

## **Kurt Geiger Limited**

Report and Financial Statements

Year ended

29 January 2022

Company Number 00968046



# **Kurt Geiger Limited**

## **Report and financial statements For the year ended 29 January 2022**

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### **Directors**

D N Christilaw  
N C Clifford  
R E A Farrar-Hockley

### **Secretary and registered office**

D N Christilaw, 24 Britton Street, London, EC1M 5UA

### **Company number**

00968046

### **Auditor**

KPMG LLP, Tollgate, Chandler's Ford, Southampton, SO53 3TG

# Kurt Geiger Limited

## Strategic report for the year ended 29 January 2022

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### Business Review

#### Overview and Financial Results

The Company has achieved impressive turnover and profit growth during the year ended 29 January 2022 despite the period continuing to be significantly impacted by the global Covid-19 pandemic.

Total net turnover increased by 21.9% to £234.3m (2021: £192.3m). The Company has delivered strong growth within its Own Branded business both domestically and even more so internationally across the US and Europe. This growth has been partly offset by the impact of Covid related disruption including the mandated closure of bricks and mortars stores for the majority of the first quarter and increased restrictions during the final quarter as a result of the Omicron Covid-19 variant. With Covid restrictions having ended during the early part of 2022, the business is moving forward with the excellent momentum built during the year.

Total gross margin increased to 54.0% (2021: 46.9%) driven by strong management of inventory levels and the growth of the Kurt Geiger own branded product mix. Margins continued to be impacted by over stock following disruption caused by Covid-19.

Closing stock at 29 January 2022 increased to £66.6m (2021: £65.3m) however, gross stock before stock provisions decreased year on year following improved buys, reduction in SKU lines and reduction of Covid-19 carry over stock.

The directors define EBITDA as earnings before interest, tax, depreciation, amortisation, profit/loss on disposal of assets, monitoring fees charged by a related party, unrealised gains/losses on forward currency contracts and unusual / non-recurring items. EBITDA for the year was £19.6m, an increase of 165% on the prior year (2021: £7.4m).

The operating profit for the year ended 29 January 2022 of £2.9m included £3.4m of unusual / non-recurring items and losses; £2.1m of which related to losses made during the period of Covid related closures and £1.3m of closure and re-structure costs, and £13.2m of depreciation/amortisation and loss of disposal of assets. (2021: Operating loss £22.8m, non-recurring/unusual items £19.4m).

#### Significant Trading highlights

Significant achievements and highlights during the financial year were:-

- Excellent growth in our Wholesale business particularly across international markets with Net Turnover and EBITDA more than doubling and exceeding pre pandemic levels
- Continued investment in our Digital business to support both our growth in these channels and better serve international markets.
- Further expansion of our Carvela fascia stores, with a further 5 stores opened in the year.
- Launch of our accessories and jewellery ranges both in store and digitally.

#### Liquidity and Balance Sheet

At 29 January 2022, the company held £34.5m of Cash at Bank (2021: £40.5m), with a further £15m available by way of Revolving Credit Facility but un-drawn (2021: nil).

During the year the Group completed an extension of its bank financing to February 2024 which included a covenant reset. The Company repaid on behalf of the Group £18.5m of facilities during the year and received £15m from the Group's major shareholder.

The balance sheet set out on page 16 of the financial statements shows the company's financial position.

# Kurt Geiger Limited

## Strategic report for the year ended 29 January 2022

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### Business Review (*continued*)

#### Outlook, Stress testing and Going Concern

In consideration of the appropriateness for the company to adopt a going concern basis of preparation in respect of these accounts, the Board has discussed a detailed assessment of financial forecasts which incorporate trading assumed to reflect potential consequences of any further Covid-19 variants and current economic challenges impacting global supply chain and consumer disposable income.

This assessment covered various scenarios reflecting the possible cash impact of further periods of store closure disruption, as well as measures which the business could take to counter these through cost control and liquidity measures.

The Board reviewed the key assumptions across these scenarios which were designed to be severe but plausible, as well as the feasibility and reasonableness of the mitigations identified by the business. In assessing these cash flow forecasts, the Directors also reviewed the group's committed borrowings, available revolving credit facilities and the covenant testing within its borrowing facilities over a twelve-month period to 31 May 2023.

The Board concluded in its view the going concern assumption is appropriate as the Company will generate cash from its operating profit and has adequate resources to cover working capital movements, tax, capital expenditure, cash interest, scheduled debt repayments and financial covenants. Please refer to note 1 of the notes to the account for further information on the appropriateness of the going concern basis.

# Kurt Geiger Limited

## Strategic report for the year ended 29 January 2022

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### CEO Statement

We are delighted with the Company's achievements in the year. The growth in International markets via our Wholesale business has been a fantastic success and represents a huge opportunity for the brand as we grow in these relatively new markets for the Kurt Geiger brands. This growth has not fully translated into our headline growth of +22% in Net Turnover given the continued disruption faced by Covid-19, notably bricks and mortars stores being closed for the majority of Q1.

We are proud to have increased our stand-alone store estate in the year, which highlights our confidence in the UK high street and our desire to showcase our products to customers who would have previously accessed our brand in now closed department stores. We will continue to increase our estate in FY22/23 with a further 10 stores across both our Kurt Geiger and Carvela fascias.

Our liquidity position is robust and support from our shareholder has enabled us to invest in our strategy for growth with capital expenditure in excess of £14.0m for the year.

It is particularly important to the business to support our key charitable partners and continue to focus on our brands' key messages of the Rainbow, "Be Kind" and "We Are One".

