DRILLGREAT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 25 AUGUST 2018

DRILLGREAT LIMITED

COMPANY INFORMATION

DIRECTORS	P Allen (resigned 28 March 2019) E Deste (resigned 28 March 2019) V Dhawan (appointed 16 November 2018) M Holloway (resigned 30 June 2018) P Simon (appointed 29 June 2018)
COMPANY SECRETARY	B Green
REGISTERED NUMBER	06292597
REGISTERED OFFICE	1 Nicholas Road London W11 4AN
INDEPENDENT AUDITORS	BDO LLP 55 Baker Street London W1U 7EU
BANKERS	Barclays Bank plc 1 Churchill Place London E14 5HP

DRILLGREAT LIMITED

CONTENTS

GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 25 AUGUST 2018

BUSINESS REVIEW

Group review

During 2018 we continued to make progress on the turnaround of the business, with a focus on the turnaround of the Monsoon brand and a continued effort to bring more distinct focus and independence to the Accessorize brand. Although we made progress during the year on our initiatives across the Group, we faced an extremely challenging trading environment in the UK and in our international markets and our results reflect this.

Sales reduced to £400.9m from £423.8m and Group underlying EBITDA decreased to £6.1m from £24.0m. This is in spite of absorbing a significant foreign exchange impact to earnings following the devaluation of the pound. Group loss after tax for the period is £194.2m (2017: loss of £12.6m), with the increase in losses significantly driven by a £147.6m goodwill impairment charge. The Group balance sheet remained strong with no external debt and a cash balance at £57.0m (2017: £66.4m).

This decline in our financial performance reflects the fact that we are continuing to trade in an extremely difficult environment. We have experienced continued weakness in consumer demand driven by a slow economic recovery and continued political uncertainty and in common with our main competitors we have experienced reduced footfall in our UK store business. The promotional trading environment in the UK and internationally has continued to impact our margins, as has the continued weakness of the Pound. Finally, our cost structure, with high and inflexible rents, high rates in the UK and rising wage costs, has negatively impacted our profitability. Although our online business, through our owned website and through third parties, has proved stronger than our store-based business and grew during the period, it has not, as yet, offset the decline in store sales. As a result, we continue to look at ways of mitigating the impact of our poor store performance and have continued to look for ways to reduce our overall costs to offset our decline in overall sales.

UK and Ireland

The UK and Ireland trading environment on the high street proved challenging during 2018. Despite our efforts to rationalise our store base and improve our store performance, our Monsoon Ladies, Monsoon Children and Accessorize brands all showed like for like revenue declines in our stores during 2018. In contrast, all three brands showed solid growth online through our own website and with our third-party marketplace partners. Our overall UK and Ireland sales declined by 2.7% during the period compared to the prior year.

Our consumers continue to shift their spending online, and we have and will continue to invest in our own digital presence and with our partners to ensure that our brands are present where our consumers shop. We will also continue to reduce our store estate to reflect this continued shift online and will act with urgency to reduce the cost base of our remaining stores to ensure they remain financially viable despite reduced footfall and demand.

International

Turnover in our international markets declined by 13.4% driven by a reduction in sales from markets from which we have chosen to withdraw, by reductions in shipments to markets where we have experienced trading and credit issues with our franchise partners, and by reductions in demand from our key Middle East markets driven by local economic and political challenges.

We have continued to refocus and restructure our international operations, focusing on our stronger market positions and partnerships and maintaining discipline around our cost, inventory and credit positions.

FINANCIAL KEY PERFORMANCE INDICATORS

	Period ended 25 August 2018	Period ended 26 August 2017
	£000	£000
Turnover	**400,903**	423,788
Operating loss	**(190,284)**	(10,425)
Loss after tax	**(194,199)**	(12,637)
EBITDA (Earnings before interest, tax, depreciation, amortisation and impairment of goodwill)	**1,243**	24,207
Underlying EBITDA (Earnings before interest, tax, depreciation, amortisation and exceptional items)	**6,114**	23,994
	Number	Number
Average number of employees	**2,722**	2,737

CURRENT TRADING AND OUTLOOK

Trading since the 2018 year-end and to the date of this report has proved extremely difficult, particularly for our UK store business. The macro environment of a weak economic recovery, depressed consumer spending and continued political uncertainty have all taken their toll on demand. The immediate competitive environment has also proved challenging, with much higher than usual promotional activity in the ladies and children's clothing markets. In 2018 we saw these challenges result in negative like-for-like UK retail sales and these declines have continued in the current fiscal year to the date of this report; since the fiscal 2018 year-end and to date we have also seen slower growth in online sales, both on our owned website and with our third-party partners.

