

Registered number: 00134995

Moss Bros Group Limited

Annual report and financial statements

For the period ended 30 January 2021

Moss Bros Group Limited

Company Information

Directors David William Adams (appointed 7 February 2020)
Brian Denis Brick
Warren Edmond Flick jr (appointed 6 July 2020)
Heath Lee Golden (appointed 6 July 2020)
Jeffery Owen Spiegel (appointed 6 July 2020)
Anthony Paul Bennett (resigned 7 February 2020)
Avis Joy Darzins (resigned 11 June 2020)
Alexander Gersh (resigned 11 June 2020)
Maurice Harold Helfgott (resigned 11 June 2020)
Gareth Gwynne Jones (resigned 11 June 2020)
Colin Nigel Porter (resigned 11 June 2020)

Company secretary David William Adams

Registered number 00134995

Registered office 8 St Johns Hill
Clapham Junction
London
SW11 1SA

Contents

	Page
Strategic report	1 - 6
Directors' report	7 - 9
Independent auditors' report	10 - 13
Statement of comprehensive income	14
Balance sheet	15
Statement of changes in equity	16 - 17
Notes to the financial statements	18 - 45

Strategic report

For the period ended 30 January 2021

Introduction

The directors present their strategic report together with the audited financial statements for the 53 week period ended 30 January 2021.

Principal activities

Moss Bros Group Ltd ("the Group") retails, hires and offers custom made formal wear for men, predominantly in the UK through retail stores and online.

Business review and Key Performance Indicators

	30 January 2021 £000	25 January 2020 £000
Turnover	38,648	128,317
EBITDA	(11,703)	5,243

During the year, the company de-listed from the stock market effective 11 June 2020 and was significantly impacted by the Coronavirus pandemic.

These financial results should be read in the context of the significant impact of Covid-19 on non-essential retail and in particular on Men's formal wear in an event driven business.

Total sales for the 53-week financial period ending 30 January 2021 decreased by £88.3m or 69.4% to £38.9m (prior period 52 weeks). The decrease is a direct result of the Covid pandemic during which non-essential retail was closed from 23rd March 2020 to 15th June 2020, then from 7th November 2020 to 2nd December 2020 and again from 19th of December 2020 dependent on Covid tier status in the UK. Non-essential retail only reopened in April 2021.

Furthermore, besides enforced store closure, the restrictions on the number of people allowed to attend weddings, social, sporting and other similar events during the pandemic, which lead to many event cancellations and postponements had a further negative impact on the trade of Moss Bros, which is predominantly an event driven business.

As a direct result of the impact of the above, Moss Bros engaged KPMG to evaluate restructuring options available to the company resulting in the Directors opting for a Company Voluntary Arrangement (CVA). The CVA was launched on 26th November 2020 and received a successful 82% vote in favor on 14th December 2020.

The principal objective of the CVA proposal was to reduce the Group's leasehold obligations in light of the impact on trade from Covid-19, help restore the viability of the Group with a return to profitability and strengthen the balance sheet. Despite agreeing revised commercially acceptable leasehold terms with the majority of its Landlords, Moss Bros was unable to secure sufficient support for the Directors to avoid the CVA.

The Group also managed to secure an additional funding commitment from the shareholders in the form of a revolving credit facility of 7 million GBP with a term of 2 years from the date of the agreement to provide additional liquidity.

The company reported a loss after tax for the period of £17.8m (2020: £2.3m loss after tax).

The adjusted EBITDA loss is £11.7m (2020: £5.2m)

No dividends were paid by the Company to the shareholders (2020: £nil).

Strategic report (continued)
For the period ended 30 January 2021

Current trading and outlook

The business has traded strongly since our stores reopened in April 2021 and the relaxation of Covid rules on the attendance of events and in particular wedding parties. The Directors expect that the year ended 30th January 2022 will mark a return to record levels of profitability with strong sales and effective cost control providing Balance Sheet strength and liquidity.

Whilst there remains uncertainty around the impact of Covid-19 and the wider macro-economic environment, the Directors are increasingly confident about the trading outlook and expect the demand for weddings and other events to be sustained. We are committed to our strategy of "styling individuals for on-form moments". As well as providing unrivalled in store service levels in our sector, the Group has diversified its product ranges by stretching into smart casual wear which compliments the other formal products and is focused on providing value to our customers by selling exceptional quality at affordable price points. We have transitioned away from promotional discounting to drive sales at full price.

We believe our brand appeals to an increasingly broad customer base and is capable of further expansion.

Going concern

The Company's business activities, factors likely to affect its future development, performance and position are set out in the principal activities and business review on page 1.

The main financial risks arising from the activities of the Company are set out in this report below, together with the policies and processes to manage these risks.

The Directors have reviewed the Company's forecasts which take into account possible changes in trading due to the Coronavirus Pandemic. As described in the current trading and outlook section above, the outlook for the company is expected to be positive for the following year. These forecasts show that the company should be able to operate within its existing working capital facilities.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements for the Company.

Principal risks and uncertainties

Moss Bros is an established brand, with a loyal customer following. However, we acknowledge, measure and mitigate the following risks:

Economy - impact on retail

Almost all of the Group's revenue is generated in the UK. A deterioration in the strength of the UK economy would be likely to reduce consumer demand for discretionary items. This could materially and adversely affect the financial position of the Group. The Group is currently funded from its own cash reserves and any prolonged downturn may impact these.

We continually focus on maintaining our product quality, customer service and supplier relationships, which will help us retain our competitive position and retain customers.

The business has the flexibility to adjust its capital expenditure plans, restrict dividends and review operational expenditure to reduce or defer unnecessary expenditure. These measures will conserve cash and maintain the strength of our balance sheet.

Property leases have short remaining lives allowing flexibility to reduce fixed overhead costs should the need arise.

The Group is currently debt free and cash generative.

Strategic report (continued)
For the period ended 30 January 2021

Covid-19

A disruption to the wider economy due to the Covid 19 pandemic may adversely affect our performance.

At the Balance Sheet date a risk was emerging that the Covid-19 Pandemic would result in a significant impact on the business and the wider economy. This could materially and adversely affect the financial position of the Group with further risks to the sale of the business.

Management has reviewed these issues and focused on efficient cash management, renegotiation of liabilities and new funding lines while maximising the use of governmental assistance to overcome the impact from Covid 19.

We continually review and monitor our expenditure and have reduced our operating and capital expenditure.

Moss Bros has long established relationship with its suppliers mainly based in Far East who have been fully cooperative in managing our product requirements throughout the Covid 19 pandemic period. We expect this cooperation to continue and therefore believe minimal adverse impact in sourcing the required product ranges.

The full impact of the pandemic on the economy is yet to be seen but, but the company will continue to seek to mitigate this risk by following the UK Government's guidelines and adapting and developing its own internal strategy.

The company successfully completed a Company Voluntary Arrangement (CVA) in January 2021 resulting in significant reduction in its fixed costs.