### BE KIND

The business has incorporated the Kurt Geiger Kindness Foundation, which is registered with the Charity's commission, to formalise its charitable agenda and governance thereof. In the forthcoming year the business is excited to introduce a new initiative, whereby the business will contribute a percentage of all digital sales proceeds to the Foundation, to be distributed to charitable partners, further enhancing the 'BE KIND' brand key message.

### WE-ARE-ONE

The business thrives on and is very proud of its diverse workforce. However, the Board wants to enhance forums which exist to listen, understand and learn from all ethnicities and our employees' experiences. As part of this listening process, the business is embarking on a company-wide voluntary questionnaire as well as creating a WEAREONE social justice committee to implement new initiatives involving our recruitment, training and mentorship.

### Looking Forward

The Board are confident for the future as the business continues to strengthen its key priorities and goals:-

- At the forefront of our minds is creating fun, amazing & meaningful products for our customers
- Potentialising the market opportunity available internationally
- Better serving our Digital customers both domestically and internationally
- Continued investment in our bricks and mortar estate in both Kurt Geiger and Carvela fascias, including new stores and renovation of existing stores.
- Maintaining the strong relationships with all our valued stakeholders is paramount - we continue to have regular and open communication with all our key stakeholders, from our customers and employees, to our suppliers and other key stakeholders who have collectively been very supportive to our business.

# Kurt Geiger Limited

## Strategic report for the year ended 29 January 2022 (continued)

### Principal Risks and Uncertainties

The Board has overall responsibility for risk management and the adequacy and effectiveness of the processes, resources and systems in place to identify, scope, monitor and report risks.

Material risks and uncertainties include:

Economic & Fashion	<ul style="list-style-type: none"> <li>- As the Company's main source of revenue is sales directly to the public, it is exposed to the impact of changing economic conditions upon the public's propensity to consume and real disposable income.</li> <li>- Although the Company cannot directly influence economic conditions, it must take the prevailing environment into account when planning product ranges and pricing structures.</li> <li>- There is a risk that the company's products do not meet the requirement and needs of its customer base. The Company employs a highly experienced product development team to ensure products are in-trend and of exceptional quality.</li> </ul>
Global Supply Chain	<ul style="list-style-type: none"> <li>- The company sources inventory from suppliers globally and therefore is exposed to the risks associated with global supply chain management.</li> <li>- The Company has a number of key suppliers and ensures it is not reliant on a small number of suppliers across all product ranges.</li> <li>- As a fast paced fashion business it is essential to have sufficient inventory levels in all locations to meet consumer demands. If inventory is received late, there is a risk of missing key selling dates, resulting in the need to markdown selling prices.</li> <li>- The Company is exposed to long term inflation in all areas of the supply chain.</li> </ul>
Liquidity, Currency & Credit risk	<ul style="list-style-type: none"> <li>- The Company requires sufficient funding in order to meet its financial obligations and to support the operations of the business and deliver planned investment to support growth. It operates a multi-layered approach to enforce robust cash management and governance pre-commitment, cash forecasting, and cash monitoring.</li> <li>- The Company is exposed to the impact of foreign exchange risk and profits may be adversely affected by unforeseen moves in foreign exchange rates. The group monitors projected cash-flows by currency and applies a Board approved policy with respect to currency exposure management.</li> <li>- The company is exposed to credit risk from its customers. The Company carries out risk assessments with regard to credit arrangements and uses external credit reference agencies and trade credit insurance as appropriate to manage this to a level of risk approved as acceptable to the Company.</li> </ul>
Covid-19	<ul style="list-style-type: none"> <li>- While the UK Government has removed all Covid-19 related restrictions, there remains a risk of further variants, which could result in further lockdowns.</li> <li>- International travel restrictions have eased from last year but precautions remain in place impacting travel to the UK, potentially resulting in lower footfalls in key bricks and mortar trading regions and Airports.</li> </ul>

# Kurt Geiger Limited

## Strategic report for the year ended 29 January 2022 (continued)

### Financial Key Performance Indicators

The key financial performance indicators that are used to monitor and manage the business are primarily net turnover, gross margin percentage and EBITDA. Selected non-financial KPI's are reviewed by the Board with regard to customer engagement and safety, employee engagement and safety and efficiency metrics.

### Section 172 statement

This statement should be read in conjunction with the whole Strategic Report. The Directors of the company are required to explain how they consider the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ("s. 172") when performing their duty to promote the long-term success of the Company under s. 172.

The Directors' duty includes considering the interests of the Company's stakeholders when making decisions. The Directors have regard to the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and other stakeholders as well as the impact of the Company's activities on the community and environment and the Company's reputation.

### Corporate Governance statement

The over-arching principle of the Directors of the Company is to act in a manner that promotes the long-term sustainable success of the Company whilst having regard, amongst other matters, to employee interests, business relationships with suppliers, customers and others. When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole over the long term.