We have recognised for some time that we need to address the poor profitability of our UK store estate. The vast majority of our sales still come from our store portfolio, and the continued like for like store revenue declines and the high and inflexible cost structure of our stores has had a significant negative impact on our profitability. We believe that retail stores remain the most important channel for the brands, and as such we have had to take steps to ensure that it is a financially viable channel. One of those steps was taken on 3 July 2019, when Monsoon Accessorize Limited and Accessorize Limited entered into Company Voluntary Arrangements (CVA). Both CVAs were approved at a meeting of creditors on 3 July 2019.

In April 2019 Adena Estate Inc, a related party, entered into a facility agreement to provide a bridging loan facility to Drillgreat Limited for £10.5m in two tranches of £3.5m and £7m received in April and June 2019 respectively. This amount was required to provide part of the cash collateral required for Barclays Bank PLC as security for the Barclays Supplier Financing facility. Subsequent agreements were made between Drillgreat Limited and Monsoon Holdings (No 1) Limited for £11.5m which was paid in two tranches of £4.5m in April 2019 and £7m in June 2019. A further agreement was made between Monsoon Holdings (No 1) Limited and Monsoon Holdings Limited for £11.5m with the two tranches noted above being received. In April 2019 Monsoon Holdings Limited provided a bridging loan for £12m to be shared between Monsoon Accessorize Limited and Accessorize Limited. This consisted of the £11.5m noted above in two tranches and a further £0.5m of Monsoon Holding's funds. The £6m received by Accessorize Limited was used to repay the inter-company debt due to Monsoon Accessorize Limited on 29 May 2019.

The bridging loans are secured and interest-bearing at 10% p.a. and were originally expected to be repaid by 31 July 2019.

The ultimate owner and Director, Peter Simon, has made available to the Group funding in the form of revolving credit facilities (RCF's) totalling £30m. This comprises firstly a secured RCF of £12m which will replace the existing bridging loan and a further unsecured RCF of £18m. These RCF facilities are interest free.

CURRENT TRADING AND OUTLOOK (CONTINUED)

We believe that the CVA will enable the Group to adjust rental costs in certain of its stores to levels that reflect the current market reality and enable those affected stores to trade profitably and put them in a more financially viable position. Both Monsoon Accessorize Limited and Accessorize Limited received overwhelming support from their creditors for their CVAs, reflecting the sound logic of their proposals and strategies, and we continue to work through the CVA process to ensure that it is a success. Beyond the UK store portfolio, the Group continues to invest in its online capabilities and partnerships, including an investment in a redesign and re-platforming of its owned website and additional investments in its marketing and data capabilities. We believe there are considerable opportunities to grow our digital presence and commerce in the UK and internationally, with the potential for a much greater proportion of the Group's sales to be made online. Over the past several months we have also taken actions to reduce our central costs, with the goal of improving our profitability and enabling us to continue to invest in the business appropriately.

We believe that many of the recent negative economic and market dynamics will continue for the foreseeable future. We will therefore continue to look to rationalize and improve the profitability of our UK store estate; we will continue to invest in growing our digital channels as consumers continue to shift their spend online; and we will continue to manage our costs and cash to improve our position, and we will remain flexible and responsive to changing conditions. As always, we see considerable opportunity to grow the Group's brands, and we will evolve our business and cost structure and maintain a strong, cash-positive balance sheet so that we can make the necessary investments to secure the Group's long-term future.

The Directors recognise the efforts that all the staff have made during what has been a challenging year. Our staff's hard work and commitment have been invaluable, and the Directors would like to thank everyone for their continued support and contribution.

PRINCIPAL RISKS AND UNCERTAINTIES

The following are risks and uncertainties which could impact the Group's ability to achieve its strategic and operational objectives or embrace opportunities as they arise. The risks listed do not necessarily comprise all those associated with the Group and are not set out in order of priority.

Operational Risks

CVA – Monsoon Accessorize Limited and Accessorize Limited entered into separate Company Voluntary Arrangements (CVA) on 3 July 2019. Both CVAs were approved at a meeting of Creditors on 3 July 2019 and as such the Company is operating under the terms of the CVA.

In April 2019 Adena Estate Inc, a related party, entered into a facility agreement to provide a bridging loan facility to Drillgreat Limited for £10.5m in two tranches of £3.5m and £7m received in April and June 2019 respectively. This amount was required to provide part of the cash collateral required for Barclays Bank PLC as security for the Barclays Supplier Financing facility. Subsequent agreements were made between Drillgreat Limited and Monsoon Holdings (No 1) Limited for £11.5m which was paid in two tranches of £4.5m in April 2019 and £7m in June 2019. A further agreement was made between Monsoon Holdings (No 1) Limited and Monsoon Holdings Limited for £11.5m with the two tranches noted above being received. In April 2019 Monsoon Holdings Limited provided a bridging loan for £12m to be shared between Monsoon Accessorize Limited and Accessorize Limited. This consisted of the £11.5m noted above in two tranches and a further £0.5m of Monsoon Holding's funds. The £6m received by Accessorize Limited was used to repay the inter-company debt due to Monsoon Accessorize Limited on 29 May 2019.

