TURNBULL & ASSER LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 JANUARY 2017

Company Registration Number 01066321

TURNBULL & ASSER LIMITED

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CONTENTS	PAGE(S)

TURNBULL & ASSER LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

FOR THE PERIOD ENDED 28 JANUARY 2017

The board of directors	Mr A Fayed Mr J Fayed Mr S Quin Mr N Clifford Mr D Foster Mr L Fayed Mr J Baker
Company Secretary	Mr D Foster
Registered office	14 South Street London W1K 1DF
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

The directors present their strategic report of the company for the period ended 28 January 2017.

Principal activities and business review

The principal activity of the company is the retail of bespoke shirts and ready to wear premium quality gentleman's clothing from multiple London premises in Mayfair and through its online e-commerce site. The company also wholesales garments to customers throughout the UK and abroad. Aside from its selling activities the company is also engaged in the manufacture of shirts and ties from its own factories based in the UK.

The period ended January 2017 was a challenging one. The poor trading experienced in the second half of the previous year continued into the first half of this one, with depressed levels of both sales and production.

Quarter three saw the opening of new points of sale in Bloomingdales in Los Angeles and Harrods in Knightsbridge. The period ended January 2017 was also the first full year trading of the Davies Street store which reported promising like for like growth.

Post Brexit, the second half of the period was more positive with a return to sales growth compared with the second six month of last year. Manufacturing levels also improved but these gains were insufficient to recover the losses experienced in the first half.

During the period, ten million £0.10 shares were issued and fully paid. This equates to a £1,000,000 cash injection.

Principal risks and uncertainties

The management of the business and the execution of the company's business strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from global, national and independent retailers, employee retention, product quality and continuing delivery of high levels of customer service. As a number of the company's customers are high net worth individuals the continued financial health of the global economy is also an important factor.

Key performance indicators

The company's directors are of the opinion that the use of sales and margin measures are sufficient to monitor the ongoing performance of the business and can be used to facilitate short term planning. Overheads are managed through the setting of financial forecasts with regular budget holder reviews to assess performance against these targets.

Future development and performance of the business of the company during the financial period

The financial period ending 3 February 2018 while remaining challenging, should be a period of consolidation for the company. The company has benefitted from the equity injection of £1,000,000 during the period ended 28 January 2017. The first quarter of the 2018 financial period saw a Board reorganisation with the resignation of Mr N Blow and Mr S McCoy and the appointments of Mr Baker and Mr L Fayed.

Continued uncertainties around Brexit will impact the company as will the UK general election although overall, the company business has benefitted from the exchange rate movements experienced since May 2016. The first quarter of trading in the 2018 financial period has been promising with sales and production ahead of those achieved last year. 2018 will also benefit from a full year of trading at the new points of sale in Bloomingdales and Harrods. E-commerce remains a significant opportunity for the company and further plans to enhance the functionality of this channel are being developed for 2018.

The company continues to invest in design, advertising and marketing to further establish the brand.

Going concern

The Directors have reviewed the cash flow forecasts for a period of not less than 12 months from the date of signing these financial statements. The cash flow forecasts take into account reasonably possible changes in trading performance.

In the first half of the 2018 period, the Directors have secured a £500,000 working capital facility from the bank and an equity injection of £400,000 from the owners. The company has a loan from a related company T&A Holdings LLC, originally for a period to December 2015 and amounting to £600,000 plus accrued interest renewable for more than one year at the option of either party and which has not been recalled. The Directors have also obtained a letter of support from a company controlled by the ultimate controlling party. In the event that the company is unable to meet its liabilities as they fall due, this company has confirmed that they have sufficient funds and are willing to meet any liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. The Directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in the financial statements.

Position of the company at the period end

The loss for the financial period amounted to £1,097,000 (2016: loss £715,000). Net assets amounted to £6,362,000 (2016: £6,459,000).

Signed by the order of the board

Mr J Baker

Chief Operating Officer

Approved by the board of directors on 18th July 2017

TURNBULL & ASSER LIMITED

THE DIRECTORS' REPORT

FOR THE PERIOD ENDED 28 JANUARY 2017

The directors present their report and the audited financial statements of the company for the period ended 28 January 2017.

Results and dividends

The loss for the financial period amounted to £1,097,000 (2016: loss £715,000). The directors have not recommended a dividend.