Supply chain

A disruption to supplier continuity may adversely affect our operation. Suppliers going out of business or unable to supply goods could have a significant impact on our ability to meet demand in store and online. As we increase the volume of garments sourced directly from supplier factories we must ensure that the supply chain critical path is closely monitored and proactively managed.

The diversification of product buying across a range of suppliers limits the Group's over reliance upon any individual supplier. We have implemented controls which enable us to identify early any potential deviations from product and supply chain critical paths. In addition, we continuously review our supply base to ensure we increase the number of suppliers and supply routes through which we source our product.

Foreign currency exposure, principally the US Dollar, is hedged for 6 to 9 months in advance.

Brexit

The key indirect risks surrounding the UK leaving the EU are significant.

The Group acquires a significant proportion of its goods from overseas, and this exposes us to the possible increases in tariffs and duties on goods imported to the UK which could lead to increase in our costs. However, as majority of our products are sourced from outside of the EU we expect these to be minimal.

Potential reduction in the value of Sterling may also lead to higher costs.

We have reviewed these issues in detail and determined there may be some additional costs, but these are expected to be limited following the Government's agreement with EU for an orderly exit. The majority of our products are sourced from countries outside the EU.

The mitigation of indirect risks, which remain beyond our control, are highly reliant on the preparedness of national authorities and other businesses

Brand image

Maintaining our store presentation is important for attracting customers and growing our brand

We continually seek to improve the look & feel of our in-store environment and online offering to deliver an improved customer experience.

S172 Statement

How the Board of Directors has promoted the success of the Group for the benefit of its members as a whole; whilst having regard to the matters set out in Section 172 of the Companies Act 2006

The Board is mindful of all stakeholders when making decisions of strategic performance. Stakeholder engagement is central to the formulation and execution of the strategy and critical in achieving long-term success. The needs of our stakeholders as well as the consequences of any decision on the long-term are well considered by the Board.

A description of the key stakeholders, their engagement and how this influences our decision making is set out below.

Stakeholder engagement

CUSTOMERS

Our customers are at the heart of everything we do. We seek to understand more about them to ensure our products and services meet their expectations and we deliver a seamless shopping experience whichever channel they choose to shop with us, whether online, in store or via our contact centre.

We constantly review whether we are achieving our customer centric aims and ambitions by measuring customer growth and getting feedback via surveys, ratings, and occasional focus groups as well as through our various contact channels.

We have regular meetings to review any issues impacting the customer experience and put actions in place to resolve them as quickly as possible. The customer continues to be our focus at all levels in the organization and we have many initiatives on the horizon to adapt to changing requirements, shopping preferences and lifestyle.

SHAREHOLDERS

The Directors and particularly the CEO engage with their principal shareholders on a regular basis involving them in all significant decisions and providing regular updates on performance.

EMPLOYEES

We remain committed to employment policies that do not discriminate between employees or potential employees on the grounds of gender, colour, race, nationality, ethnic origin, national origin, religion, religious beliefs, sexual orientation, disability or age. In line with the change in legislation, we continue to focus on ensuring opportunities are open and fair for both women and men.

We continually engage with our employees and have been focused on employee safety, wellbeing and morale throughout the pandemic. Moss Bros also engages with their employees through a workplace intranet, head office, retail communications and online training module.

GOVERNMENT/REGULATORS

We are committed to doing business responsibly and regularly have meetings/briefings, consultations, dialogue with trade bodies and specialist advisors to help proactively monitor new regulations and compliance requirements.

Strategic report (continued)
For the period ended 30 January 2021

COMMUNITY

The community and wider society are concerned with charitable donations, environmental impact and sustainability.

We operate across the UK and so have a presence in many different communities. We do not have a specific social policy, but Moss Bros actively looks for and has taken part in a number of initiatives, at both a national and a local level. Taking part in such initiatives can help promote our brand and mitigates our brand risk as shown on page 3. We have been involved with promotion of charitable initiatives, and we have also supported Prostate Cancer UK in raising awareness and funds.

We provide our excess products free of charge to a charity that offers smart formal wear to homeless men seeking employment.

ENVIRONMENT

We do not operate in a sector that creates significant pollution, but our products, logistical operations and stores all impact on the environment to some extent. Whilst we do not have a specific environmental policy, we do strive to minimise our environmental impacts as much as possible and we comply with all applicable environmental laws and regulations. We are continually looking for ways to reduce carbon emissions and to improve the efficiency of our operations, by reducing waste and consolidating deliveries as much as possible.

All our recyclable packaging is recycled where commercially viable and our surplus or end of life IT equipment is disposed of via an accredited recycling provider, to help minimise the amount of our waste ending up at landfill sites. We continually monitor our packaging options to seek a reduction in the amount of materials used.

We are seeking to reduce our impact anyway we can and we are committed to closing the loop and moving towards sustainable manufacturing processes. We have increased our ranges made from recycled polyester-blend fabric and natural fibers with trims that have been consciously chosen for their low impact on the environment. Moss Bros has selected every element either because it is recycled or because it is made sustainably without compromising on quality.

Moss Bros monitors carbon emissions and is engaging with suppliers on product sustainability.

Assessment parameters	
Baseline year	2019/20
Consolidation approach	Operational control
Boundary summary	All facilities under operational control were included
Consistency with the financial statements	The use of the operational control approach causes a variation to those assets used and controlled by the Group as discussed in our financial statements. The business operates from a portfolio of high street, shopping centre and factory outlet stores, as well as head office, all held under operating leases. These are included in our emissions table however are not listed on our Balance Sheet. However, 1 lease have areas sublet to tenants. These areas sublet are not under our operational control and therefore are not included in our emissions table.
GHG measurement basis used	Defra 2020
Assessment methodology	Defra guidance
Materiality threshold	The Group has not applied a materiality threshold. Therefore, there are no exclusions.
Intensity measurement	Tonnes of CO ₂ per £m revenue

Strategic report (continued)
For the period ended 30 January 2021

Summary GHG emissions data for 2020/21

		2020/21	
	Activity	(tCO ₂ e)	(tCO ₂ e/£m revenue)
Scope 1	Stores distribution	91	2.39
	Business travel	16	0.41
	Gas	82	2.16
	Air conditioning	0	0
Scope 2	Purchased electricity	1,007	26.50
Statutory total (Scope 1 & 2)*		1,195	31.46
Intensity measurement:			
		2020/21	2019/20
Tonnes of CO₂e per £m revenue		31.46	17.61
Revenue (£m)		38	128

SUPPLIERS

It is our policy to maintain the highest standards of ethics, honesty and integrity. To ensure this, we have a zero tolerance approach to bribery and corruption and policies are in place that define the expected standards of our employees and suppliers.

We provide guidance to our employees around the giving and receiving of gifts, hospitality and entertainment. Anyone who suspects, is offered or asked to make a bribe is required to report such an incident or concern to the Company Secretary. The Group has established a confidential helpline for raising concerns regarding impropriety in financial or other matters, which is open to all employees and operates independently of line management. There have been no incidents of bribery or corruption identified or notified to the Board in the year. The significant gift register is reviewed by the Board of Directors annually.