The bridging loans are secured and interest-bearing at 10% p.a. and were originally expected to be repaid by 31 July 2019. The ultimate owner and Director, Peter Simon, has made available to the Group funding in the form of revolving credit facilities (RCF's) totalling £30m. This comprises firstly a secured RCF of £12m which will replace the existing bridging loan and a further unsecured RCF of £18m. These RCF facilities are interest free.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational Risks (continued)

Economic and Market conditions – Uncertainty surrounding the global economy and increasing levels of competition are major influences on consumer confidence and spending in discretionary categories. The Brexit vote on 23 June 2016 and the as yet lack of clarity as to the shape of the Brexit outcome adds to this uncertainty. The impact is somewhat mitigated by the fact that the majority of the Group's products are imported from outside the EU; however, the Group sells to Franchise partners within the EU and the impact of any changes to export duties and potential delays at transport hubs is not clear. The Group constantly reviews and monitors its trading operations to ensure pricing and promotional strategies remain competitive, product design remains attractive whilst staying in line with the Monsoon and Accessorize brand values. The Group continues to manage actively and minimise its exposure to the high fixed costs associated with retail store operations and puts in place plans to ensure that it can remain profitable and react to changes in the external environment.

Brands and reputational risk - The strength of the Monsoon and Accessorize brands and their reputation are important to the Group's future plans and sales performance. Failure to protect the brands and their reputation could undermine the trust and confidence of external parties, including our partners, suppliers and customers. The Group follows a robust strategy of defending and managing the Group's Intellectual Property portfolio. The Group carefully considers each new business opportunity and monitors relationships on an ongoing basis to ensure they are appropriate to the brands. Suppliers are required to comply with the Group's Code of Practice and the standards required by the Ethical Trading Initiative. Supplier operations, covering production methods, employee working conditions and quality controls are regularly inspected to ensure compliance with the standards set.

International – The Monsoon Accessorize Group continues to focus on international expansion via franchise operations and wholly owned businesses. The Group seeks to manage the relationship with partners to ensure it bears an acceptable share of the risks of this expansion in the form of unpredictable and volatile revenue streams due to political and economic conditions, legislative compliance and quality of product, presentation and service. The ability to work successfully with many international partners is crucial and the Group invests dedicated resources to this area to develop, monitor and support each individual relationship.

Suppliers – Failure to maintain a high quality and diversified supply base and to limit reliance on key suppliers or geographical markets could increase the Group's exposure to quality issues and increased input costs. The Group continually seeks to develop and extend its supply base, reviewing geographical market opportunities and risks. It works closely with existing suppliers to mitigate fulfilment risks and ensure product design and quality remain of the highest standard. Cost price risk is managed through on-going trading relationships and negotiation with its supply partners.

Warehousing and distribution – The Monsoon Accessorize Group operates a bonded distribution centre based in the UK, which services the global group and all multi-channel activities. Failure of warehouse and related logistic operations due to issues with warehouse systems, inefficient operating processes or delivery service failures would result in capacity shortages across the global estate and increased mark-downs ultimately impacting cash and profitability. The Group operates continuous planning processes to maximise distribution efficiencies, maintaining a tight control over internal and external service levels and system operations.

People – The success of the Group is linked to leadership by key individuals, the performance of our people and the application of creative vision in core areas such as design and technology, operation of stores, e-commerce and supply chain management. The ability to attract, motivate and retain experienced and talented retail management is therefore key. Our rates of pay are competitive in the markets in which we operate. We continue to invest in training programmes, career development opportunities and key senior personnel are offered the opportunity to participate in a bonus scheme.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Operational Risks (continued)

IT systems, data security and business continuity – The Group is dependent upon the continued availability and integrity of its computer systems to process, record and manage substantial volumes of data efficiently and accurately. Robust, backed-up and regularly tested systems are essential to ensure business interruptions are minimised and data is protected from corruption or unauthorised access or use.

Multi-channel - In a competitive retail environment failure to adopt new technologies could impact performance and global reach. The Group's online platform includes stand-alone country multi-currency web sites and cross basket functionality to support its ambitious international growth aspirations, making the brands more accessible and enhancing customers' shopping experience. In developing and launching new technology, the Group ensures that quality and performance are not compromised. It works closely with its systems partners to develop and continually enhance its online platform. The Group continues to embrace digital media creating relevant and engaging content to inspire and engage its customers.

Property - Failure to manage the Group's leasehold properties effectively could result in adverse rental terms, increased property or exit costs. The Monsoon Accessorize Group has in-house property specialists supported by third party industry experts, who manage all aspects of leasehold property, including new leases, renewals and lease terminations. The Group regularly reviews its property portfolio, taking the opportunity to close unprofitable stores on lease expiry or by executing break options. The recent CVA will enable the Group to adjust rental costs in certain of its stores to levels that reflect the current market reality and enable those affected stores to trade profitably and put them in a more financially viable position.

