys Denmark ApS is part of the consolidated financial statements of The Hamleys Group Ltd, 2 Foubert's Place, Regent Street, London, W1F 7PA, United Kingdom.

The consolidated financial statements of The Hamleys Group Ltd can be obtained by contacting the Company.