The Company aims to conduct all its business relationships with integrity and courtesy, and to honour all business agreements. We work closely with producers and our supply chain and have taken measures to prevent modern slavery.

This report was approved by the board on 30 March 2022 and signed on its behalf.

David William Adams
Director

Directors' report

For the period ended 30 January 2021

The directors present their report and the financial statements for the period ended 30 January 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £17,763 thousand (2020 - loss £2,291 thousand).

No dividends were paid by the Company to the shareholders (2020: £nil).

Directors

The directors who served during the period were:

David William Adams (appointed 7 February 2020)
Brian Denis Brick
Warren Edmond Flick jr (appointed 6 July 2020)
Heath Lee Golden (appointed 6 July 2020)
Jeffery Owen Spiegel (appointed 6 July 2020)
Anthony Paul Bennett (resigned 7 February 2020)
Avis Joy Darzins (resigned 11 June 2020)
Alexander Gersh (resigned 11 June 2020)
Maurice Harold Helfgott (resigned 11 June 2020)
Gareth Gwynne Jones (resigned 11 June 2020)
Colin Nigel Porter (resigned 11 June 2020)

Directors' report (continued)
For the period ended 30 January 2021

Stakeholder engagement statement

The way in which the Board engages with its Stakeholders is set out in the s172 Statement on pages 4 - 6 or the Strategic Report.

Corporate social responsibility

The Moss Bros family includes people in our shops, our head office, and extends to our customers, our suppliers, our charities and our local communities.

Employee engagement and development

We pride ourselves at Moss Bros with a culture of having a transparent and open dialogue with our colleagues, and over the past few years having been building up a rhythm of engagement activities which have helped to influence and shape some of our most strategic decisions as a company.

We use listening groups, anonymous feedback platforms, as well as employee surveys as tools to engage with colleagues. This includes participation of the Chief Executive Officer as well as other directors. We remain committed to the personal development of our colleagues, and continually look at new and innovative ways to ensure personal development of everyone who works for us.

We have continued to conduct and publish our Gender pay analysis and have carried out an equal pay review to ensure equity of pay across similar roles.

Diversity and inclusion

Whilst Corporate Social Responsibility, sustainability, diversity and equal opportunities have always been a part of the Moss Bros culture, we are now increasing our focus on ensuring diversity and inclusion as a natural part of the working experience at Moss Bros. While we already have robust supporting policies in place, we are focusing on all the different aspects of where we can improve and how we can embed meaningful and lasting diversity and inclusion values in our day to day working experience. It is not our intention to make bold, unrealistic statements, but rather to drive a steady grassroots awareness and improvement across the business.

Employees with disabilities

Applications for employment by persons with disabilities are always fully and fairly considered, focusing on the aptitudes and abilities of the applicant concerned. In the event of an employee becoming disabled during their employment, every effort is made to ensure that their employment with the Company continues and that where appropriate, reasonable adjustments are made and relevant training and education of the wider team is arranged to adjust to continued employment. It is the policy of the Company that the training, career development and promotion of persons with disabilities should, as far as possible, be identical with that of other employees.

Suppliers

All product suppliers who join the Moss Bros family must follow our Ethical Code of Conduct before we do business with them. Our code covers all aspects of Health and Safety and Labor and Wages which is based on a code covering:

- General principles
- Non discrimination
- Forced labor
- Child labor
- Wages and hours
- Working conditions
- Environment
- Freedom of association

In line with UK legislation, we publish our annual Modern Slavery Statement which explains the steps we have taken so far to address this issue across our business. We have made a commitment to use only sustainably sourced cotton in our products by 2024. Our ongoing training programs continue with our key factories, to train our supplier compliance teams how to ethically audit their own

supply base which has helped to increase visibility of our end to end supply chain further down the tiers.

Directors' report (continued)

For the period ended 30 January 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 March 2022 and signed on its behalf.

David William Adams
Director

Independent auditors' report to the members of Moss Bros Group Limited

Opinion

We have audited the financial statements of Moss Bros Group Limited (the 'Company') for the period ended 30 January 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 January 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of Moss Bros Group Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Moss Bros Group Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Identifying and testing journal entries, in particular any entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

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

Independent auditors' report to the members of Moss Bros Group Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Anne Dwyer (Bsc) Hons FCA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants

Statutory Auditor

London

30 March 2022

Statement of comprehensive income
For the period ended 30 January 2021

	Note	2021 £000	2020 £000
Turnover	4	38,648	128,317
Cost of sales		(19,802)	(54,708)
Gross profit		18,846	73,609
Shop's selling, marketing and distribution costs		(37,405)	(69,012)
Administrative expenses		(8,720)	(6,365)
Exceptional costs		(3,408)	-
Other operating income		9,599	-
Fair value movements		-	165
Operating loss	6	(21,088)	(1,603)
Amounts written off investments		(748)	-
Interest receivable and similar income	10	11	79
Interest payable and similar expenses	11	(1)	(1)
Loss before tax		(21,826)	(1,525)
Tax on loss	12	4,063	(766)
Loss for the financial period		(17,763)	(2,291)
Other comprehensive income for the period			
Total comprehensive income for the period		(17,763)	(2,291)

The notes on pages 18 to 45 form part of these financial statements.

Balance sheet
As at 30 January 2021

	Note	30 January 2021 £000	25 January 2020 £000
Fixed assets			
Intangible assets	14	1,804	2,717
Tangible assets	15	7,342	13,817
Investments	16	9,502	9,502
		<u>18,648</u>	<u>26,036</u>
Current assets			
Stocks	17	12,959	17,472
Debtors: amounts falling due within one year	18	5,625	7,641
Cash at bank and in hand	19	4,540	11,668
		<u>23,124</u>	<u>36,781</u>
Creditors: amounts falling due within one year	20	(30,278)	(35,542)
		<u>(7,154)</u>	<u>1,239</u>
Net current (liabilities)/assets		<u>(7,154)</u>	<u>1,239</u>
Total assets less current liabilities		<u>11,494</u>	<u>27,275</u>
Provisions for liabilities			
Other provisions	22	(3,302)	(1,979)
		<u>(3,302)</u>	<u>(1,979)</u>
Net assets		<u><u>8,192</u></u>	<u><u>25,296</u></u>
Capital and reserves			
Called up share capital	23	5,040	5,040
Share premium account	24	8,674	8,674
Hedging reserve	24	-	(659)
Share-based payments reserves	24	-	202
Acquisition reserve	24	4,370	4,370
Profit and loss account	24	(9,892)	7,669
		<u><u>8,192</u></u>	<u><u>25,296</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 March 2022.

David William Adams
Director

The notes on pages 18 to 45 form part of these financial statements.