Financial Risks

The Group's financial risk management objectives and policies are set out below:

Foreign currency risk – The Group's presentational currency is sterling. Its subsidiaries have invested in operations outside of the UK and the Group buy goods denominated in currencies other than sterling. The value of non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and the US Dollar in particular. The Group Treasury Committee is responsible for monitoring liquidity, interest and foreign currency risks. The Treasury Committee closely monitors all aspects of working capital and hedging strategies.

Credit risks – The risk of financial loss due to counterparty failure to honour obligations arises principally in relation to the sale of goods and provision of services to franchise partners and Group subsidiaries. Management closely monitor and review debt and credit facilities, flexing credit controls to changes in trading and economic conditions in order to minimise the risk of losses.

Liquidity risk – The availability of cash and liquidity could have a material effect on operational and financial conditions of the business. The risk to the Group is considered to be manageable subject to the availability of the £12m secured and £18m unsecured facilities. As noted in the Going Concern section of the Directors' Report, should the £18m unsecured facility need to be utilised in a downside scenario, this may not be possible without renegotiation of the terms of the facility.

CORPORATE RESPONSIBILITY

The Group is committed to being a responsible corporate citizen, operating to high ethical and environmental standards. This goes back to its origins in the 1970s as a retailer selling clothes made by small producer groups in India using natural fibres and vegetable dyes.

While the Group's product range has expanded, The Group remains committed to craft heritage and ethical standards across the business. The key areas of focus are:

- Ethical trading: Ensuring that all suppliers meet the standards set out in the Monsoon Accessorize Code of Conduct, covering working conditions, pay and workers' rights;
- Artisan Trade: Supporting craft communities in Asia by providing market access and technical assistance to artisan-based groups;
- Environmental policy: Reducing our carbon footprint and minimising waste; and
- The Monsoon Accessorize Trust: Helping improve the lives of disadvantaged women and children in Asia by supporting education, healthcare and income generation projects with a focus on craft communities where the Group sources its products.

CHARITABLE DONATIONS

During the financial year the Group collected £61k (2017: £75k) through the single use plastic bag levy. The Group distributed the levy collected in England to the Monsoon Accessorize Trust; the levy collected in Scotland and Wales was distributed to local charities in the respective countries, and the levy collected in Northern Ireland was paid to the Department of Agriculture, Environment and Rural Affairs.

The Group made no charitable donations during the year (2017: £100k).

The Group made no political donations during the period (2017: £nil).

THE MONSOON ACCESSORIZE TRUST

The Monsoon Accessorize Trust supports a number of women and children in Asia every year including a programme to provide health care in remote villages in Rajasthan (India), a hostel for homeless girls in Delhi and a project to help rebuild the silk cultivation industry in Afghanistan.

The Trust's goal is always to reach the women and children who need it most and to help them to create a better future. This includes an Artisan Support Programme, designed to help disadvantaged artisans through market access and technical assistance. Details of all current projects are at www.monsoontrust.org.

The Monsoon Accessorize Trust, a registered charity, reg no. 1038446, prepares separate financial statements.

ETHICAL TRADING

All the Group's suppliers are asked to commit to the Monsoon Accessorize Code of Conduct, which is based on the Ethical Trading Initiative (ETI) Base Code. This sets out minimum standards relating to working conditions, pay and employment rights. The Group works with suppliers to achieve improvements where necessary through corrective action plans. This includes monitoring sub-contractors. Progress is monitored through regular visits and audits, carried out by in house specialists and independent external auditors. This includes unannounced visits to ensure the Group has an accurate picture of progress.

ETHICAL TRADING (CONTINUED)

Monsoon Accessorize prides itself on long standing and positive working relationships across its supply chain. However, the Group is prepared to stop sourcing from a factory if it fails to meet the required ethical standards.

As a founder member of the Ethical Trading Initiative (www.ethicaltrade.org), the Group benefits from shared learning and interaction with other members, including companies, non-governmental organisations (NGOs) and trade unions. The ETI's ultimate goal is to ensure that the working conditions of those producing for the UK market meet or exceed international labour standards. The Group was a leading member of ETI Homeworkers Group and has made significant progress in rolling out the ETI piece rate methodology across its supply chain.

Further information on the Group's work on Ethical Trade is available at http://uk.monsoon.co.uk/uk/content/heritage#ethicaltrading.

ARTISAN

Building on Monsoon Accessorize craft heritage, the Group is committed to supporting artisans in Asia to help sustain their crafts. In previous years, the Group extended the programme by launching ARTISAN, a consumer facing initiative that calls out hand crafted products. Through ARTISAN, the Group continues to provide market access and technical assistance to artisan-based groups working in small informal units or homeworker villages.

