

Registered number: 01066321

TURNBULL & ASSER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JANUARY 2021

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TURNBULL & ASSER LIMITED

COMPANY INFORMATION

| | |
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| Directors | Ali Fayed James Allie Fayed Steven Jeffrey Quin Neil Charles Clifford (resigned 1 July 2021) Liam Fayed Jonathan Baker (resigned 30 April 2021) Mark Turner Jonathan Tarlton-Weatherall (appointed 11 April 2021) |
| Registered number | 01066321 |
| Registered office | 14 South Street London W1K 1DF |
| Independent auditors | Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG |

TURNBULL & ASSER LIMITED

CONTENTS

| | Page |
|--|---------|
| Strategic Report | 1 - 2 |
| Directors' Report | 3 - 4 |
| Independent Auditors' Report | 5 - 8 |
| Statement of Comprehensive Income | 9 |
| Statement of Financial Position | 10 |
| Statement of Changes in Equity | 11 |
| Statement of Cash Flows | 12 |
| Analysis of Net Debt | 13 |
| Notes to the Financial Statements | 14 - 30 |

TURNBULL & ASSER LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 JANUARY 2021

Introduction

The directors present their strategic report of the company for the 52 week period ended 30 January 2021.

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.

COVID-19 had a significant negative impact on the business with the mandated closure of the London stores for a considerable part of the year shutting off two of the main revenue generating channels. The impact was compounded by the lack of demand for business and formal attire as customers worked from home and the key dressing and occasion events were cancelled. This meant that in the period immediately after the first lockdown started in April 2020, eCommerce revenue also declined. Action was taken to pivot to a less formal product offer, notably focussing on Nightwear and Knitwear, which resulted in eCommerce revenues growing as the business entered the second quarter of the year and ultimately ending +28% on the previous year. Overall, total turnover fell by -£4.7MN to £5.0MN of which £2.2MN was a direct result of the stores being closed.

The business took advantage of the Government Job Retention Scheme for temporarily unutilised retail and production staff but also reduced headcount in light of reduced consumer demand. All other expenditures were kept under close review.

A break clause on the lease for tie factory in Sidcup was executed in November 2020 with the operation successfully integrated with the shirt factory in Gloucester by March 2021.

Brexit presented an immediate challenge in January, particularly on the fulfilment of eCommerce orders from the EU. Most of the issues were ironed out by March although the cost of shipping and clearing goods to the EU has become very costly.

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 financial health of the global economy is also an important factor. COVID-19 continues to have a material impact on sales and the business has taken mitigating action including the right-sizing of head office, retail and production headcounts and the cancellation of all non-business critical expenditures. Although restrictions have started to ease in the UK, demand remains uncertain as customers continue to work from home and curbs on international travel impacting demand from customers based abroad.

The directors consider the company's exposure to credit risk, liquidity risk and currency risk to be minimal and consider the disclosure of their financial risk management objectives and policies not to be significant in the assessment of the assets, liabilities, financial position and profit and loss of the company.

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. Any short term adverse events are mitigated by the control of costs, and a longer term forecast which is provided on a quarterly basis which is used to consider any longer term strategic challenges.

TURNBULL & ASSER LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JANUARY 2021**

Future development and performance of the business

Performance for the first half of the financial period ending 29 January 2022 started as forecast, albeit with the stores closed until mid-April.

This report was approved by the board on 14 September 2021 and signed on its behalf.



Mark Turner
Director

TURNBULL & ASSER LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JANUARY 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The loss for the period, after taxation, amounted to £2,453 thousand (2020 - loss £596 thousand).

Net assets amounted to £6,056 thousand (2020 - £4,427 thousand).

Directors

The directors who served during the period were:

Ali Fayed
James Allie Fayed
Steven Jeffrey Quin
Neil Charles Clifford (resigned 1 July 2021)
Liam Fayed
Jonathan Baker (resigned 30 April 2021)
Mark Turner

TURNBULL & ASSER LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JANUARY 2021**

Disclosure of information to auditors

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

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

Post balance sheet events

COVID-19 virus continues to be a significant event since the end of the financial period. In light of the impact of the virus upon consumer demand, the Company has reviewed its cash flow forecasts and considered the impact on its ability to continue as a going concern, concluding that due to unfavourable trading conditions there is a material uncertainty if further finance cannot be raised or additional shareholder support is not provided. Please refer to note 2.2 for further detail on the Company's going concern basis of preparation.