Statement of changes in equity
For the period ended 30 January 2021

	Called up share capital	Share premium account	Hedging reserve	Share-based payments	Acquisition reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 26 January 2020	5,040	8,674	(659)	202	4,370	7,669	25,296
Comprehensive income for the period							
	-	-	-	-	-	(17,763)	(17,763)
Loss for the period							
Other comprehensive income for the period							
	-	-	-	-	-	-	-
Total comprehensive income for the period							
	-	-	-	-	-	(17,763)	(17,763)
Transfer to/from profit and loss account				(202)	-	202	-
Transfer between other reserves			659	-	-	-	659
Total transactions with owners							
	-	-	659	(202)	-	202	659
At 30 January 2021	5,040	8,674	-	-	4,370	(9,892)	8,192

The notes on pages 18 to 45 form part of these financial statements.

Moss Bros Group Limited

**Statement of changes in equity
For the period ended 25 January 2020**

	Called up share capital	Share premium account	Hedging reserve	Share-based payment reserves	Acquisition reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 26 January 2019	5,040	8,674	(659)	202	4,370	9,960	27,587
Comprehensive income for the period	-	-	-	-	-	(2,291)	(2,291)
Loss for the period							
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(2,291)	(2,291)
Total transactions with owners	-	-	-	-	-	-	-
At 25 January 2020	5,040	8,674	(659)	202	4,370	7,669	25,296

The notes on pages 18 to 45 form part of these financial statements.

Notes to the financial statements
For the period ended 30 January 2021

1. General information

Moss Bros Group Limited is a private company limited by shares and is incorporated in England & Wales with the company number 00134995. The address of the registered office and principal place of business is 8 St Johns Hill, Clapham Junction, London, SW11 1SA.

The principal activity of the company consists of the retail, hire and the offer of custom made formal wear for men, predominately in the UK.

These financial statements are for the 53 week period ended 30 January 2021. The comparative financial statements were prepared for the 52 week period ended 25 January 2020.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 32.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Moss Bros Group Holdings Limited and these financial statements may be obtained from 8 St Johns Hill, Clapham Junction, London, SW11 1SA.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Notes to the financial statements
For the period ended 30 January 2021

2. Accounting policies (continued)

2.4 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have reviewed management forecasts, sensitivities and mitigating actions available to management which take into account possible changes in trading, particularly in relation to the Coronavirus Pandemic. These forecasts show that the Company should be able to operate within the existing working capital facilities.

The liquidity requirements of the Company have been assessed by the directors and believe them to be adequate for a period of at least 12 months from the date of signing these financial statements and therefore have adopted the going concern basis in preparation of the financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Notes to the financial statements
For the period ended 30 January 2021

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue comprises sales to third parties (excluding VAT) and is derived from the retail sale and hire of clothing and ancillary goods. For store retail purchases, revenue is recognised on exchange of goods. For the hire of clothing, the performance obligations are met when the hire clothing and ancillary goods are collected for use by the customer. For Tailor Me, the exchange of goods occurs upon collection. Franchise revenue is recognised on the day of purchase as the goods are transferred to the customer at this point.

Deposits and advances taken in relation to Hire and Tailor Me create contract liabilities until the performance obligations are satisfied at the collection date. E-commerce revenue is recognised at despatch date as this is the point where the performance obligations are met. Upon despatch the courier company becomes responsible for successful delivery.

The Company offers a full refund on retail sales within 28 days. The estimated value of consideration relating to refunds is excluded from retail revenue. Management estimates the refund liability by considering the products expected to be returned. The liability creates a refund asset and a refund liability, and the cost of the estimated refunds is reflected in cost of sales.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Notes to the financial statements
For the period ended 30 January 2021

2. Accounting policies (continued)

2.8 Intangible assets

Computer software and the directly related development costs that are not an integral part of the related hardware are classified as an intangible asset and stated at cost less accumulated amortisation. Capitalised software costs include external direct costs of goods and services, as well as internal payroll-related costs for employees who are directly associated with capital projects. For both internally generated and other intangibles, amortisation is charged on a straight-line basis over three to five years.

In accordance with FRS 102, internal development costs are only recognised when the Company is able to demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- the ability to measure reliably the expenditure to the intangible asset during its development.

The inhouse software developed by the Company is used internally to improve operating procedures, creating probable future economic benefits for the Company. The development software includes costs relating to the enhancement of the Company's e-commerce capabilities.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Pensions

Defined contribution pension plan

The Company contributes to defined contribution schemes. Contributions payable to the Company Pension Plan and other post-retirement benefits are charged to the Statement of Comprehensive Income in the period to which they relate. Differences between contributions payable in the period and contributions actually paid are shown as either accruals and prepayments in the Balance Sheet.

The Company does not operate or contribute to any defined benefit plans.

Notes to the financial statements
For the period ended 30 January 2021

2. Accounting policies (continued)

2.13 Share based payments

The Company has a Long-Term Incentive Plan (LTIP), a Save As You Earn (SAYE) scheme and a deferred bonus shares share-based payment scheme in place.

Equity-settles share-based payments to employees are measured at the fair value of the equity instrument at the grant date.

The fair values of all options granted under the LTIP, SAYE and deferred bonus shares schemes, with the exception of the 2017, 2018 and 2019 LTIP grant, are measured using the Black-Scholes model, taking into account the terms and conditions upon which the options and shares are granted.

The 2017, 2018 and 2019 LTIP grant has performance conditions which are split between market based and non-market based conditions. The Monte Carlo valuation model has been used to determine fair value at grant date of the market based proportion of the grant. The Black-Scholes model is used for the non-market based proportion of the grant. Details are set out in note X.

The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. The fair value of market based portion of the 2017 and 2018 LTIP grant was determined at the grant date and is not subsequently revised.

2.14 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Notes to the financial statements
For the period ended 30 January 2021

2. Accounting policies (continued)

2.16 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

leasehold improvements	-	See below
Hire inventory	-	2 -7 years
Fixtures and fittings	-	2 - 10 years
Computer hardware	-	5 years

Leasehold improvements are written off over the shorter of the period of the lease or the useful economic life of the assets on a straight-line basis. Location premiums are paid to enter a property which is in a desirable location, stated at cost, net of depreciation and any provision of impairment. Depreciation is calculated on location premiums over the useful economic life on a straight-line basis. Where assets of a store are required to be impaired leasehold improvements are treated as part of the cash-generating unit for impairment.

Hire inventory is held as a fixed asset and depreciated over its estimated useful life. The classification differs from other stock held as the assets are retained by the Company and hired to customers on a short-term basis.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.17 Impairment of fixed assets

At each reporting date, the Company reviews its carrying value of its, property, plant and equipment, leasehold improvements and intangible assets to determine whether there is any indication that these assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The Company considers all the assets of a particular store to be one cash generating unit for the purposes of impairment review.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use of a store cash generating unit, the estimated cash flows are discounted to their present value.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to the recoverable amount. An impairment loss is recognised as an expense immediately.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the financial statements
For the period ended 30 January 2021

2. Accounting policies (continued)

2.19 Stocks

Stock includes all costs of purchases and costs incurred in bringing inventories to their present location and condition. Costs of purchase comprise the purchase price, other taxes and transport costs. These costs are recognised as cost of sales upon the sale of stock. Stock write downs are included in the cost of sales when incurred.