ENVIRONMENTAL POLICY

The Group has a challenging programme to reduce the carbon footprint through good energy management, including stretching targets to reduce the use of air freight. The Group is also working with suppliers to ensure environmental impacts are managed in a responsible way and to minimise waste and packaging.

Key activities include:

- Reducing energy used per square foot in UK stores, distribution centre and Head Office through good energy management;
- Integrating environmental criteria into shop design and refit programmes where possible;
- Ensuring that products are delivered by sea wherever possible;
- Reducing the use of packaging, in particular, the use of non-biodegradable plastic;
- Promoting long-life fashion with Monsoon's Clothes for Life campaign;
- Integrating low carbon artisanal techniques into our heritage collections, including hand-block printing and vegetable dyes.

HEALTH AND SAFETY POLICY

The Group recognises its responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees, customers and visitors, which are safe, healthy and in compliance with statutory requirements and appropriate approved codes of practice.

The Board is responsible for the Group's Health and Safety performance. The Health and Safety agenda is managed through a "business as usual" approach, which sees employees at all levels resolving issues and concerns as part of their day-to-day role. The Board is kept appraised of key developments through an escalation process and is supported by a Health and Safety Manager.

Training has been extended in a programme which sees key post-holders attending the Institution of Occupational Safety and Health "Safety for Executives & Directors" course.

HEALTH AND SAFETY POLICY (CONTINUED)

The Group follows a risk assessment approach derived from the UK Health and Safety Executive publication HSG65, " for Health and Safety" using the plan, do, check, act approach. The Group's health and safety policies and procedures take into account all aspects of the Group's business activities and infrastructure and are designed to minimise accident and incidents.

CORPORATE GOVERNANCE

As a private company Drillgreat Limited is not obliged to provide details of its corporate governance; however, the Directors have a system of internal financial and operational controls designed to provide effective management of the business. These include detailed weekly and monthly management information and regular meetings of the Directors.

This report was approved by the Board on 11 October 2019 and signed on its behalf.

....

P Simon
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 25 AUGUST 2018

The Directors present their report and the financial statements for the period ended 25 August 2018.

PRINCIPAL ACTIVITY

The principal activity of the Group is the retailing of women's and children's clothing, accessories, homeware and gifts.

RESULTS AND DIVIDENDS

The loss for the period, after taxation, amounted to £194,199k (2017: loss £12,637k).

The Group paid no interim dividend during the financial period (2017: £nil). The Group is not proposing a final dividend this year (2017: £nil).

DIRECTORS

The Directors who served during the period were:

P Allen (resigned 28 March 2019)
E Deste (resigned 28 March 2019)
M Holloway (resigned 30 June 2018)
P Simon (appointed 29 June 2018)

SUPPLIER PAYMENT POLICY

The Group does not follow any specific code or standard on payment practice but agrees payment terms during contractual negotiations with all prospective suppliers. Payment terms are clearly stated on purchase orders. It is the Group's policy to abide by the agreed terms of payment where appropriate.

The Group operates a supplier finance facility in partnership with a UK clearing bank offering suppliers the opportunity to advance receipts on outstanding invoices. The Group proactively engages with Credit Insurance organisations reporting actual results, including trading accounts, cash and net debt positions, as well as sharing management strategy and outlook for future periods.

CURRENT TRADING AND OUTLOOK

Details of current trading and outlook are contained in the Strategic Report on page 1.

EMPLOYMENT POLICY

Employment policies are based on a commitment to equal opportunities from selection and recruitment, through training, development, appraisal and promotion.

The Group aims to promote an environment free from discrimination, harassment and victimisation and all decisions relating to employment will be objective and based solely on individual merit. The Group is intent on using everyone's talents and abilities to the full.

Employee involvement in the Group's success and profitability is encouraged through various sales incentive schemes. Regular meetings and the Company intranet encourage employees to involve themselves in all aspects of the Group's activities and make sure they are informed of matters which concern them as employees.

It is the Group's policy to give full and fair consideration to suitable applications for employment by disabled persons and so far as particular disabilities permit, give continued employment to any existing employee who becomes disabled.

MODERN SLAVERY ACT 2015

The Group condemns the practise of modern slavery. The Group's Modern Slavery statement can be found at: https://uk.monsoon.co.uk/view/content/modern-slavery-act.

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 and the Group'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 and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

The Group acquired 100% of the share capital of Monsoon Accessorize Switzerland AG on 26 August 2018 for CHF 261,000.

Monsoon Accessorize GmbH entered insolvency proceedings on 24 January 2019. The Group does not expect to recover any of its investment in this subsidiary. The following adjustments relating to the insolvency have been reflected in these financial statements:

- The tangible fixed assets of the German company have been impaired to nil
- A deferred tax asset has been derecognised

The liquidation of Monsoon Japan Limited was completed on 7 March 2019 and the company has now been struck off at Companies House.