Whilst the Company has not formally adopted a prescribed Corporate Governance code, the structure and diversity of the Board, as well as the Company's senior leadership team, is designed to ensure that the Company's long-term strategies and internal practices are closely aligned to the Wates Corporate Governance Principles for Large Private Companies (the "Wates Principles"). The Directors are therefore pleased to report on the Company's governance against the six Wates Principles as follows:

Wates Principle	How this is applied
Purpose and leadership	<p>The Board is responsible for shaping, approving and communicating the overall Kurt Geiger group strategy and financial plans. Board members keep the Company's employees updated on its strategic plans as well as on its internal and external community and environmental initiatives.</p> <p>The Board is responsible for continually appraising allocation of resources and talent within the Company in a manner most appropriate to achieve the overall Kurt Geiger group strategy. The Board balances the Company's short-term and the long-term decisions to ensure long-term sustainable success of the Company. During the Financial Year, the Kurt Geiger group updated its 3-year long term strategic plan, identifying the key levers for financial growth.</p> <p>The Board meets regularly in addition to constantly collaborating outside formal meetings.</p>

# Kurt Geiger Limited

## Strategic report for the year ended 29 January 2022 (continued)

Board composition	<p>The Company firmly believes that its diverse Directors together make an effective Board and leadership team.</p> <p>The Board of appointed Directors comprises the CEO, the CFO and the CCO each with 20+ years of experience at Kurt Geiger.</p> <p>The group Board meetings are also attended by the Chair, a non-executive director with extensive sector experience, ensuring a clear division of responsibilities between the leadership of the Board and the executive leadership of the business; as well as two independent non-executive directors who represent the interests of the Company's majority shareholder.</p> <p>The senior leadership team also comprises a further five Directors (though not appointed to the Board) each with specific areas of expertise, responsibility and accountability.</p> <p>There is a diversity of skills, backgrounds and personal strengths represented on Board and senior leadership team level, which paves the way for robust debate.</p> <p>The size of the senior leadership team has grown over the last three years in line with the scale and complexity of the Company's operations and growth strategies.</p>
Director Responsibilities	<p>The Board and the Company's senior leadership team have clear roles and a division of responsibilities for key areas. These key areas comprise both the Company's performance as well as wider ESG issues from engagement with employees, suppliers and customers to Health and Safety, the Company's CSR agenda and statutory reporting responsibilities on financial, tax and other regulatory matters.</p> <p>As noted above, the Board meets regularly for formal meetings and more frequently also with the senior leadership team to appraise performance and assess challenges against each area by reference to financial and non-financial information.</p> <p>Clear procedures and processes exist to ensure effective and transparent decision making within the Company.</p>
Opportunity and risk	<p>The Board together with the Company's senior leadership team continuously identifies and assesses opportunities to create as well as preserve value. During the Financial Year, Kurt Geiger increased its global presence.</p> <p>In addition to identifying opportunities, the Board is equally conscious of its duty to identify and mitigate risks. The Kurt Geiger group takes a risk-based approach when considering Anti-Bribery and Corruption "ABC" risks posed by third parties it deals with, and additional due diligence measures will be undertaken if it is determined that the third party poses a higher risk. The Company has well-established practices in place for the review and approval of third parties with whom it considers engaging.</p>
Remuneration	<p>The Company has a rigorous approval process in place for the remuneration of its Directors. The Directors are set performance-related targets directly aligned with the in-year and long-term performance and value of the business.</p>
Stakeholder relationships and engagement	<p>The Directors recognise that the Company's employees are fundamental and core to the business and the delivery of the Company's strategy. Wherever feasible, the Directors factor in the impact that their decisions will have on employees.</p> <p>Delivering the Company's strategy also requires strong mutually beneficial relationships with suppliers and customers. Relevant employees in the Company work closely with both long-term as well as new suppliers and the business has a continuous dialogue with customers. The Board also takes pride in the Company's open and transparent communication with HMRC, finance providers and other stakeholders.</p>

By order of the Board



D N Christilaw  
Secretary

Date 19 May 2022



# Kurt Geiger Limited

## Report of the directors for the year ended 29 January 2022

The directors present their report together with the audited financial statements for the year ended 29 January 2022.

### Results and dividends

The statement of comprehensive income is set out on page 15 and shows the profit for the year.

There was a profit for the year after taxation amounting to £7.3m (2021: £15.5m loss). Retained profit of £7.3m (2021: £15.5m loss) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2021: £ nil).

### Likely future developments

In the year ahead we will continue to pursue our strategic plan, developing our brand, our offering, our partnerships and platforms to customers.

### Principal activity

The principal activity of the company is the design, distribution and retailing of high quality branded shoes and accessories through free-standing shops, online, wholesale and concessions within upmarket department stores.

### Financial risk management

The main risks arising from the company's activities are liquidity risk and currency risk.

#### *Liquidity risk*

The company seeks to manage financial risk by ensuring significant liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

#### *Credit risk*

The company is exposed to credit risk from its customers. The company carries out risk assessments with regard to credit arrangements and uses external credit reference agencies and trade credit insurance as appropriate to manage this to a level of risk approved as acceptable to the company.

#### *Currency risk*

The company is exposed to translation and transaction foreign exchange risk as a result of its foreign subsidiary operations and foreign suppliers.

The key currencies that the company are exposed to are the Euro and USD. The company uses derivative financial instruments to manage exposures to fluctuations in foreign currency exchange rates.

### Charitable and political donations

The charitable donations made in the current year amounted to £136,569 (2021: £306,573). There were no political donations in the current year (2021: £ nil). The Company continued to fund the redemption of £436,000 of gift cards to NHS employees during 2021.

### Research & development

The company undertakes research and development primarily relating to software development.

# **Kurt Geiger Limited**

## **Report of the directors for the year ended 29 January 2022 (continued)**

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### **Disabled persons**

It is the policy of the company to give full and fair consideration to applications for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion is afforded to such persons.

### **Employee involvement**

Information is provided regularly to employees by means of normal management communication channels using written material and face-to-face meetings.