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were:

Mr A Fayed
Mr J Fayed
Mr S Quin
Mr N Clifford
Mr S McCoy (resigned 10th March, 2017)
Mr N Blow (resigned 31st March, 2017)
Mr D Foster
Mr L Fayed (appointed 3rd April, 2017)
Mr J Baker (appointed 3rd April, 2017)

Financial risk management

The Directors present the financial risk management of the company in the Strategic report on page 2.

Directors' indemnity statement

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial period Director's and Officers' liability insurance in respect of itself and its Directors.

Post Balance sheet events

The AIB loan taken out to finance the refurbishment of the South Street headquarters was repaid on time. In April 2017 the business secured a £500,000 working capital facility from AIB, secured on the South Street headquarters property. On 8 June 2017 the share capital of the company was increased by the creation of 20,000,000 ordinary shares of £0.10 each. 4,000,000 ordinary shares of £0.10 each were allotted in June 2017 at par value. This equates to a £400,000 cash injection.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 group and company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

Statement of Disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed by the order of the board

Mr J Baker

Chief Operating Officer

Approved by the board of directors on 18th July 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURNBULL & ASSER LIMITED

Report on the financial statements

Our opinion

In our opinion, Turnbull & Asser Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 28 January 2017 and of its loss and cash flows 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.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 28 January 2017;
- the Income Statement for the period then ended;
- the Statement of Cash Flows for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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 year 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURNBULL & ASSER LIMITED (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Emma Jarvis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

TURNBULL & ASSER LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 28 JANUARY 2017

	Note	Period ended 28 January 2017	*Period ended 30 January 2016*
		£000	*£000*
Turnover	2	10,063	*9,908*
Cost of sales		(4,433)	*(4,244)*
Gross profit		5,630	*5,664*
Distribution costs		(376)	*(367)*
Administrative expenses		(6,473)	*(6,128)*
Other operating income	3	234	*148*
Operating loss	4	(985)	*(683)*
Exceptional items	5	-	*(221)*
Interest receivable and similar expenses		1	*2*
Interest payable and similar charges		(7)	*(2)*
Loss before taxation		(991)	*(904)*
Tax on loss	8	(106)	*189*
Loss for the financial period		(1,097)	*(715)*

All of the activities of the company are classed as continuing.

TURNBULL & ASSER LIMITED

Registered Number 01066321

BALANCE SHEET

AS AT 28 JANUARY 2017

	Note	28 January 2017	*30 January 2016*
		£000	*£000*
Fixed assets			
Tangible assets	9	4,630	*4,725*
Current assets			
Stocks	10	3,260	*3,373*
Debtors	11	1,351	*1,276*
Cash at bank and in hand		136	*57*
Deferred tax asset	16	-	*19*
		4,747	*4,725*
Creditors: Amounts falling due within one year	12	(2,844)	*(2,962)*
Net current assets		1,903	*1,763*
Total assets less current liabilities		6,533	*6,488*
Creditors: Amounts falling due after more than one year	13	(69)	*(29)*
Provisions for liabilities and charges	16	(102)	*-*
Net assets		6,362	*6,459*
Capital and reserves			
Called up share capital	19	3,450	*2,450*
Other reserves		30	*30*
Retained earnings		2,882	*3,979*
Total Shareholders' funds		6,362	*6,459*

The financial statements on pages 9 to 30 were approved by the Board of Directors on 18th July 2017 and signed on its behalf by:

Mr A Fayed
Chairman

TURNBULL & ASSER LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 28 JANUARY 2017

	Called up share capital	Retained earnings	Other reserves	Total
	£000	£000	£000	£000
Balance as 1 February 2015	**2,450**	**4,694**	**30**	**7,174**
Loss for the financial period	-	(715)	-	(715)
Total comprehensive loss for the period	-	(715)	-	(715)
Balance as at 30 January 2016	**2,450**	**3,979**	**30**	**6,459**
Loss for the financial period	-	(1,097)	-	(1,097)
Total comprehensive loss for the period	-	(1,097)	-	(1,097)
Issue of share capital	1,000	-	-	1,000
Balance as at 28 January 2017	**3,450**	**2,882**	**30**	**6,362**

TURNBULL & ASSER LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 28 JANUARY 2017