In April 2019 Adena Estate Inc, a related party, entered into a facility agreement to provide a bridging loan facility to Drillgreat Limited for £10.5m in two tranches of £3.5m and £7m received in April and June 2019 respectively. This amount was required to provide part of the cash collateral required for Barclays Bank PLC as security for the Barclays Supplier Financing facility. Subsequent agreements were made between Drillgreat Limited and Monsoon Holdings (No 1) Limited for £11.5m which was paid in two tranches of £4.5m in April 2019 and £7m in June 2019. A further agreement was made between Monsoon Holdings (No 1) Limited and Monsoon Holdings Limited for £11.5m with the two tranches noted above being received. In April 2019 Monsoon Holdings Limited provided a bridging loan for £12m to be shared between Monsoon Accessorize Limited and Accessorize Limited. This consisted of the £11.5m noted above in two tranches and a further £0.5m of Monsoon Holding's funds. The £6m received by Accessorize Limited was used to repay the inter-company debt due to Monsoon Accessorize Limited on 29 May 2019.

The bridging loans are secured and interest-bearing at 10% p.a. and were originally expected to be repaid by 31 July 2019.

The ultimate owner and Director, Peter Simon, has made available to the Group funding in the form of revolving credit facilities (RCF's) totalling £30m. This comprises firstly a secured RCF of £12m which will replace the existing bridging loan and a further unsecured RCF of £18m. These RCF facilities are interest free.

As described in note 2.3, the Group's UK trading subsidiaries, Monsoon Accessorize Limited (MAL) and Accessorize Limited (AL), entered into separate Company Voluntary Arrangements (CVA) on 3 July 2019. Both CVAs were approved at a meeting of Creditors on 3 July 2019 and as such the Company is operating under the terms of the CVA.

POST BALANCE SHEET EVENTS (CONTINUED)

On 4 August 2019 a challenge to MAL's CVA was received from a creditor but this was withdrawn on 25 September 2019.

The impacts of the CVA on the Group are listed below; however, these cannot be quantified at the current time and no adjustments have been made in these financial statements to reflect these changes as they are non-adjusting post balance sheet events:

- The rental expense on operating leases held by MAL and AL has been reduced by up to 70% for a period of three years. Therefore, the total value of operating leases will be reduced, and any associated onerous lease provisions will be reduced accordingly
- The rental expense the Group pays for the use of the Yellow Building is reduced to 50% of the difference between the head lease rent payable and the sublet income
- The non-domestic rates payable by MAL and AL have been reduced by up to 70% for the period 1 April 2019 to 31 March 2020
- All historic dilapidation claims as at the date of the CVA in MAL and AL will be reduced by up to 90% of the claim amount
- A deferred tax asset may be recognised as the losses of the Group could be offset against future profits
- The lease for the Yellow Building will be renegotiated

GOING CONCERN

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as well as the Group's principal risks and uncertainties.

The Group's UK trading companies, Monsoon Accessorize Limited (MAL) and Accessorize Limited (AL), entered into separate Company Voluntary Arrangements (CVA) on 3 July 2019. Both CVAs were approved at a meeting of Creditors on 3 July 2019 and as such are operating under the terms of the CVA. As set out in the subsequent events note (note 34) the main impacts of the CVA are:

- The rental expense on operating leases held by MAL and AL has been reduced by up to 70% for a period of three years. Therefore, the total value of operating leases will be reduced, and any associated onerous lease provisions will be reduced accordingly
- The rental expense the Group pays for the use of the Yellow Building is reduced to 50% of the difference between the head lease rent payable and the sublet income
- The non-domestic rates payable by MAL and AL have been reduced by up to 70% for the period 1 April 2019 to 31 March 2020
- All historic dilapidation claims as at the date of the CVA in MAL and AL will be reduced by up to 90% of the claim amount
- A deferred tax asset may be recognised as the losses of the Group could be offset against future profits
- The lease for the Yellow Building will be renegotiated

On 4 August 2019 a challenge to MAL's CVA was received from a creditor but this was withdrawn on 25 September 2019.

In April 2019 Adena Estate Inc, a related party, entered into a facility agreement to provide a bridging loan facility to Drillgreat Limited for £10.5m in two tranches of £3.5m and £7m received in April and June 2019 respectively. This amount was required to provide part of the cash collateral required for Barclays Bank PLC as security for the Barclays Supplier Financing facility. Subsequent agreements were made between Drillgreat Limited and Monsoon Holdings (No 1) Limited for £11.5m which was paid in two tranches of £4.5m in April 2019 and £7m in June 2019. A further agreement was made between Monsoon Holdings (No 1) Limited and Monsoon Holdings Limited for £11.5m with the two tranches noted above being received.

GOING CONCERN (CONTINUED)

In April 2019 Monsoon Holdings Limited provided a bridging loan for £12m to be shared between Monsoon Accessorize Limited and Accessorize Limited. This consisted of the £11.5m noted above in two tranches and a further £0.5m of Monsoon Holding's funds. The £6m received by Accessorize Limited was used to repay the inter-company debt due to Monsoon Accessorize Limited on 29 May 2019.