A general awareness of the company's performance is maintained through regular-weekly company bulletins and, through individual performance appraisals, employees are made aware of their individual contribution to the company.

### **The environment**

The company has continued to adopt policies and procedures, which takes account of the need to preserve and protect the environment. The directors are committed to compliance with environmental best practice in all aspects of the business.

### **Policy on payment of creditors**

It is the company's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full.

### **Statement of engagement with suppliers, customers and others in a business relationship with the company**

Positive and collaborative relationships with our customers, suppliers, concession and wholesale partners and other stakeholders are critical to the company's success and ambition.

Key aspects of this management include

- Customers – Our customers are at the heart of everything we do from product design, supplier selection through to store and digital design to the brand ambassadors we work with to promote values important to Kurt Geiger. Listening to our customers has shaped our business today. The Board monitors customer sentiment through financial performance and customer research projects.
- Suppliers – Supplier relationships are critical to achieving our goal of providing quality products loved by our customers. We value our relationships and strive to build long-term, mutually beneficial partnerships while operating under a clear set of codes and policies to ensure commitment to ethical business practices.

### **Auditor**

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

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

# Kurt Geiger Limited

## Report of the directors for the year ended 29 January 2022 (*continued*)

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### Directors

The directors of the company during the year or subsequently were as follows:

D N Christilaw  
N C Clifford  
R E A Farrar-Hockley

### By order of the Board



D N Christilaw  
**Secretary**

Date 19 May 2022

24 Britton Street, London, EC1M 5UA

## Kurt Geiger Limited

### Statement of directors' responsibilities in respect of the report and the financial statements For the year ended 29 January 2022

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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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KURT GEIGER LIMITED

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### Opinion

We have audited the financial statements of Kurt Geiger Limited ("the Company") for the year ended 29 January 2022 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. This included:

- Consideration of growth rates in each sales channel, comparison to industry forecasts, and comparison to post year-end trading performance
- Assessment of working capital assumptions in the company's cash flow forecasts
- Assessment of management's forecast model, including calculation of forecast covenants
- Review of in-year re-financing and related terms, and consideration of the impact on liquidity and covenant headroom of the expiry in May 2022 of the £15m letter of credit currently in place with the Group's shareholder
- Consideration of management assumptions in the severe but plausible downside scenario, and sensitivity analysis over covenant headroom, focused on sales channels where industry forecasts or post year-end performance indicated potential downside
- Consideration of management's mitigating actions, which would be necessary to avoid covenant breaches with the additional sensitivities noted above. We considered both the quantum of cost reductions and whether these were in management's control, and the feasibility of cash management actions
- Consideration of letter of support from intermediate parent company, Mercury Midco 2 Limited

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KURT GEIGER LIMITED

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### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing" as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Considering Covenant arrangements with lenders and understanding headroom sensitivities over any covenant compliance

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that wholesale revenue is recorded in the wrong period, the risk that the net settlement of concession partner invoices could be manipulated by management to overstate concession revenue, the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition for any other revenue streams because there are limited judgments and revenue is predominantly recognised at the point of sale, reducing the opportunity and incentive to commit fraud.

We also identified a fraud risk related to inappropriate valuation of inventory in response to possible pressures to meet profit targets in future years.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected accounts where one side of the journal was posted to cash, or where the credit side of the journal was posted to revenue or cost accounts with an impact on EBITDA
- Assessing significant accounting estimates for bias, including inventory provisions

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

#### *The potential effect of these laws and regulations on the financial statements varies considerably.*

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KURT GEIGER LIMITED

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*The potential effect of these laws and regulations on the financial statements varies considerably. (continued)*

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KURT GEIGER LIMITED

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### **Directors' responsibilities**

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

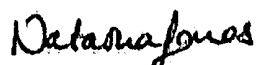
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Natasha Jones (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Tollgate  
Chandler's Ford  
SO53 3TG

20 May 2022



# Kurt Geiger Limited

## Statement of comprehensive income For the year ended 29 January 2022

	Note	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
<b>Turnover</b>	3	<b>234,326</b>	192,304
Cost of sales		(107,686)	(102,140)
<b>Gross profit</b>		<b>126,640</b>	90,164
Distribution costs		(99,559)	(98,302)
Administrative expenses		(25,508)	(24,158)
		<b>1,573</b>	(32,296)
Other operating income	6	<b>1,355</b>	9,530
<b>Operating profit/(loss)</b>	6	<b>2,928</b>	(22,766)
Interest receivable and similar income	7	<b>3,857</b>	3,637
Interest payable and similar charges	8	(221)	(252)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>6,564</b>	(19,381)
Taxation on profit from ordinary activities	9	<b>744</b>	3,877
<b>Total comprehensive income/(loss) for the period</b>		<b>7,308</b>	(15,504)

All amounts relate to continuing operations.

The notes on pages 18 to 34 form part of these financial statements.