A loan from a related company, T&A Holdings LLC, originally for a period to December 2015 and amounting to £600,000 has not been recalled and has instead been converted to equity. In addition, \$305,992 of equity funding has been received from the shareholders.

In relation to the above, on the 8 April 2021 the Company issued 8,000,000 ordinary shares at a par value of £0.10. £200,000 was received in cash and the remaining £600,000 was satisfied by way of a loan conversion with Turnbull & Asser LLC. Interest related to the loan was waived.

Auditors

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

This report was approved by the board on 14 September 2021 and signed on its behalf.



Mark Turner
Director

TURNBULL & ASSER LIMITED

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

Opinion

We have audited the financial statements of Turnbull & Asser Limited (the 'Company') for the period ended 30 January 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the financial statements have been prepared on a going concern basis based on the Directors' expectations of future support being made available by the ultimate controlling party. This and other matters set forth in note 2.2 indicate that a material uncertainty exists that may cast significant doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

TURNBULL & ASSER LIMITED

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

TURNBULL & ASSER LIMITED

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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

Use of our report

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

TURNBULL & ASSER LIMITED

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



Anastasia Frangos (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 14 September 2021

TURNBULL & ASSER LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JANUARY 2021**

| | Note | 2021 £000 | 2020 £000 |
|--|------|----------------|--------------|
| Turnover | 4 | 5,015 | 9,703 |
| Cost of sales | | (2,188) | (4,218) |
| Gross profit | | <u>2,827</u> | <u>5,485</u> |
| Distribution costs | | (298) | (363) |
| Administrative expenses | | (5,760) | (6,336) |
| Other operating income | 5 | 984 | 660 |
| Exceptional other operating charges | 12 | (160) | (26) |
| Operating loss | 6 | <u>(2,407)</u> | <u>(580)</u> |
| Interest payable and similar expenses | 10 | (11) | (6) |
| Loss before tax | | <u>(2,418)</u> | <u>(586)</u> |
| Tax on loss | 11 | (35) | (10) |
| Loss for the financial period | | <u>(2,453)</u> | <u>(596)</u> |
| Total comprehensive income for the period | | <u>(2,453)</u> | <u>(596)</u> |

The notes on pages 14 to 30 form part of these financial statements.

TURNBULL & ASSER LIMITED
REGISTERED NUMBER: 01066321

STATEMENT OF FINANCIAL POSITION
AS AT 30 JANUARY 2021

| | Note | 30 January 2021 £000 | 1 February 2020 £000 |
|--|------|----------------------------|----------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 4,501 | 4,341 |
| | | <u>4,501</u> | <u>4,341</u> |
| Current assets | | | |
| Stocks | 14 | 3,225 | 2,444 |
| Debtors: amounts falling due within one year | 15 | 1,055 | 1,135 |
| Cash at bank and in hand | 16 | 846 | 474 |
| | | <u>5,126</u> | <u>4,053</u> |
| Creditors: amounts falling due within one year | 17 | (3,485) | (3,834) |
| Net current assets | | <u>1,641</u> | <u>219</u> |
| Total assets less current liabilities | | <u>6,142</u> | <u>4,560</u> |
| Provisions for liabilities | | | |
| Deferred tax | 20 | (168) | (133) |
| | | <u>(168)</u> | <u>(133)</u> |
| Net assets | | <u><u>5,974</u></u> | <u><u>4,427</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 7,850 | 3,850 |
| Capital redemption reserve | 22 | 30 | 30 |
| Profit and loss account | 22 | (1,906) | 547 |
| | | <u>5,974</u> | <u>4,427</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 September 2021.



Mark Turner
Director

The notes on pages 14 to 30 form part of these financial statements.