Retail inventory is valued at the lower of cost (weighted average by season) and estimated net realisable value (estimated selling price less costs to be incurred in selling and distribution). Cost includes all direct expenditure and other attributable costs incurred in bringing stock to their present location and condition.

2.20 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.21 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.22 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions for onerous property lease contracts are recognised when the Company believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits to be received under the lease.

Provisions for dilapidations for store operating leases are recognised when the Company believes that the likelihood of incurring costs to rectify the store is probable, due to a contractual obligation when vacating premises at lease expiry, and a reliable estimate can be made for the obligation. Estimates are derived through negotiations, reliable third-party opinion or comparable historical information.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Notes to the financial statements
For the period ended 30 January 2021

2. Accounting policies (continued)

2.24 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Notes to the financial statements
For the period ended 30 January 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

he preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the period. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

In preparing these financial statements, the Directors have made the following judgements:

Tangible fixed assets

The Company has recognised tangible fixed assets with a carrying value of £7,342,000 (2020: £13,817,000) at the reporting date (see note 15). These assets are stated at their cost less provision for depreciation and impairment. The Company's accounting policy sets out the approach to calculating depreciation for assets and for subsequent additions. The Company determines at acquisition reliable estimates for the useful life of the asset and its residual value. These estimates are based upon such factors as the expected use of the acquired assets and market conditions. At subsequent reporting dates the Directors consider whether there are any factors such as technological advances or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Company undertakes tests to determine the recoverable value of assets. Recoverable value assessments include consideration of issues such as future market conditions, the remaining life of the asset and disposal values.

Lease commitments

The Company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires Directors to consider whether the terms and conditions of each leases are such that the Company has acquired the risks and rewards associated with the ownership of the underlying assets.

The following are the Company's key sources of estimation uncertainty:

Store impairment

At the end of each reporting period an impairment review is carried out to identify any indicators of impairment for each cash generating unit ("CGU"). Where indicators of impairment are present, the recoverable amount is calculated and an impairment loss recognised to reduce the carrying value of the asset to its recoverable amount.

The Company has identified each store to be a separate CGU. The total number of stores at 30 January 2021 was 103 (2020: 128). At CGU level, the assets that are identified for determining the CGU's carrying amount comprises all classes of property, plant and equipment and leasehold improvements, including associated intangibles.

Due to the difficult trading year and increased economic uncertainty management have completed a strategic review of the store portfolio during 2020. As a high number of stores exhibited indicators of impairment, discounted cash flows were calculated for all stores to determine their value in use at the year end. Discounted cash flows are calculated until the end of each store's operating lease term.

The estimate that is considered to give rise to the most significant risk of material misstatement within the discounted cash flow model is budgeted sales for 2021/22. A decrease in budgeted sales of 1% would give rise to an impairment of £34,500.

Notes to the financial statements
For the period ended 30 January 2021

3. Judgements in applying accounting policies (continued)

The Company notes that there is subjectivity around the discount rate applied in determining a store's recoverable amount. The Company's policy is to use weighted average cost of capital to determine the discount rate, which is based on several assumptions including the estimation of the Company's appropriate cost of debt in absence of debt within the Company. However, the Company has comfort that a movement in the discount rate of five percentage points would not result in a material difference to the financial statements.

Other assumptions that are not considered to be key estimates and do not give significant risk of material misstatement in the next financial period are in relation to future sales growth rates, future gross margin growth rates and cost increases in future years.

Based on the results of this analysis, an impairment charge of £1,368,000 (2019/20: £2,192,000) has been recognised across 20 stores (2019/20: 15 stores), nil of which are due for closure (2019/20: 3).

Management will continue to closely monitor trading performance of each store to ensure appropriate assets values are impaired at the earliest point, if required.

Provision for dilapidations

Provisions for dilapidations for store operating leases are recognised when the Company believes the likelihood of incurring costs to rectify the store is probable, due to a contractual obligation when vacating premises at lease expiry, and a reliable estimate can be made for the obligation. Provisions from previous years were recognised in relation to the stores with leases expiring within 30 months of the reporting date, where the lease is not expected to be renewed and where it is reasonable to expect the landlord to follow up with a claim.

The provision as at 30 January 2021 is £3,301,715 which relates to 99 stores (25 January 2020: £1,979,071), see note 22.

Estimates for dilapidation provisions are based on accurate settlement history against past provisions.

Notes to the financial statements
For the period ended 30 January 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Retail	36,777	115,745
Hire	1,871	12,572
	<u>38,648</u>	<u>128,317</u>

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	38,648	128,317
	<u>38,648</u>	<u>128,317</u>

Revenues outside of the United Kingdom represent less than 5% (2019/20: 4%) of Group revenues.

5. Other operating income

	2021 £000	2020 £000
Government grants receivable	9,599	-
	<u>9,599</u>	<u>-</u>

6. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Exchange Gain/(Loss) differences	366	(647)
Loss on disposal of property, plant and equipment	(1,870)	(49)
Other operating income from sublets	268	291
Rent paid contingent on turnover	<u>(362)</u>	<u>(216)</u>

Notes to the financial statements
For the period ended 30 January 2021

7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>65</u>	<u>235</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	21,253	24,787
Social security costs	1,218	1,952
Cost of defined contribution scheme	509	579
	<u>22,980</u>	<u>27,318</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2021 No.	2020 No.
Distribution	119	115
Selling and marketing	881	771
Administration	50	47
	<u>1,050</u>	<u>933</u>

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	575	716
Directors' long term incentive payments	206	-
Pension costs	62	105
	<u>843</u>	<u>821</u>

During the period retirement benefits were accruing to 2 directors (2020 - 2) in respect of pension.

The highest paid director received remuneration of £286 thousand (2020 - £338 thousand).

Notes to the financial statements
For the period ended 30 January 2021

10. Interest receivable

	2021	2020
	£000	£000
Other interest receivable	11	79
	11	79

11. Interest payable and similar expenses

	2021	2020
	£000	£000
Other loan interest payable	1	1
	1	1

12. Taxation

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the year	-	98
Adjustments in respect of previous periods	-	(108)
	-	(10)
Total current tax	-	(10)
Deferred tax		
Origination and reversal of timing differences	(4,063)	697
Adjustment for prior period	-	79
Total deferred tax	(4,063)	776
Taxation on (loss)/profit on ordinary activities	(4,063)	766

Notes to the financial statements
For the period ended 30 January 2021

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Loss on ordinary activities before tax	<u>(21,825)</u>	<u>(1,525)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(4,147)	(290)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,607	78
Depreciation on assets not qualifying for capital allowances**	378	222
Other timing differences leading to an increase (decrease) in taxation	146	15
Deferred tax not recognised	(1,818)	1,831
Non-taxable income	(205)	(51)
Adjustment in respect of prior period	190	(28)
Income taxed at different rates on foreign jurisdictions*	(1)	(53)
Effect of the change in tax rate	-	157
Qualifying donations unutilised	1	-
Other differences leading to an increase (decrease) in the tax charge	<u>(214)</u>	<u>(1,115)</u>
Total tax charge for the period	<u>(4,063)</u>	<u>766</u>

* Income taxed at different rates on foreign jurisdictions relates to the profit for the period of the Company's Irish stores taxed at 12.5%.