# Kurt Geiger Limited

Balance sheet as  
At 29 January 2022

	Note	29 January 2022 £'000	29 January 2022 £'000	30 January 2021 £'000	30 January 2021 £'000
<b>Fixed assets</b>					
Intangible assets	11		9,922		8,803
Tangible assets	12		18,411		18,714
Investments	13		53		53
			<u>28,386</u>		<u>27,570</u>
<b>Current assets</b>					
Stocks	14	66,560		65,313	
Debtors	15	149,775		116,120	
Cash at bank and in hand		34,505		40,462	
		<u>250,840</u>		<u>221,895</u>	
<b>Creditors: amounts falling due within one year</b>	16	(98,448)		(75,995)	
		<u></u>		<u></u>	
<b>Net current assets</b>			<u>152,392</u>		<u>145,900</u>
<b>Net assets</b>			<u>180,778</u>		<u>173,470</u>
<b>Capital and reserves</b>					
Called up share capital	18, 23		770		770
Other reserves	23		23,496		23,496
Profit and loss account	23		156,512		149,204
			<u></u>		<u></u>
<b>Shareholders' funds</b>			<u>180,778</u>		<u>173,470</u>

The financial statements were approved by the Board and authorised for issue on 19 May 2022



D N Christilaw  
Director

Company number 00968046

The notes on pages 18 to 34 form part of these financial statements.

# Kurt Geiger Limited

## Statement of changes in equity For the year ended 29 January 2022

### For the year ended 30 January 2021

	Share capital £'000	Other Reserves £'000	Profit and loss account £'000	Total equity £'000
At 2 February 2020	770	23,496	164,708	188,974
Comprehensive income for the year				
Loss for the year	-	-	(15,504)	(15,504)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(15,504)	(15,504)
At 30 January 2021	770	23,496	149,204	173,470

### For the year ended 29 January 2022

	Share capital £'000	Other Reserves £'000	Profit and loss account £'000	Total equity £'000
At 31 January 2021	770	23,496	149,204	173,470
Comprehensive income for the year				
Profit for the year	-	-	7,308	7,308
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	7,308	7,308
At 29 January 2022	770	23,496	156,512	180,778

The notes on pages 18 to 34 form part of these financial statements.

# Kurt Geiger Limited

## Notes forming part of the financial statements for the year ended 29 January 2022

### 1 Accounting policies

Kurt Geiger Limited is a private company incorporated, domiciled and registered in the UK. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102").

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.

The following principal accounting policies have been applied:

#### *Basis of preparation*

Consolidated financial statements have not been prepared, as permitted by section 400 of the Companies Act 2006 as the company's results are included in the financial statements of Mercury Midco 1 Limited, which is incorporated in the United Kingdom and prepares group financial statements. These financial statements contain information about Kurt Geiger Limited as an individual company and not about its group.

In preparing the financial statements of Kurt Geiger Limited, advantage has been taken of the cash flow disclosure and key management personnel compensation exemptions available in FRS 102.

#### *Going concern*

The company balance sheet shows net assets of £180.8m.

The directors believe that preparing the financial statements on the going concern basis is appropriate.

The Directors have performed a detailed and rigorous review of projected cash flows, wider group committed facilities and the covenants within its borrowing facilities over a period which extended at least 12 months from the date of approval of these accounts. The approach included a review of the company and ultimate UK parent company financial position and performance and consideration of a range of scenarios with regard to trading performance and assumptions over FY22/23 and FY23/24, including assumptions to reflect stress tested scenarios having regard to the principal risks and uncertainties faced by the business including specific consideration of the ongoing impact resulting from the Covid-19 pandemic, and the current and forecast level of cost inflation on consumer demand.

The Directors have included a base case and a stress-test case to assess the potential impact for different levels of sales decline, supply chain disruption and further Covid-19 impact including a further lockdown as a result of new variants in early 2023. These also set out the measures which the business could take to control costs, conserve cash and meet its liabilities as they fall due. The mitigating actions that the Directors have considered in the stress-test case are included only to the extent they are fully within their control. The severe but feasible scenarios prepared incorporated the following assumptions:

- Depressed LFL trading vs the base case, and reduction in online sales
- A National lockdown resulting in store closures for six weeks during the post-Christmas period of the Group and reflecting a conservative level of mitigation actions relating to costs and working capital versus the liquidity mitigating actions the business was able to deploy in FY20/21 and the first quarter of FY21/22.
- Further mitigating actions across the business, based on reducing planned areas of spend which are under the Directors' control

# Kurt Geiger Limited

## Notes forming part of the financial statements For the year ended 29 January 2022 (*continued*)

### 1 Accounting policies (*continued*)

#### *Going concern (continued)*

The Board reviewed the key assumptions across these scenarios which were designed to be severe but plausible, as well as the feasibility and reasonableness of the mitigations identified by the business. In assessing these cash flow forecasts, the Directors also reviewed committed borrowing and available facilities at the company level and parent company level, including headroom on covenants over a twelve-month period to 31 May 2023, which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, Mercury Midco 2 Limited, to meet its liabilities as they fall due during the going concern assessment period.

As part of this assessment, the Company has provided as well as received a letter of support from fellow group Companies including its intermediate parent company Mercury Midco 2 Limited (MM2) of their respective intention to continue to make available such funds as are needed by the Company, and to not seek repayment of the amounts due by the Company at the balance sheet date for a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The approach was discussed and agreed by the Board of directors with the Board concluding in its view, the going concern assumption is appropriate.

#### *Turnover*

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Turnover includes sales through concession departments, free standing stores, online and wholesale. Turnover is recognised when the risk and rewards of ownership of goods has passed to the customer, which is generally either at the point of sale or on delivery.

#### *Intangible assets*

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives and recognised as an administrative expense in the income statement. The useful economic life for trademarks is based upon the terms of the registration year. The useful life for service and operating rights is based upon contractual terms.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised is direct labour. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. The useful economic life for development costs is 3 years.