The bridging loans are secured and interest-bearing at 10% p.a. and were originally expected to be repaid by 31 July 2019.

The ultimate owner and Director, Peter Simon, has made available to the Group funding in the form of revolving credit facilities (RCF's) totalling £30m. This comprises firstly a secured RCF of £12m which will replace the existing bridging loan and a further unsecured RCF of £18m. These RCF facilities are interest free.

Management have prepared forecasts which include a base forecast as well as sensitised downside scenarios that could arise given the continued challenging and volatile market conditions in the retail sector that directly impact the Company. In the base forecast, the Group believes it can fund its operations within the £12m RCF. As of the date of this going concern assessment, the Group performed above its base forecast in its first month in the fiscal year 2020 period. In the sensitivities that management has developed, certain downside scenarios create uncertainties around the ability of the Group to operate at certain points in the forecast period within the £12m secured RCF facilities currently available. In these downside scenarios, access to the £18m RCF would be needed. The forecasts prepared by management show that the covenants implicit in the second £18m RCF are expected to be breached. In this event the £18m RCF would only be available to the Group at the discretion of the funder unless its terms were to be renegotiated. Under these conditions, should these negotiations not be successful, another source of finance may therefore need to be secured in order for the Group to be able to pay its liabilities as they fall due. Such additional funds have not yet been sought or negotiated by the Group and there can be no guarantee that funding sources will be available should they be needed.

The ability of the Group to continue as a going concern is dependent on its ability to operate within the available £12m RCF or, in the event that it cannot, on the availability and accessibility of further funding. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

AUDITORS

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

This report was approved by the Board on 11 October 2019 and signed on its behalf.

....

P Simon
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 25 AUGUST 2018

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRILLGREAT LIMITED

OPINION

We have audited the financial statements of Drillgreat Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 25 August 2018, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company 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 Group's and of the parent Company's affairs as at 25 August 2018 and of the Group's 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.3 to the financial statements concerning the Group's ability to continue as a going concern. The Group was loss making in the year ended 25 August 2018 and has net current assets of £28.6m as at 25 August 2018.

As set out in the CVA proposal, the Group has been granted two revolving credit facilities (RCF's) totalling £30m, firstly a secured £12m RCF facility and a second unsecured £18m.

Management has prepared forecasts which have been sensitised against downside scenarios that could arise given the continued challenging and volatile market conditions in the retail sector that directly impact the Group. Certain scenarios create uncertainties around the ability of the Group to operate at certain points in the forecast period within the £12m secured RCF facilities currently available. In these scenarios, access to the £18m RCF would be needed. The forecasts prepared by management show that the covenants implicit in the second £18m RCF are expected to be breached. In this event the £18m RCF would only be available to the Group at the discretion of the funder unless it were to be renegotiated. Under these conditions another source of finance may therefore need to be secured in order for the Group to be able to pay its liabilities as they fall due. Such additional funds are not currently available to the Group and there can be no guarantee that funding sources will be available should they be needed.

The ability of the Group to continue as a going concern is dependent on its ability to operate within the available £12m RCF or, in the event that it cannot, on the availability and accessibility of further funding.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

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 Group 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRILLGREAT LIMITED (CONTINUED)

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' Report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Group 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 Group 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DRILLGREAT LIMITED (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 13, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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.

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.

BDO LLP

Sophia Michael (Senior statutory auditor)
for and on behalf of BDO LLP, statutory auditor
London 11th October 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 25 AUGUST 2018

	Note	2018 £000	2017 £000
Turnover	4	**400,903**	423,788
Cost of sales		**(149,015)**	(176,399)
GROSS PROFIT		**251,888**	247,389
Administrative expenses		**(280,351)**	(248,406)
Exceptional administrative expenses	5	**(170,494)**	(17,592)
Other operating income	6	**8,673**	8,184
OPERATING LOSS	7	**(190,284)**	(10,425)
Interest receivable	11	**27**	26
Interest payable	12	**(76)**	(118)
LOSS BEFORE TAX		**(190,333)**	(10,517)
Taxation credit/(charge) on loss	13	**(3,866)**	(2,120)
LOSS FOR THE FINANCIAL PERIOD		**(194,199)**	(12,637)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent		**(194,199)**	(12,637)
		(194,199)	(12,637)

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated income statement.

The notes on pages 28 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 25 AUGUST 2018

	Note	2018 £000	2017 £000
Loss for the period		**(194,199)**	(12,637)
OTHER COMPREHENSIVE (LOSS) / INCOME			
Currency translation differences on net investment in overseas subsidiaries		**(101)**	374
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		**(101)**	374
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(194,300)**	(12,263)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent Company		**(194,300)**	(12,263)
		(194,300)	(12,263)

The notes on pages 28 to 59 form part of these financial statements.