** Depreciation on assets not qualifying for capital allowances relates to structural improvements such as flooring and wall partitioning.

Factors that may affect future tax charges

During the 2021 budget announced by the Chancellor, it was reported that the main rate of corporation tax rate from 1 April 2023 will rise to companies with profits over £250,000.

Notes to the financial statements
For the period ended 30 January 2021

13. Exceptional items

	2021	2020
	£000	£000
Deal fees	1,444	-
CVA costs	2,326	-
Distribution Centre redundancy	658	-
Oxford Street East, CPO compensation	(1,020)	-
	<u>3,408</u>	<u>-</u>

Deal fees

Legal and professional fees incurred in connection with the delisting of Moss Bros Group PLC from the London Stock Exchange in June 2020 and the acquisition of the Company by Brigadier Acquisition Ltd (Now Moss Bros Group Holdings Ltd)

CVA costs

Legal and professional fees incurred in connection with the successful completion of a Company Voluntary Arrangement (CVA) to improve the viability of the Company's business in December 2020.

Distribution Centre redundancy

Distribution Centre redundancies resulting from outsourcing of our in-house distribution function to a third-party logistics company during the year

Oxford Street East

Compensation received from the landlords for surrendering our Oxford Street East store lease in the year as a result of a compulsory purchase order (CPO) imposed by the Landlord as the property was going to be redeveloped

Notes to the financial statements
For the period ended 30 January 2021

14. Intangible assets

	Computer software £000
Cost	
At 26 January 2020	12,327
Additions	289
Additions - internal	50
Disposals	(747)
At 30 January 2021	<u>11,919</u>
Amortisation	
At 26 January 2020	9,610
Charge for the period on owned assets	1,166
On disposals	(661)
At 30 January 2021	<u>10,115</u>
Net book value	
At 30 January 2021	<u><u>1,804</u></u>
At 25 January 2020	<u><u>2,717</u></u>

Amortisation charges are recorded within shops' selling and marketing costs.

The Company has capitalised £50,000 of IT personnel costs during the year (2019/20: £469,000) which are included within intangible Non-current Asset Additions. These costs relate specifically to IT time incurred on developing the Group's IT infrastructure. At 30 January 2021, the total cost of IT personnel included within Intangible Non-current Assets was £2,323,000 (2019/20: £2,273,000) with associated net book value of £720,000 (2019/20: £993,000).

Notes to the financial statements
For the period ended 30 January 2021

15. Tangible fixed assets

	Leasehold Improvements £000	Hire inventory £000	Fixtures, vehicles and equipment £000	Total £000
Cost or valuation				
At 26 January 2020	4,125	8,790	70,535	83,450
Additions	20	905	408	1,333
Disposals	(1,038)	(2,604)	(15,089)	(18,731)
At 30 January 2021	<u>3,107</u>	<u>7,091</u>	<u>55,854</u>	<u>66,052</u>
Depreciation				
At 26 January 2020	2,965	7,041	59,627	69,633
Charge for the period on owned assets	241	1,038	3,530	4,809
Disposals	(748)	(2,504)	(13,848)	(17,100)
Impairment charge	-	-	1,368	1,368
At 30 January 2021	<u>2,458</u>	<u>5,575</u>	<u>50,677</u>	<u>58,710</u>
Net book value				
At 30 January 2021	<u>649</u>	<u>1,516</u>	<u>5,177</u>	<u>7,342</u>
At 25 January 2020	<u>1,160</u>	<u>1,749</u>	<u>10,908</u>	<u>13,817</u>

Leasehold improvements relate to leasehold buildings as the element of land contained in these leases is minimal.

An impairment of leased properties of £1,368,000 (25 January 2020: £251,000) was recognised.

Notes to the financial statements
For the period ended 30 January 2021

16. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 26 January 2020	15,351
At 30 January 2021	<u>15,351</u>
Impairment	
At 26 January 2020	5,849
At 30 January 2021	<u>5,849</u>
Net book value	
At 30 January 2021	<u><u>9,502</u></u>
At 25 January 2020	<u><u>9,502</u></u>

Moss Bros Group Limited

Notes to the financial statements For the period ended 30 January 2021 Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Fairdale Textiles Limited	Dormant	Ordinary	100 %
Blazer Limited	Dormant	Ordinary	100 %
Shirt Co Limited	Dormant	Ordinary	100 %
L.&A. Froomberg Limited	Dormant	Ordinary	100 %
Moss Bros Group Qualifying Employee Share Ownership Trustee Limited	Employee Benefit Trust	Ordinary	100 %
Gee 2 Limited	Dormant	Ordinary	50 %
Our Big Day Limited	Dormant	Ordinary	100 %
Tannetje Limited	Dormant	Ordinary	100 %
Cecil Gee (Menswear) Limited	Dormant	Ordinary	100 %
Delbanco Meyer (Textiles) Limited	Dormant	Ordinary	50 %
Suit Co Limited	Dormant	Ordinary	100 %
Broadpark Limited	Dormant	Ordinary	100 %
City Menswear Limited	Dormant	Ordinary	100 %
Savoy Taylors Guild Limited	Dormant	Ordinary	100 %
Cecil Gee Limited	Dormant	Ordinary	100 %
Hagee (London) Limited	Dormant	Ordinary	100 %
Beale & Inman Limited	Dormant	Ordinary	100 %
Vavasseur & Company Limited	Dormant	Ordinary	100 %
Dehavilland Limited	Dormant	Ordinary	100 %
Brand Centre Holdings Limited	Dormant	Ordinary	100 %
Brand Centre (Lifestyle) Limited	Dormant	Ordinary	100 %

The registered office of all subsidiary undertakings is 8 St John's Hill, London, SW11 1SA. All dormant subsidiaries included in the table have taken advantage of the exemption from audit, permitted under s480A of the Companies Act. Moss Bros Group Qualifying Employee Share Ownership Trustee has taken advantage of the exemption from audit permitted under s479A of the Companies Act. All dormant subsidiaries included in the table above have taken advantage of the exemption from preparing individual accounts, permitted under s394A of Companies Act.