	Note	**Period ended 28 January 2017**	*Period ended 30 January 2016*
		£000	*£000*
Net cash from operating activities	20	(372)	*(113)*
Taxation received		5	*54*
Net cash used in operating activities		(367)	*(59)*
Cash flow from investing activities			
Interest received		1	*2*
Interest paid		(7)	*(2)*
Purchase of tangible assets		(294)	*(1,008)*
Proceeds from disposals of tangible assets		-	*-*
Net cash used in investing activities		(300)	*(1,008)*
Cash flow from financing activities			
Increase in share capital		1,000	-
Increase in borrowings		100	*500*
Repayment of loan		(354)	*(354)*
Net cash generated from financing activities		746	*146*
Net increase/(decrease) in cash and cash equivalents		79	*(921)*
Cash and cash equivalents at the beginning of the period		57	*978*
Cash and cash equivalents at the end of the period		136	*57*

General information

Turnbull & Asser Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 14 South Street, London, W1K 1DF.

The principal activity of the company is the retail of bespoke shirts and ready to wear premium quality gentleman's clothing from London premises in Jermyn Street, Bury Street and Davies Street and through its online e-commerce site. The company also wholesales garments to customers throughout the UK and abroad. Aside from its selling activities the company is also engaged in the manufacture of shirts and ties from its own factories based in the UK.

Statement of compliance

The individual financial statements of Turnbull & Asser Limited have been prepared for the second year in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and estimation uncertainty' section of this note.

Going Concern

The Directors have reviewed the cash flow forecasts for a period of not less than 12 months from the date of signing these financial statements. These forecasts take into account reasonably possible changes in trading performance. The Directors have obtained a letter of support from a company controlled by the ultimate controlling party. In the event that the company is unable to meet its liabilities as they fall due, the company has confirmed that they will meet any liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements. The Directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in the financial statements.

The recording of a loss in 2016 financial period constituted a breach of a bank lending agreement covenant. However, the bank did not enforce the breach and the loan was repaid in full in February 2017 with all payments having been made on schedule.

The company has a loan from a related company T&A Holdings LLC, originally for a period to December 2015 and amounting to £600,000 plus accrued interest renewable for more than one year at the option of either part and which has not been recalled.

Going Concern (continued)

In March 2016 the share capital of the company was increased by the creation of 8,198,000 ordinary shares of £0.10 each. 10,000,000 ordinary shares of £0.10 each were allotted in March 2016 at par value equating to a £1,000,000 cash injection.

In April 2017 the business secured a £500,000 working capital facility from AIB, secured on the South Street headquarters property. On 8th June 2017 the share capital of the company was increased by the creation of 20,000,000 ordinary shares of £0.10 each. 4,000,000 ordinary shares of £0.10 each were allotted in June 2017 at par value equating to a £400,000 cash injection.

Foreign currency

The company's functional and presentation currency is the pound sterling (£).

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 the income statement.

Turnover

Turnover represents amounts receivable for the sale of goods to customers and concession commissions net of VAT and trade discounts. Turnover is recognised on sale and despatch of goods.

Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension plans

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period. The assets of the scheme are held separately from those of the company in an independently administered fund.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total profit as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and the costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Freehold Land	-	No depreciation charge
Freehold Property	-	Straight line over 75 years
Leasehold Property	-	Straight line over 15 - 100 years (length of lease)
Fixtures & Fittings	-	Straight line over 2 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in income statement and included in administrative expenses.

Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

ii) Lease incentives

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption under Section 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (2 February 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

Stocks

Stocks are valued at the lower of cost, calculated on a weighted average basis, and estimated selling price less cost to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Where necessary, provision is made for obsolete, slow moving and defective inventories.

Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is

Stocks (continued)

impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

Cash and Cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts including loans. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial Liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual

Financial instruments (continued)

obligation is discharged, cancelled or expires.

The company does not hold or issue any derivative financial instruments.

iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally 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.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgement, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property, plant and equipment and depreciation accounting policy for the useful economic lives for each class of assets.

(ii) Inventory provisioning

The company designs, manufactures and sells clothing and accessories and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 10 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of non-financial assets

The company operates from leasehold stores and online. Each store is considered to be a cash generating unit. At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset's cash generating unit may be impaired. Management considers the forecast sales and cash generation for each store and applies assumptions with respect to future growth. See "Impairment of non-financial assets" section above for accounting policy regarding impairment of non-financial assets.

2. Turnover

The total turnover of the company for the period has been derived wholly from its principal activity.