TURNBULL & ASSER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JANUARY 2021**

| | Called up share capital | Other reserves | Profit and loss account | Total equity |
|--|----------------------------|-------------------|----------------------------|--------------|
| | £000 | £000 | £000 | £000 |
| At 2 February 2020 | 3,850 | 30 | 547 | 4,427 |
| Comprehensive income for the period | | | | |
| Loss for the period | - | - | (2,453) | (2,453) |
| Shares issued during the period | 4,000 | - | - | 4,000 |
| At 30 January 2021 | 7,850 | 30 | (1,906) | 5,974 |

The notes on pages 14 to 30 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

| | Called up share capital | Other reserves | Profit and loss account | Total equity |
|--|----------------------------|-------------------|----------------------------|--------------|
| | £000 | £000 | £000 | £000 |
| At 1 February 2019 | 3,850 | 30 | 1,143 | 5,023 |
| Comprehensive income for the period | | | | |
| Loss for the period | - | - | (596) | (596) |
| At 1 February 2020 | 3,850 | 30 | 547 | 4,427 |

The notes on pages 14 to 30 form part of these financial statements.

TURNBULL & ASSER LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JANUARY 2021**

| | 30 January 2021 £000 | 1 February 2020 £000 |
|---|----------------------------|----------------------------|
| Cash flows from operating activities | | |
| Loss for the financial period | (2,453) | (596) |
| Adjustments for: | | |
| Depreciation of tangible assets | 396 | 405 |
| Interest paid | 11 | 6 |
| Taxation charge | 35 | 10 |
| (Increase) in stocks | (781) | (618) |
| Decrease in debtors | 183 | 19 |
| (Increase) in amounts owed by groups | (103) | (10) |
| (Decrease)/increase in creditors | (1,814) | 629 |
| Corporation tax received | - | 47 |
| Net cash generated from operating activities | (4,526) | (108) |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (555) | (535) |
| Net cash from investing activities | (555) | (535) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | 4,000 | - |
| New secured loans | 1,459 | - |
| Interest paid | (6) | (6) |
| Net cash used in financing activities | 5,453 | (6) |
| Net increase/(decrease) in cash and cash equivalents | 372 | (649) |
| Cash and cash equivalents at beginning of period | 474 | 1,123 |
| Cash and cash equivalents at the end of period | 846 | 474 |
| Cash and cash equivalents at the end of period comprise: | | |
| Cash at bank and in hand | 846 | 474 |
| | 846 | 474 |

The notes on pages 14 to 30 form part of these financial statements.

TURNBULL & ASSER LIMITED

**ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 30 JANUARY 2021**

| | At 2 February 2020 £000 | Cash flows £000 | Other non- cash changes £000 | At 30 January 2021 £000 |
|--------------------------|----------------------------------|--------------------|---------------------------------------|----------------------------------|
| Cash at bank and in hand | 474 | 372 | - | 846 |
| Debt due within 1 year | (627) | (1,459) | (6) | (2,092) |
| | <u>(153)</u> | <u>(1,087)</u> | <u>(6)</u> | <u>(1,246)</u> |

The notes on pages 14 to 30 form part of these financial statements.

TURNBULL & ASSER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JANUARY 2021

1. General information

Turnbull & Asser Limited is a private company limited by shares and is incorporated and domiciled in the United Kingdom. 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 its London premises 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 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 forecast takes into account reasonably possible changes in trading performance.

The £500,000 working capital facility received from the bank has been secured until October 2021 with the expectation this will be renewed until at least October 2022 based on discussions with the bank to date. The Company has a \$3,000,000 revolving credit line arranged with HSBC and has also obtained a letter of support from the ultimate controlling party for the 12 months following the signature of these financial statements. The Directors have concluded that, while the letter is not legally binding, there is an expectation the shareholders will continue to provide the necessary funding to support the business. However, if this is not available a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern.

Based on their expectation that the Company's existing facilities will be sufficient for its needs and will remain available for at least 12 months from the date of the approval of the financial statements, together with their expectation that the ultimate controlling party will provide further financial support if required, the directors consider it appropriate to use the going concern basis of preparation when preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.4 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

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

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

2.6 Government grants

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

2. Accounting policies (continued)

2.7 Interest income

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

2.8 Finance costs

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

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. 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 contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Current and deferred taxation

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

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

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

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

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

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

2. Accounting policies (continued)**2.12 Employee Benefits**

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

ii) 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.

iii) 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.