17. Stocks

	30 January 2021 £000	25 January 2020 £000
Retail stock	12,959	17,472

Notes to the financial statements
For the period ended 30 January 2021

18. Debtors

	30 January 2021 £000	25 January 2020 £000
Trade debtors	556	883
Amounts owed by group undertakings	-	2,151
Other debtors	248	863
Prepayments and accrued income	758	3,744
Deferred taxation	4,063	-
	<u>5,625</u>	<u>7,641</u>

19. Cash and cash equivalents

	30 January 2021 £000	25 January 2020 £000
Cash at bank and in hand	4,540	11,668
	<u>4,540</u>	<u>11,668</u>

20. Creditors: Amounts falling due within one year

	30 January 2021 £000	25 January 2020 £000
Trade creditors	3,811	6,297
Amounts owed to group undertakings	10,927	12,183
Corporation tax	36	80
Other taxation and social security	4,387	4,751
Other creditors	2,776	2,151
Accruals and deferred income	8,341	9,442
Financial instruments	-	638
	<u>30,278</u>	<u>35,542</u>

HSBC Bank plc is secured by a fixed and floating charge over the assets of the company. There are no outstanding liabilities at the year end.

Notes to the financial statements
For the period ended 30 January 2021

21. Deferred taxation

	2021 £000
Charged to profit or loss	4,063
At end of year	4,063

The deferred tax asset is made up as follows:

	30 January 2021 £000	25 January 2020 £000
Fixed asset timing differences	2,301	-
Losses and other deductions	2,618	-
Short term timing differences	(23)	-
Capital gains	(833)	-
	4,063	-

22. Provisions

	Dilapidations provision £000
At 26 January 2020	1,979
Charged to profit or loss	1,323
At 30 January 2021	3,302

The dilapidations provision at 30 January 2021 of £3,301,715 (2019/20: £1,979,071) is the estimated future cost of the Company's dilapidations costs and is expected to be utilised within the end of the lease term for the stores.

23. Share capital

	30 January 2021 £000	25 January 2020 £000
Allotted, called up and fully paid		
100,799,873 (2020 - 100,799,873) Ordinary shares shares of £0.05 each	5,040	5,040

Notes to the financial statements
For the period ended 30 January 2021

24. Reserves

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

25. Share based payments

The Company operates a number of share-based payments schemes: the Sharesave and equity-settled Long-Term Incentive Plan (LTIP), and a deferred bonus shares plan, all plans ended in the year ended 30 January 2021.

Save as you earn share option scheme

A save as you earn scheme was approved and adopted in 2012/13. Under the terms of the scheme, the Board may offer options to purchase ordinary shares in the Company once in each financial year to those employees who enter into an HM Revenue & Customs (HMRC) approved Save As You Earn (SAYE) saving account. For the 2019/20 plan, in line with HMRC regulations, the Board limited the maximum amount saved to £500 per month per employee (2018/19 plan: £500 per month per employee). The price at which options were offered is the average closing price for three consecutive dealing days preceding the offer date. For 2018, the exercise price offered was discounted by 20%. The options may normally be exercised during the six-month period after the completion of the SAYE contract, three years after entering the scheme.

	2020	2019	2018	2017
	3-year plan	3-year plan	3-year plan	3-year plan
Options outstanding at the beginning of the period	-	-	-	350,169
Granted	-	1,499,809	1,504,280	-
Forfeited	-	(861,309)	(230,668)	(243,471)
Options outstanding at the end of the period	-	638,500	1,273,612	106,698
Exercise price (pence)	-	21.6	39.00	80.80

The fair values of the options granted during the year have been calculated using the Black-Scholes model assuming the below:

	2019	2018	2017	2016
	3-year plan	3-year plan	3-year plan	3-year plan
Grant date	May 2019	May 2018	May 2017	May 2016
Fair value at grant date (pence per share)	6.72	12.04	21.45	20.78
Share price at grant date (pence per share)	21.4	47.65	103.00	100.50
Exercise price (pence per share)	21.6	39.00	80.80	82.70
Expected volatility (expressed as weighted average volatility used in the modelling under the Black-Scholes model)	46.00%	42.3%	32.5%	32.4%
Option life (years)	3.0	3.0	3.0	3.0
Expected dividend yield	0.00%	6.0%	6.0%	5.3%
Risk-free interest rate	0.73%	0.85%	0.23%	0.62%

The weighted average exercise price of the SAYE share options at the beginning of 2019/2020 is 45.61 (pence per share) and 31.33 (pence per share) at the end of 2019/2020. The weighted average exercise prices of SAYE share options granted during the period is 21.5 (pence per share). The weighted average price for the options cancelled or lapsed is 45.01 (per share).

The resulting fair value is expensed over the service period of three years on the assumption that 15% of options will lapse over the service period as employees leave the Group.

Notes to the financial statements
For the period ended 30 January 2021

On 12 April 2016 and 31 October 2016, a new equity settled Long-Term Incentive Plan (LTIP) was approved by shareholders and 879,447 share options and 61,227 shares, respectively, were awarded to directors and senior employees. In accordance with this plan, the share options are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period.

On 20 April 2017 a new settled Long-Term Incentive Plan (LTIP) was approved by shareholders and 1,075,466 shares were awarded to directors and senior employees. In accordance with this plan, the share options are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period.

On 30 April 2018 a new settled Long-Term Incentive Plan (LTIP) was approved by shareholders and 2,042,763 shares were awarded to directors and senior employees. In accordance with this plan, the share options are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period.

On 8 April 2019 a new settled Long-Term Incentive Plan (LTIP) was approved by shareholders and 2,721,538 shares were awarded to directors and senior employees. In accordance with this plan, the share options are exercisable at nil cost, subject to the satisfaction of performance conditions and the requirement for continued employment during the vesting period. The fair value is measured at grant date and recognised over the vesting period.

	April-20 Grant	April-19 Grant	April-18 Grant	April-17 Grant
Options originally granted net of lapsed	-	2,721,538	2,042,763	1,075,466
Unvested options at 26 January 2019	-	-	-	923,434
Granted	-	-	2,042,763	-
Lapsed	-	2,721,538	(565,336)	(205,551)
Vested	-	(1,272,176)	-	-
Unvested options at 25 January 2020	-	1,449,362	1,477,427	7,171,883
Options unexercised at 25 January 2020	-	1,449,362	1,477,427	7,171,883

	April-19		April-18		April-17	
Fair value of share options and assumptions*:	Monte Carlo	Black Scholes	Monte Carlo	Black Scholes	Monte Carlo	Black Scholes
Fair value at grant date (pence per share)	10.27	2.17	1.67	41.6	32.81	84.36
Share price (pence per share)	21.6	21.6	49.8	49.8	101	101
Exercise price (pence per share)	-	-	-	-	-	-
Expected volatility (expressed as weighted average volatility used in the modelling under the Black-Scholes model/Monte Carlo)	38%	45.3%	42.40%	31%	31%	32.40%
Option life (years)	3	3	3	3	3	3
Contractual life of shares (years)	3	3	3	3	3	3
Expected dividend yield	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%
Risk-free interest rate	0.7%	0.73%	0.82%	0.82%	0.13%	0.22%

*The fair value of LTIP share awards are subject to both market and non-market conditions. See note 1, principal accounting policies. 80% of 2019 grant is subject to non-market based conditions, 20% is subject to market based conditions.