Turnover by class of business

The analysis by class of business of the company's turnover is set out as below:

	Period ended 28 January 2017	*Period ended 30 January 2016*
	£000	*£000*
Sale of goods	9,622	*9,420*
Concession commission	441	*488*
	10,063	*9,908*

Turnover analysis by geographical area

The analysis by geographical area of the company's turnover is set out as below:

	Period ended 28 January 2017	*Period ended 30 January 2016*
	£000	*£000*
United Kingdom	4,505	*5,350*
United States	3,032	*2,420*
Continental Europe	1,358	*1,118*
Japan	402	*222*
Other	766	*798*
	10,063	*9,908*

All operations are based in the United Kingdom.

3. Other operating income

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Other operating income	234	*148*

This comprises predominantly of royalty income from overseas sales.

4. Operating loss

Operating loss is stated after charging/(crediting):

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Depreciation of owned fixed assets	390	*361*
Services provided by the company's auditors		
Fees payable for the audit	27	*24*
Fees payable for other services – tax compliance and company secretarial	11	*9*
Operating lease expense	679	*590*
Net gain on foreign currency translation	(2)	*(4)*
Inventories recognised as an expense	2,736	*2,407*
Loss on disposal of tangible fixed assets	-	*5*

5. Exceptional Items

The exceptional items figure in the profit or loss account is made up of the following items:

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Essential property maintenance	-	*(221)*
	-	*(221)*

In the 2016 period, the service charge payable to The Crown Estate in respect of the Jermyn Street and Bury Street stores was increased by a one-off amount in order to pay for roof repairs and facia cleaning. All service charge costs above and beyond the normal annual level payable have been recognised as Exceptional in that period.

6. Particulars of employees

The monthly average number of staff employed by the company during the financial period amounted to:

	Period ended 28 January 2017 No	*Period ended 30 January 2016 No*
Number of production staff	91	*101*
Number of retail staff	15	*15*
Number of administrative staff	51	*48*
	157	*164*

The aggregate payroll costs of the above were:

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Wages and salaries	4,454	*4,512*
Social security costs	426	*418*
Other pension costs	186	*196*
	5,066	*5,126*

7. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Emoluments receivable	610	*606*
Value of company pension contributions to money purchase schemes	37	*36*
	647	*642*

7. Directors' emoluments (continued)

Emoluments of highest paid director:

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Total emoluments (excluding pension contributions)	352	*352*
Value of company pension contributions to money purchase schemes	11	*11*
	363	*363*

The number of directors accruing benefits under defined benefit company pension schemes was nil (2016: nil).

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Salaries and other short-term benefits	610	*606*
Post-employment benefits	37	*36*
	647	*642*

8. Tax on loss

(a) Tax credit included in profit or loss

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Current tax:		
UK corporation tax on loss of the period	-	-
Adjustments in respect of prior period	(15)	*(14)*
Total current tax	(15)	*(14)*
Deferred tax:		
Origination and reversal of timing differences	192	*(178)*
Effects of change in tax rates	(25)	*2*
Adjustments in respect of prior periods	(46)	*1*
Total deferred tax (note 16)	121	*(175)*
Tax on loss	106	*(189)*

8. Tax on loss (continued)

(b) Reconciliation of tax charge

The tax assessed on the loss before taxation for the period is lower (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016 – 20%).

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Loss before taxation	(991)	*(904)*
Loss before taxation by rate of tax at 20% (2016 – 20%)	(198)	*(181)*
Effects of:		
Expenses not deductible for tax purposes	25	*3*
Income not taxable	(4)	-
Losses not recognised	369	-
Adjustments in respect of prior periods	(61)	*(13)*
Tax rate changes	(25)	*2*
Total tax charge/(credit) for the period	106	*(189)*

(c) Reductions to the UK Corporation Tax rate were substantially enacted as part of the Finance Act 2015 (substantively enacted on 26 October 2015). These reduce the main rate of tax to 19% from 1 April 2017 and to 18% from 1 April 2020.

9. Tangible assets

	Freehold Property £000	Leasehold Property £000	Fixtures & Fittings £000	Total £000
Cost				
At 31 January 2016	967	3,026	4,148	8,141
Additions	-	30	264	294
Disposals	-	-	(337)	(337)
At 28 January 2017	967	3,056	4,075	8,098
Accumulated Depreciation				
At 31 January 2016	135	406	2,875	3,416
Charge for the period	10	119	261	390
Disposals	-	-	(338)	(338)
At 28 January 2017	145	525	2,798	3,468
Net book value				
At 28 January 2017	822	2,531	1,277	4,630
At 30 January 2016	832	2,620	1,273	4,725

10. Stocks

	28 January 2017 £000	*30 January 2016 £000*
Raw materials	791	*753*
Work in progress	101	*46*
Finished goods	2,368	*2,574*
	3,260	*3,373*

There is no material difference between the carrying amount of inventory and the replacement cost.