2.13 Exceptional items

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

2.14 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|-----------------------|--|
| Freehold Land | - No depreciation charge |
| Freehold Property | - Straight line over 75 years |
| Leasehold Property | - Straight line over 1 - 100 years (length of lease) |
| Fixtures and fittings | - Straight line over 2 - 10 years |

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

2. Accounting policies (continued)

2.15 Leases

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.

ii) 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.

iii) 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.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

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

2.18 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.19 Creditors

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

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

2. Accounting policies (continued)

2.20 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021

3. 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, revenues 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, vary to the actual results. The estimates and assumptions that are most likely to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

Stock valuation

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 considered the nature and condition of the inventory, as well as applying assumptions around the anticipated saleability of finished good and future usage of raw materials.

Impairment of non-financial assets

The Company is operated 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 forecast sales and cash generation for each store and applies assumptions with respect to future growth.

Onerous lease

Provisions for onerous leases include estimates such as the length of the time a property may be empty for and the value of any make good costs at the end of the lease. Provisions are discounted to present value which requires the use of a discount rate. Provisions are reviewed regularly and adjusted as appropriate.

Bad debt provision

Management will review all outstanding debts and provide for those it considers to be no longer recoverable. This is based on the length of time the debt has been outstanding for and the customer history.

Useful lives of tangible assets

Depreciation and amortisation are provided in order to write down to estimated residual values the cost of each asset over its estimated useful economic life. These useful economic lives require the use of management judgement. These estimates are regularly reviewed.

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

4. Turnover

An analysis of turnover by location is as follows:

| | 2021 £000 | 2020 £000 |
|----------------|--------------|--------------|
| United Kingdom | 3,726 | 8,051 |
| United States | 748 | 847 |
| Japan | 106 | 318 |
| Other | 435 | 487 |
| | <u>5,015</u> | <u>9,703</u> |

5. Other operating income

| | 2021 £000 | 2020 £000 |
|------------------------------|--------------|--------------|
| Other operating income | 248 | 660 |
| Government grants receivable | 736 | - |
| | <u>984</u> | <u>660</u> |

6. Operating loss

The operating loss is stated after charging:

| | 2021 £000 | 2020 £000 |
|-------------------------------|--------------|--------------|
| Exchange differences | (98) | (1) |
| Other operating lease rentals | <u>559</u> | <u>870</u> |

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

7. Auditors' remuneration

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>21</u> | <u>17</u> |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Taxation compliance services | <u>4</u> | <u>3</u> |
| | <u>4</u> | <u>3</u> |

8. Employees

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

| | 2021 £000 | 2020 £000 |
|-------------------------------------|--------------|--------------|
| Wages and salaries | 3,516 | 4,053 |
| Social security costs | 368 | 371 |
| Cost of defined contribution scheme | 159 | 178 |
| | <u>4,043</u> | <u>4,602</u> |

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

| | 2021 No. | 2020 No. |
|----------------------|-------------|-------------|
| Production Staff | 79 | 83 |
| Retail Staff | 14 | 14 |
| Administrative Staff | 31 | 42 |
| | <u>124</u> | <u>139</u> |

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

9. Directors' remuneration

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Directors' emoluments | 410 | 386 |
| Company contributions to defined contribution pension schemes | 25 | 24 |
| | <u>435</u> | <u>410</u> |

The highest paid director received remuneration of £194,000 (2020 - £201,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,000 (2020 - £11,000).

The total accrued pension provision of the highest paid director at 30 January 2021 amounted to £NIL (2020 - £NIL).

Key management personnel are considered to be the directors.