#### *Tangible fixed assets and depreciation*

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Fixtures, fittings, vehicles and equipment      -      3 to 5 years

# Kurt Geiger Limited

## Notes forming part of the financial statements for the year ended 29 January 2022 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Basic financial instruments*

- *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

- *Cash and cash equivalents*

Cash and cash equivalents comprise of cash balances.

#### *Fixed asset investments*

Investments in subsidiaries held as fixed assets are stated at cost less any provision required for a permanent impairment in value.

#### *Stocks*

Stock is stated at the lower of cost and estimated net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Cost includes the purchase price, including applicable duties and transport, directly attributable to bringing the inventory to its present location and condition.

Net realisable value is based on estimated selling price less additional costs to completion and disposal.

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or 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 reporting date in the countries where the company's subsidiaries operate and generate taxable income.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# Kurt Geiger Limited

## Notes forming part of the financial statements for the year ended 29 January 2022(continued)

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### 1 Accounting policies (continued)

#### *Leased assets*

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

All leases the company enters in are operating leases. Their annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the income statements over the term of the lease.

However, the group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### *Foreign currency*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

#### *Retirement benefit schemes*

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

The company participates in the Kurt Geiger Group Personal Pension Scheme, an approved defined contribution scheme, under which retirement benefits are funded by contributions from the company and employees.

A defined contribution plan is a post-employment benefit plan under which the company pays a fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

#### *Termination benefits*

The group makes payments to employees on termination of their employment. Termination benefits are recognised when the group demonstrates that they are committed to either terminate the employment of the employee before the normal retirement date or to provide benefits in order to encourage voluntary redundancy. Termination benefits are recognised as an expense in the income statement.

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

# Kurt Geiger Limited

## Notes forming part of the financial statements for the year ended 29 January 2022 (*continued*)

### 1 Accounting policies (*continued*)

#### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income.

#### *Provisions*

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable on intra group loans. Interest receivable is the interest receivable on intra group loans.

#### *Government Grants*

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of the company's tangible and intangible asset. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The company designs, distributes and sells high quality branded shoes and accessories and is subject to changing consumer and fashion trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of the product based on historical trends.

#### *Other key sources of estimation uncertainty*

- *Intangible assets (see note 11)*

Intangible assets are amortised over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

### 3 Turnover

The turnover is wholly attributable to the principal activity of the company, being the design, distribution and retailing of women's, kids and men's luxury footwear and accessories, and arises predominately in the UK and Ireland.



# Kurt Geiger Limited

Notes forming part of the financial statements  
For the year ended 29 January 2022 (*continued*)

## 4 Employees

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Staff costs consist of:		
Wages and salaries	28,006	31,308
Social security costs	2,473	2,614
Other pension costs	1,050	1,109
	<u>31,529</u>	<u>35,031</u>

	Year ended 29 January 2022 Number	Year ended 30 January 2021 Number
The average number of employees, including directors, during the year was:		
Branch staff	1,011	1,651
Head office staff	249	312
	<u>1,260</u>	<u>1,963</u>

# Kurt Geiger Limited

Notes forming part of the financial statements  
for the year ended 29 January 2022 (*continued*)

## 5 Directors and key management personnel

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Directors' remuneration consists of:		
Emoluments	2,519	2,267
Contributions made under pension schemes	120	101
	<u>2,639</u>	<u>2,368</u>

During the year 4 (2021: 6) directors participated in the defined contribution scheme. Director and key management personnel remuneration is in regard to services provided to the Company as well as wider group companies and is paid in full by Kurt Geiger Limited. The 3 statutory directors (2021: 3) remuneration totalled £1.3m (2021: £1.1m) and pension contributions totalled £43,650 (2021: £7,250).

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Highest paid director:		
Emoluments	643	528
	<u>643</u>	<u>528</u>

# Kurt Geiger Limited

Notes forming part of the financial statements  
for the year ended 29 January 2022 (continued)

## 6 Operating profit

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
This has been arrived at after charging/(crediting):		
Inventory recognised as an expense	107,686	102,440
Depreciation of tangible fixed assets	8,187	8,224
Loss on disposal of fixed assets	389	208
Amortisation of intangible assets	4,646	3,940
Hire of plant and machinery - operating leases	48	66
Foreign exchange gains	(5,219)	(3,094)
Rent of land and buildings - operating leases	7,047	7,554
Auditor's remuneration		
- audit services	248	212
Other operating income	(1,355)	(9,530)

Other operating income includes government grants received under the UK Coronavirus Job Retention Scheme and an R&D credit (£287,981).

## 7 Interest receivable and similar income

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Interest receivable on amounts owed from group undertakings	3,857	3,611
Bank interest receivable	-	26
	<u>3,857</u>	<u>3,637</u>

# Kurt Geiger Limited

Notes forming part of the financial statements  
for the year ended 29 January 2022 (*continued*)

## 8 Interest payable and similar charges

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Interest payable on amounts owed to group undertakings	5	3
Other loan interest payable	216	249
	<u>221</u>	<u>252</u>

## 9 Taxation on profit from ordinary activities

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
<i>Current tax</i>		
Corporation tax	460	(3,525)
Adjustment in respect of prior years	(673)	(80)
	<u>(213)</u>	<u>(3,605)</u>
<i>Deferred tax</i>		
Timing differences	652	113
Adjustment in respect of prior periods	(361)	(159)
Change in tax rate	(822)	(226)
	<u>(531)</u>	<u>(272)</u>
Total deferred tax (note 17)	<u>(531)</u>	<u>(272)</u>
Total tax (credit)/charge for the year	<u>(744)</u>	<u>(3,877)</u>