The amount of inventories recognised as an expense during the period was £2,736,000 (2016: £2,407,000).

11. Debtors

	28 January 2017 £000	*30 January 2016 £000*
Trade debtors	430	*270*
Amounts due from related parties	439	*428*
Other debtors	196	*198*
Corporation tax receivable	15	*5*
Prepayments and accrued income	271	*375*
	1,351	*1,276*

12. Creditors: Amounts falling due within one year

	28 January 2017 £000	*30 January 2016 £000*
Trade creditors	931	*839*
Bank loans and overdrafts (Note 14)	645	*857*
Taxation and social security	129	*116*
VAT	196	*164*
Other creditors	26	*27*
Accruals	917	*959*
	2,844	*2,962*

13. Creditors: Amounts falling due after more than one year

	28 January 2017 £000	*30 January 2016 £000*
Bank loans and overdrafts (Note 14)	-	*29*
Other creditors	69	*-*

14. Loans and other borrowings

	28 January 2017 £000	*30 January 2016 £000*
T&A Holdings LLC	606	*501*
Bank Loan	39	*385*
	645	*886*

Maturity of financial liabilities:

In one year or less, or on demand	645	*857*
In more than one year, but not more than two years	-	*29*
	645	*886*

At the period end, the company had a bank loan facility of £1,000,000 of which £964,000 was originally drawn down. At the period end, the remaining drawn down amount was £39,000 and was repaid in full in February 2017. The term of the loan is for three years and bears interest at LIBOR plus 3.5%. The loan is subject to covenants based on debt service cover (EBITDA to total debt service costs shall not be less than the ratio of 125%) and minimum tangible worth (shareholders' funds not to fall below that achieved in the previous period). The loan is secured predominantly on the South Street headquarters and was repaid in full in February 2017.

On 15 August 2015, Turnbull & Asser Limited took out a loan with its related company T&A Holdings LLC for £400,000 bearing interest at 1% to finance the opening of the new Mayfair Store. Additional advances have been made totalling £200,000. Extension of repayment beyond the original date of 31 December 2015 has been permitted.

The balance of this loan at July 2017 was £600,000 plus accrued interest.

On 26 April 2017, Turnbull & Asser Limited secured a £500,000 working capital facility. The overdraft is subject to covenants based on the delivery of financial information, is scheduled for review on 21 April 2018 and bears interest at base rate plus 5%. The facility is secured predominantly on the South Street headquarters.

15. Financial instruments

The company has the following financial instruments:

	Note	**28 January 2017 £000**	*30 January 2016 £000*
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	11	430	*270*
Amounts due from related parties	11	439	*428*
Other debtors	11	196	*198*
Corporation tax receivable	11	15	*5*
Cash at bank and in hand		136	*57*
		1,216	*958*
Financial liabilities measured at amortised cost:			
Trade creditors	12	931	*839*
Bank loans and overdrafts	14	645	*857*
Other creditors	12	26	*27*
Accruals	12	917	*959*
		2,519	*2,682*

16. Deferred taxation

The movement in the deferred taxation balance during the period was:

	28 January 2017 £000	*30 January 2016 £000*
At 31 January 2016 / 1 February 2015	(19)	*156*
Adjustment in respect of prior years	(46)	-
Profit and loss account movement arising during the period	167	*(175)*
At 28 January 2017 / 30 January 2016	102	*(19)*

The provision/(asset) for deferred taxation consists of the tax effect of timing differences in respect of:

	28 January 2017 £000	*30 January 2016 £000*
Accelerated capital allowances	106	*190*
Short term timing differences	(4)	*(7)*
Losses	-	*(202)*
	102	*(19)*

The net deferred tax asset expected to reverse in 2017/18 is £nil (2016/17; £158,000).

We have also calculated that of the total deferred tax balance, £105,505 (2015/16 £138,850) relating to depreciation in excess of capital allowances is likely to reverse after the 2018 period. This has been based on movement in the current period.