10. Interest payable and similar expenses

| | 2021 £000 | 2020 £000 |
|-----------------------|--------------|--------------|
| Bank interest payable | 11 | 6 |
| | <u>11</u> | <u>6</u> |

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

11. Taxation

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | - | (47) |
| Adjustments in respect of previous periods | 1 | - |
| | <u>1</u> | <u>(47)</u> |
| Total current tax | <u>1</u> | <u>(47)</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 34 | 57 |
| Total deferred tax | <u>34</u> | <u>57</u> |
| Taxation on profit on ordinary activities | <u>35</u> | <u>10</u> |

Factors affecting tax charge for the period

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

| | 2021 £000 | 2020 £000 |
|--|----------------|--------------|
| Loss on ordinary activities before tax | <u>(2,418)</u> | <u>(586)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | (459) | (111) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 1 | 2 |
| Capital allowances for period in excess of depreciation | 46 | 26 |
| Adjustments to tax charge in respect of prior periods | - | (47) |
| Deferred tax not recognised | 507 | 140 |
| Other differences leading to an increase (decrease) in the tax charge | 1 | - |
| Remeasurement of deferred tax for changes in tax rates | (61) | - |
| Total tax charge for the period | <u>35</u> | <u>10</u> |

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

11. Taxation (continued)**Factors that may affect future tax charges**

An increase in the UK corporation tax rate from 17% to 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020. In the Spring 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge and affect the measurement of deferred taxes.

12. Exceptional items

| | 2021 £000 | 2020 £000 |
|------------------|--------------|--------------|
| Redundancy costs | 160 | 26 |
| | <u>160</u> | <u>26</u> |

13. Tangible fixed assets

| | Freehold property £000 | Long-term leasehold property £000 | Fixtures and fittings £000 | Assets under construction £000 | Total £000 |
|--|------------------------------|--|----------------------------------|--------------------------------------|---------------|
| Cost or valuation | | | | | |
| At 2 February 2020 | 967 | 3,069 | 4,518 | 216 | 8,770 |
| Additions | - | - | 106 | 449 | 555 |
| At 30 January 2021 | <u>967</u> | <u>3,069</u> | <u>4,624</u> | <u>665</u> | <u>9,325</u> |
| Depreciation | | | | | |
| At 2 February 2020 | 176 | 778 | 3,474 | - | 4,428 |
| Charge for the period on owned assets | 11 | 84 | 301 | - | 396 |
| At 30 January 2021 | <u>187</u> | <u>862</u> | <u>3,775</u> | <u>-</u> | <u>4,824</u> |
| Net book value | | | | | |
| At 30 January 2021 | <u>780</u> | <u>2,207</u> | <u>849</u> | <u>665</u> | <u>4,501</u> |
| At 1 February 2020 | <u>791</u> | <u>2,290</u> | <u>1,044</u> | <u>216</u> | <u>4,341</u> |

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

14. Stocks

| | 30 January 2021 £000 | 1 February 2020 £000 |
|-------------------------------------|----------------------------|----------------------------|
| Raw materials and consumables | 791 | 746 |
| Work in progress (goods to be sold) | 66 | 132 |
| Finished goods and goods for resale | 2,368 | 1,566 |
| | <u>3,225</u> | <u>2,444</u> |

15. Debtors

| | 30 January 2021 £000 | 1 February 2020 £000 |
|------------------------------------|----------------------------|----------------------------|
| Trade debtors | 128 | 233 |
| Amounts owed by group undertakings | 596 | 493 |
| Other debtors | 212 | 191 |
| Prepayments and accrued income | 119 | 218 |
| | <u>1,055</u> | <u>1,135</u> |

Other debtors include a lease premium and lease deposit paid in relation to Davies Street, totalling £152,090 (2020: £161,234) which are not due within one year. The lease premium is being released to the profit and loss account over the life of the lease.

16. Cash and cash equivalents

| | 30 January 2021 £000 | 1 February 2020 £000 |
|--------------------------|----------------------------|----------------------------|
| Cash at bank and in hand | 846 | 474 |
| | <u>846</u> | <u>474</u> |

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

17. Creditors: Amounts falling due within one year

| | 30 January 2021 £000 | 1 February 2020 £000 |
|------------------------------------|----------------------------|----------------------------|
| Bank loans | 1,459 | - |
| Other loans | 633 | 627 |
| Trade creditors | 379 | 457 |
| Corporation tax | 1 | - |
| Other taxation and social security | 101 | 304 |
| Other creditors | 292 | 2,045 |
| Accruals and deferred income | 620 | 401 |
| | <u>3,485</u> | <u>3,834</u> |

18. Loans

Analysis of the maturity of loans is given below:

| | 30 January 2021 £000 | 1 February 2020 £000 |
|--|----------------------------|----------------------------|
| Amounts falling due within one year | | |
| Bank loans | 1,459 | - |
| Other loans | 633 | 627 |
| | <u>2,092</u> | <u>627</u> |
| | <u>2,092</u> | <u>627</u> |

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.