Notes to the financial statements
For the period ended 30 January 2021

The weighted average exercise price of the LTIP share options at the beginning of 2019/2020 is 62.71 (pence per share) and 40.08 (pence per share) at the end of 2019/2020. The weighted average exercise prices of LTIP share options granted during the period is 41.6 (pence per share). The weighted average price for the options cancelled or lapsed is 45.3 (pence per share). Expected volatility was determined by calculating the historic volatility of the Group's share price over the period of three years. The expected life used in the model has been based on management's best estimate of the Group meeting the performance conditions.

Deferred bonus shares

In accordance with the Directors' Remuneration Policy, 50% of any bonus awarded to directors and senior employees is invested in shares and deferred for a three -year period. In accordance with the terms of this plan, the shares are exercisable at nil cost, subject to continued employment during the vesting period and awarded based on annual performance. This type of award was reintroduced during 2017/2018.

Share-based payment

Fair value of share options and assumptions	April 2017 award*
Unvested options at 26 January 2019	212,523
Vested	-
Lapsed	(27,254)
Unvested options at 25 January 2020	185,269
Options unexercised at 26 January 2020	185,269
Fair value at measurement date	84.36
Share price (pence per share)	101
Exercise price (pence per share)	-
Expected volatility (expressed as weighted average volatility used in modelling under the Black-Scholes model)	32.40%
Option life (years)	3
Expected dividend yield	6.00%
Risk-free interest rate	0.22%

*April 2017 grant was awarded 2017/18 and is based on annual performance for the 2016/2017 financial year.

Expected volatility was determined by calculating the historic volatility of the Group's share price over the period of three years. The expected life used in the model has been based on management's best estimate of the Group meeting the performance conditions.

Notes to the financial statements
For the period ended 30 January 2021

The weighted average exercise price of the DBS Options at the beginning of 2019/2020 is 84.36 (pence per share) and 84.36 (pence per share) at the end of 2019/2020. All schemes had closed by the end of the year.

Reconciliation of share awards	SAYE Number	LTIP Number	Deferred bonus Number
Share awards outstanding at 26 January 2019	1,505,119	2,844,414	215,523
Granted in the period	1,499,809	2,721,538	-
Exercised in the period	-	-	-
Lapsed in the period	(1,902,719)	(2,419,538)	(27,254)
Share awards outstanding at the end of the period	1,102,209	3,146,414	185,269
Fully exercisable at the end of the period	-	-	-

All schemes were closed as at 30 January 2021.

26. Capital commitments

At 30 January 2021 the Company had capital commitments as follows:

	30 January 2021 £000	25 January 2020 £000
Contracted for but not provided in these financial statements	270	560
	<u>270</u>	<u>560</u>

27. Pension commitments

The Group currently operates a defined contribution scheme. As at 30 January 2021 there was £57,000 outstanding of contributions relating to the defined contribution scheme (2020: £83,000). The charge for the period was £448,000 (2020: £475,000).

28. Commitments under operating leases

At 30 January 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 January 2021 £000	25 January 2020 £000
Not later than 1 year	5,422	16,864
Later than 1 year and not later than 5 years	12,846	29,883
Later than 5 years	877	4,151
	<u>19,145</u>	<u>50,898</u>

Notes to the financial statements
For the period ended 30 January 2021

29. Related party transactions

The Company is exempt from disclosing related party transactions with other companies that are wholly owned within the group. The following are related parties outside of the group:

	30 January	25 January
	2021	2020
	£000	£000
Purchases from entities controlled by key management personnel	41	50
Purchases from other related parties	-	256
Amounts due to other related parties	1	15
	42	321

The total compensation paid to key management personnel of the company amounted to £955,473 (2020: £1,398,000).

30. Post balance sheet events

On 11 March 2020, the World Health Organisation assessed that COVID-19 was to be characterised as a pandemic. In light of the COVID-19 pandemic, the company has reviewed all of its short term liabilities and renegotiated most of the supplier terms which put the group into a strong cash position to manage the pandemic impact with a solid working capital basis.

The UK entered a further lockdown on 5 January 2021, at which point the company closed its stores from the this date until April 2021 in accordance with restrictions imposed by the UK Government. During this period of restriction, the company has utilised the support made available by the UK Government, including the Coronavirus Job Retention Scheme.

31. Controlling party

The Company's immediate parent is Moss Bros Group Holdings Ltd. The ultimate parent company is Three Wishes Limited, a company incorporated in Hong Kong and which represents both the largest and smallest group of undertakings into which the Company and its Group is consolidated. The consolidated financial statements of Three Wishes Limited can be obtained from its registered office Unit 507, 5/F, Houston Centre 63 Mody Road, Tsimshatsui East Kowloon, Hong Kong. The ultimate controlling party is Menoshi Shina.

Notes to the financial statements
For the period ended 30 January 2021

First time adoption of FRS 102

The Company transitioned to FRS 102 from IFRS as at 27 January 2019. The impact of the transition to FRS 102 is as follows:

	As previously stated 25 January 2020 £000	Effect of transition 25 January 2020 £000	FRS 102 (as restated) 25 January 2020 £000
Note			
Fixed assets	87,667	(61,630)	26,037
Current assets	33,719	3,062	36,781
Creditors: amounts falling due within one year	(46,485)	10,942	(35,543)
Net current assets	(12,766)	14,004	1,238
Total assets less current liabilities	74,901	(47,626)	27,275
Provisions for liabilities	(6,242)	4,263	(1,979)
Net assets	<u>19,835</u>	<u>5,461</u>	<u>25,296</u>
Capital and reserves	<u>19,835</u>	<u>5,461</u>	<u>25,296</u>

Notes to the financial statements
For the period ended 30 January 2021

32. First time adoption of FRS 102 (continued)

	As previously stated 25 January 2020 £000	Effect of transition 25 January 2020 £000	FRS 102 (as restated) 25 January 2020 £000
Note			
Turnover	128,317	-	128,317
Cost of sales	(54,708)	-	(54,708)
	<hr/>	<hr/>	<hr/>
	73,609	-	73,609
Distribution expenses	(72,204)	3,192	(69,012)
Administrative expenses	(6,365)	-	(6,365)
Other operating income	165	-	165
	<hr/>	<hr/>	<hr/>
Operating profit	(4,795)	3,192	(1,603)
	79	-	79
Interest receivable and similar income	(2,681)	2,680	(1)
Interest payable and similar charges	(766)	-	(766)
Taxation	<hr/>	<hr/>	<hr/>
Loss on ordinary activities after taxation and for the financial period	<u>(8,163)</u>	<u>5,872</u>	<u>(2,291)</u>

Explanation of changes to previously reported profit and equity:

1 The adjustments above represent the transition to FRS 102 from IFRS. The main change in relation to this transition is the differing treatment between IFRS and FRS 102 regarding leases. The adjustments above remove the requirement to classify assets under operating leases as fixed assets under IFRS.

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