# Kurt Geiger Limited

## Notes forming part of the financial statements For the year ended 29 January 2022 (continued)

### 9 Taxation on profit from ordinary activities (continued)

The tax assessed for the period is lower than (2021: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Profit/(Loss) on ordinary activities before tax	6,564	(19,381)
Profit on ordinary activities at the standard rate Of corporation tax in the UK of 19% (2021: 19%)	1,247	(3,682)
Effects of:		
Expenses not deductible for tax purposes	205	511
Non-taxable income	(340)	(240)
Adjustment in respect of prior years	(1,034)	(239)
Change in tax rates	(822)	-
Difference in average rate to deferred tax rate	-	(227)
Current tax (credit)/charge for period	(744)	(3,877)

The main rate of UK corporation tax is 19%. The rate is expected to increase to 25% from 1 April 2023. As of April 2021, the tax rate remains at 19% which was enacted at the balance sheet date. Deferred tax assets and liabilities at the balance sheet date have been recognised at 25% for all timing differences.

### 10 Dividends

The company received a dividend of £nil from its subsidiary Kurt Geiger Germany (2021: £1,087,774) and £nil from its subsidiary Kurt Geiger Italy (2021: £173,581).

# Kurt Geiger Limited

Notes forming part of the financial statements  
for the year ended 29 January 2022 (*continued*)

## 11 Intangible assets

	Trademarks £'000	Operating right £'000	Development costs £'000	Total £'000
<i>Cost</i>				
At 30 January 2021	3,285	3,020	12,388	18,693
Additions	64	-	5,701	5,765
<b>At 29 January 2022</b>	<b>3,349</b>	<b>3,020</b>	<b>18,089</b>	<b>24,458</b>
<i>Amortisation</i>				
At 30 January 2021	2,237	1,804	5,849	9,890
Charged in the period	190	340	4,116	4,646
<b>At 29 January 2022</b>	<b>2,427</b>	<b>2,144</b>	<b>9,965</b>	<b>14,536</b>
<i>Net book value</i>				
<b>At 29 January 2022</b>	<b>922</b>	<b>876</b>	<b>8,124</b>	<b>9,922</b>
<b>At 30 January 2021</b>	<b>1,048</b>	<b>1,216</b>	<b>6,539</b>	<b>8,803</b>

The value of Assets under construction included within Development costs at year end was £1.9m (2021: £0.1m). Additions to Assets under construction in the year amounted to £1.9m. Amortisation of these assets commences when the asset becomes available for use.

# Kurt Geiger Limited

Notes forming part of the financial statements  
for the year ended 29 January 2022 (*continued*)

## 12 Tangible assets

	Fixtures, fittings, vehicles and equipment £'000
<i>Cost</i>	
At 30 January 2021	83,430
Additions	8,273
Disposals	(9,149)
	<hr/>
At 29 January 2022	82,554
	<hr/>
<i>Depreciation</i>	
At 30 January 2021	64,716
Charged in the period	8,187
Disposals	(8,760)
	<hr/>
At 29 January 2022	64,143
	<hr/>
<i>Net book value</i>	
At 29 January 2022	18,411
	<hr/>
At 30 January 2021	18,714
	<hr/>

The value of Assets under construction included within tangible asset costs at year end was £0.5m (2021: £0.7m). Additions to Assets under construction in the year amounted to £0.5m. Depreciation of these assets commences when the asset becomes available for use.

# Kurt Geiger Limited

Notes forming part of the financial statements  
for the year ended 29 January 2022 (*continued*)

## 13 Fixed asset investments

£'000

Shares in subsidiary undertakings:

53

At 30 January 2021 and 29 January 2022

The company has the following wholly owned subsidiary undertakings:

Name	Country of incorporation or registration	Address	Nature of business
Kurt Geiger Ireland Limited	Ireland	13-18 City Quay, Dublin 2	Retail of shoes and accessories
Kurt Geiger Germany GmbH*	Germany	Eschenallee 22, 14050 Berlin	Retail of shoes and accessories
Kurt Geiger Australia Pty Ltd*	Australia	Level 46, Tower one, International Towers Sydney, 100 Barangaroo Avenue, Barangaroo, NSW 2000	Retail of shoes and accessories
Kurt Geiger Italy S.r.l.*	Italy	Piazzale Cadorna 4, 20123 Milano	Retail of shoes and accessories
Kurt Geiger USA, INC*	USA	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808	Wholesale of shoes and accessories
Kurt Geiger Hong Kong Limited	Hong Kong	14 <sup>th</sup> Floor, One Taikoo Place, 979 Kings Road, Quarry Bay, Hong Kong	Non-trading
Kurt Geiger France SAS	France	29 rue du Pont, 92200 Neuilly-sur-Seine	Wholesale of shoes and accessories
Kurt Geiger Shoes Limited*	England	24 Britton Street, London, EC1M 5UA	Non-trading
Carvela Limited*	England	24 Britton Street, London, EC1M 5UA	Non-trading
Shoeaholics Limited*	England	24 Britton Street, London, EC1M 5UA	Non-trading
Kurt Geiger Kindness Foundation*	England	24 Britton Street, London, EC1M 5UA United Kingdom	Charity

\*These entities are exempt from an audit in the current period. Kurt Geiger Shoes Limited, Carvela Limited and Shoeaholics Limited are all dormant companies.