During the year the Company took out a loan with HSBC Bank USA for \$2,000,000. The loan is repayable on demand and attracts interest of LIBOR plus 0.5%. The full loan was drawdown at the year end and has been translated into GBP at the year end exchange rate.

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

19. Financial instruments

| | 30 January 2021 £000 | 1 February 2020 £000 |
|--|----------------------------|----------------------------|
| Financial assets | | |
| Financial assets measured at amortised cost | 936 | 917 |
| | <u> </u> | <u> </u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (5,476) | (4,157) |
| | <u> </u> | <u> </u> |

Financial assets measured at amortised cost comprise trade debtors, amounts due from group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade and other payables, accruals and loan balances.

20. Deferred taxation

| | 2021 £000 |
|---------------------------|-------------------|
| At beginning of year | (133) |
| Charged to profit or loss | (35) |
| | <u> </u> |
| At end of year | (168) |
| | <u> </u> |

The provision for deferred taxation is made up as follows:

| | 30 January 2021 £000 | 1 February 2020 £000 |
|--------------------------------|----------------------------|----------------------------|
| Accelerated capital allowances | (178) | (138) |
| Short term timing differences | 10 | 5 |
| | <u> </u> | <u> </u> |
| | (168) | (133) |
| | <u> </u> | <u> </u> |

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

21. Share capital

| | 30 January 2021 £000 | 1 February 2020 £000 |
|---|----------------------------|----------------------------|
| Allotted, called up and fully paid | | |
| 78,500,000 (2020 - 38,500,000) 78,500,000 Ordinary Shares of £0.10 each shares of £0.10 each | 7,850 | 3,850 |
| 55 (2020 - 55) US \$0.00001 shares shares of £1.00 each | - | - |
| | <u>7,850</u> | <u>3,850</u> |

On 24 November 2020 the Company issued 40,000,000 ordinary shares at a par value of £0.10.

22. Reserves**Other reserves**

Other reserves relate to historical amounts arising following the purchase of the Company's own shares.

Profit and loss account

The profit and loss account represents accumulated comprehensive income.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £159k (2020: £178k). Contributions totalling £50k (2020: £30k) were payable to the fund at the reporting date and are included in creditors.

24. Commitments under operating leases

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

| | 30 January 2021 £000 | 1 February 2020 £000 |
|--|----------------------------|----------------------------|
| Not later than 1 year | 548 | 790 |
| Later than 1 year and not later than 5 years | 538 | 1,099 |
| Later than 5 years | 602 | 542 |
| | <u>1,688</u> | <u>2,431</u> |

TURNBULL & ASSER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2021**

25. 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 £711,564 (2020: £1,134,567) and licence income of £115k (2020: £630,515) was made from Turnbull & Asser LLC. At the period end the company was owed £596,031 (2020: £493,015) by Turnbull & Asser LLC.

At the period end the company owed £633,131 (2020: £626,853) to T&A Holdings LLC, a company related by directors.

During the period, the company was charged operating expenses of £27,221 (2020: £21,054) by Hyde Park Residence Limited. At the period end, the company owed £nil (2020: £1,013).

26. Post balance sheet events

COVID-19 virus continues to be a significant event since the end of the financial period. In light of the impact of the virus upon consumer demand, the Company has reviewed its cash flow forecasts and considered the impact on its ability to continue as a going concern, concluding that due to unfavourable trading conditions there is a material uncertainty if further finance cannot be raised or additional shareholder support is not provided. Please refer to note 2.2 for further detail on the Company's going concern basis of preparation.

On the 8 April 2021 the Company issued 8,000,000 ordinary shares at a par value of £0.10. £200,000 was received in cash and the remaining £600,000 was satisfied by way of a loan conversion with Turnbull & Asser LLC. Interest related to the loan was waived.

27. Controlling party

The ultimate controlling party is the Fayed family.