17. Commitments under operating leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	28 January 2017 £000	*30 January 2016 £000*
Not later than one year	576	*540*
Later than one year and not later than five years	2,250	*2,132*
Later than five years	1,010	*1,320*
	3,836	*3,992*

18. Related party transactions

The company has traded with the following companies in which Mr A Fayed, a director, has a beneficial interest.

During the period the company made sales of £1,100,000 (2016: £1,100,000) and received license fee income of £200,000 (2016: £100,000) from Turnbull & Asser LLC. At the period end the company was owed £400,000m (2016: £300,000) by Turnbull & Asser LLC.

18. Related party transactions (continued)

During the period the company recharged operating expenses of £100,000 (2016: £100,000) to Turnbull & Asser LLC and received operating expenses of £40,000 (2016: £10,000). At the period end Turnbull & Asser LLC owed £400,000 (2016: £300,000) to the company.

During the period the company was charged operating expenses of £20,000 (2016: £20,000) by Hyde Park Residence Limited. At the period end the company owed £nil (2016: £nil) to Hyde Park Residence Limited.

During the period the company made £nil sales (2016: £100,000) to Fayair (Stansted) Limited. At the period end the company was owed £nil (2016: £nil) by Fayair (Stansted) Limited.

During the period the company traded with Park Lane Investments. During the period the company made sales of £20,000 (2016: £20,000). At the period end the company was owed £nil (2016: £10,000) by Park Lane Investments.

During the period the company also traded with The Ritz, Paris. During the period the company made sales of £20,000 (2016: £nil). At the period end the company was owed £nil (2016: £nil) by The Ritz, Paris.

During the period the company also traded with Bespoken Inc, a company in which Mr A Fayed's sons are directors. During the period the company made sales of £10,000 (2016: £30,000). At the period end the company was owed £nil (2016: £nil) by Bespoken Inc.

See note 7 for disclosure of key management compensation.

19. Called up share capital

Allotted, called up, issued and fully paid:

	28 January 2017 No	**28 January 2017** £000	*30 January 2016* *No*	*30 January 2016* *£000*
8,500,000 (2016: 8,500,000) Ordinary shares of US $0.00001 each	8,500,000	-	*8,500,000*	-
34,500,000 (2016: 24,500,000) Ordinary shares of £0.10 each	34,500,000	3,450	*24,500,000*	*2,450*
	43,000,000	3,450	*33,000,000*	*2,450*

The Ordinary US$ shares are each entitled to receive dividends amounting to the first 99% of the amount of profits which the company may determine to distribute in respect of any financial period, divided by the number of Ordinary US$ shares then in issue. The Ordinary £ shares are each entitled to receive a dividend of the remaining 1% of distributable profits, divided by the number of Ordinary £ shares then in issue.

Each Ordinary US$ share carries 99 votes. Each Ordinary £ share carries one vote.

In the event of a return of capital or winding up the Ordinary US$ shares shall be entitled to receive the first 99% of the assets available for distribution. Only after the Ordinary US$ class has received its full entitlement shall the Ordinary £ class be entitled to the balance of the assets available.

19. Share capital (continued)

Neither class of share is redeemable at the shareholder's request.

During the period 10,000,000 £0.10 were issued and fully paid. This equates to a £1,000,000 cash injection.

20. Notes to the statement of cash flows

Reconciliation of operating loss to net cash outflow from operating activities

	Period ended 28 January 2017 £000	*Period ended 30 January 2016 £000*
Loss for the financial period	(1,097)	*(715)*
Tax on loss on ordinary activities	106	*(189)*
Interest receivable and similar income	(1)	*(2)*
Interest payable and similar charges	7	*2*
Exceptional items	-	*221*
Operating loss	(985)	*(683)*
Depreciation of tangible assets	390	*361*
Decrease/(increase) in stocks	112	*(360)*
Increase in debtors	(64)	*(176)*
Increase in creditors	175	*966*
Exceptional property maintenance	-	*(221)*
Cash flow from operating activities	(372)	*(113)*

21. Ultimate controlling party

The ultimate controlling party is the Fayed family.

22. Post Balance sheet events

On 9 June 2017 the authorised share capital of the company was increased by the creation of 20,000,000 ordinary shares of £0.10 each. 4,000,000 ordinary shares of £0.10 each were allotted in June 2017 at par value. This equates to a £400,000 cash injection.