# Kurt Geiger Limited

## Notes forming part of the financial statements for the year ended 29 January 2022 (continued)

### 14 Stocks

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Goods held for resale	66,560	65,313

There is no material difference between the replacement cost of stocks and the amounts stated above. The amounts stated are net of stock obsolescence and costing provisions of £3.6m (2021: £7.8m). During the year ended 29 January 2022 £107.4m (2021: £102.1m) of stock was sold.

Stocks and Trade creditors in note 16 are stated gross of £2.5m of stock held under consignment arrangements (2021: £4.1m).

### 15 Debtors

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Trade debtors	11,463	8,073
Other debtors	1,349	3,520
Amounts owed by other group undertakings	130,195	99,934
Prepayments and accrued income	3,302	2,390
Corporation tax debtor	838	164
Deferred tax asset (note 17)	2,570	2,039
Derivative financial instrument	58	-
	<b>149,775</b>	<b>116,120</b>

All amounts shown under debtors fall due for payment within one year except for deferred tax (note 17). The amounts owed by other group undertakings are repayable on demand however the company does not intend to collect these balances within 12 months of the balance sheet date. Intra-group interest is charged at LIBOR plus 3.5%.

### 16 Creditors: amounts falling due within one year

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
Trade creditors	42,488	36,893
Taxation and social security	8,561	15,083
Amounts owed to other group undertakings	19,636	3,077
Other creditors	10,533	8,195
Accruals and deferred income	16,829	12,380
Accrued interest	401	346
Derivative financial instrument	-	21
	<b>98,448</b>	<b>75,995</b>

# Kurt Geiger Limited

## Notes forming part of the financial statements for the year ended 29 January 2022 (continued)

### 16 Creditors: amounts falling due within one year (continued)

The amounts owed to other group undertakings are repayable on demand however the group does not intend to collect these balances within 12 months of the balance sheet date. Intra-group interest is charged at LIBOR plus 3.5%.

### 17 Deferred tax asset

The deferred tax recognised in the financial statements is set out below:

	Year ended 29 January 2022 £'000	Year ended 30 January 2021 £'000
At start of period	2,039	1,767
Provided in the year (note 9)	531	272
	<hr/>	<hr/>
At end of year (note 15)	2,570	2,039
	<hr/>	<hr/>
<i>Deferred taxation</i>		
Accelerated capital allowances	1,120	1,866
Sundry timing differences	200	173
Assessed Losses	1,250	-
	<hr/>	<hr/>
	2,570	2,039
	<hr/>	<hr/>

### 18 Share capital

	29 January 2022 £'000	30 January 2021 £'000
<i>Allotted, called up and fully paid</i>		
7,700,000 ordinary shares of 10p each	770	770
	<hr/>	<hr/>

### 19 Capital commitments

	29 January 2022 £'000	30 January 2021 £'000
Contracted but not provided for	7,500	8,481
	<hr/>	<hr/>

The capital commitments at year end relate to the purchase of fixed assets.

# Kurt Geiger Limited

Notes forming part of the financial statements  
For the year ended 29 January 2022 (continued)

## 20 Commitments

The company has annual commitments under operating leases as follows:

	29 January 2022	29 January 2022	30 January 2021	30 January 2021
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	6,924	16	6,058	72
In two to five years	21,306	-	19,445	16
Over five years	25,090	-	27,700	-
	<u>53,320</u>	<u>16</u>	<u>53,203</u>	<u>88</u>

The company is party to a senior facility arranged by an intermediate parent company Mercury Acquisitions Limited.

## 21 Pensions

During the year, within the United Kingdom, the company participated in the Kurt Geiger Group Personal Pension Scheme, an approved defined contribution scheme established with Aegon.

The pension cost under the Kurt Geiger Group Personal Pension Scheme amounted to £1,050,000 (2021: £1,109,000). A pension creditor of £172,000 (2021: £159,000) is included in the balance sheet in relation to this scheme.

A separate pension accrual of £42,000 (2021: £48,000) is included in the balance sheet in relation to other salary costs.

## 22 Financial instruments

The Company's financial instruments may be analysed as follows:

	29 January 2022 £'000	30 January 2021 £'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	177,512	151,990
Derivative financial instrument fair valued through statement of comprehensive income	58	-
	<u>177,570</u>	<u>151,990</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(72,657)	(48,165)
Derivative financial instrument fair valued through statement of comprehensive income	-	(21)
	<u>(72,657)</u>	<u>(48,186)</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and amounts owed by group companies.

# Kurt Geiger Limited

## Notes forming part of the financial statements for the year ended 29 January 2022 (*continued*)

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### 22 Financial instruments (*continued*)

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and amounts owed to group companies.

Derivative financial instruments fair valued through statement of comprehensive income comprise currency hedges.

### 23 Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Other reserves – represents the settlement of an intercompany debt by means of a capital contribution.

Profit and loss account – includes all current and prior period retained profits and losses.

### 24 Ultimate parent company

The Company is a subsidiary undertaking of KG Group Holdings Limited. The ultimate controlling party is Mercury Acquisitions Topco Limited, a company incorporated in Jersey whose majority shareholder is the Fifth Cinven Fund.

The largest and smallest group in which the results of the Company are consolidated is that headed by Mercury Midco 1 Limited, 24 Britton Street, London, EC1M 5UA. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Companies House.

### 25 Related party transactions

The company has taken advantage of the exemption allowed by FRS 102 not to disclose any transactions with entities that are included in the consolidated financial statements of Mercury Midco 1 Limited on the grounds that 100% of the voting rights in the company are controlled within the group and the company is included within those financial statements.