DRILLGREAT LIMITED
REGISTERED NUMBER: 06292597

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 25 AUGUST 2018

	Note		25 August 2018 £000		26 August 2017 £000
NON-CURRENT ASSETS					
Intangible assets	15		**8,811**		165,382
Tangible assets	16		**31,407**		53,161
Debtors due after more than one year	19		**2,650**		6,196
			42,868		224,739
CURRENT ASSETS					
Stocks	18	**56,195**		60,884	
Debtors due in less than one year	19	**41,600**		48,335	
Cash at bank and in hand	20	**57,019**		66,395	
		154,814		175,614	
Creditors: amounts falling due within one year	21	**(126,241)**		(136,361)	
NET CURRENT ASSETS			**28,573**		39,253
TOTAL ASSETS LESS CURRENT LIABILITIES			**71,441**		263,992
Creditors: amounts falling due after more than one year	22		**(680)**		(1,313)
PROVISIONS FOR LIABILITIES					
Other provisions	26	**(7,958)**		(5,576)	
			(7,958)		(5,576)
NET ASSETS			**62,803**		257,103
CAPITAL AND RESERVES					
Called up share capital	27		**13,445**		13,445
Share premium account	28		**-**		200,000
Foreign exchange reserve	28		**3,715**		(2,216)
Profit and loss account	28		**45,643**		45,874
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			**62,803**		257,103

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 25 AUGUST 2018**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 October 2019.

....

P Simon
Director

The notes on pages 28 to 59 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 25 AUGUST 2018

	Note		25 August 2018 £000		26 August 2017 £000
NON-CURRENT ASSETS					
Investments	17		**22,615**		444,267
			22,615		444,267
CURRENT ASSETS					
Debtors	19	**300**		92,817	
Cash at bank and in hand	20	**1,195**		1,193	
		1,495		94,010	
Creditors: amounts falling due within one year	21	**(447)**		(242,286)	
NET CURRENT ASSETS/(LIABILITIES)			**1,048**		(148,276)
TOTAL ASSETS LESS CURRENT LIABILITIES			**23,663**		295,991
NET ASSETS EXCLUDING PENSION ASSET			**23,663**		295,991
NET ASSETS			**23,663**		295,991
CAPITAL AND RESERVES					
Called up share capital	27		**13,445**		13,445
Share premium account	28		**-**		200,000
Foreign exchange reserve	28		**-**		(6,032)
Profit and loss account	28		**10,218**		88,578
			23,663		295,991

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss of the company for the year was £272,328k (2017: £272k).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 October 2019.

....

P Simon
Director

The notes on pages 28 to 59 form part of these financial statements.

DRILLGREAT LIMITED

REGISTERED NUMBER: 06292597

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 25 AUGUST 2018

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 27 August 2017	13,445	200,000	(2,216)	45,874	257,103
COMPREHENSIVE INCOME FOR THE PERIOD					
Loss for the period	-	-	-	(194,199)	(194,199)
Currency translation differences on net investment in overseas subsidiaries	-	-	(101)	-	(101)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-	(101)	-	(101)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	(101)	(194,199)	(194,300)
Transfer to/from profit and loss account	-	(200,000)	-	200,000	-
Transfer between other reserves	-	-	6,032	(6,032)	-
TOTAL TRANSACTIONS WITH OWNERS	-	(200,000)	6,032	193,968	-
AT 25 AUGUST 2018	13,445	-	3,715	45,643	62,803

The notes on pages 28 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 AUGUST 2017

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 28 August 2016	13,445	200,000	(2,590)	58,511	269,366
COMPREHENSIVE INCOME FOR THE PERIOD					
Loss for the period	-	-	-	(12,637)	(12,637)
Currency translation differences on net investment in overseas subsidiaries	-	-	374	-	374
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-	374	-	374
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	374	(12,637)	(12,263)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-	-	-
AT 26 AUGUST 2017	13,445	200,000	(2,216)	45,874	257,103

The notes on pages 28 to 59 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 25 AUGUST 2018

	Called up share capital £000	Share premium account £000	Foreign exchange reserve £000	Profit and loss account £000	Total equity £000
At 27 August 2017	13,445	200,000	(6,032)	88,578	295,991
Loss for the period	-	-	-	(272,328)	(272,328)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	(272,328)	(272,328)
Transfer to/from profit and loss account	-	(200,000)	-	200,000	-
Transfer between other reserves	-	-	6,032	(6,032)	-
TOTAL TRANSACTIONS WITH OWNERS	-	(200,000)	6,032	193,968	-
AT 25 AUGUST 2018	13,445	-	-	10,218	23,663

The notes on pages 28 to 59 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 26 AUGUST 2017

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 28 August 2016	13,445	200,000	(6,032)	88,850	296,263
Loss for the period	-	-	-	(272)	(272)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	(272)	(272)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-	-	-
AT 26 AUGUST 2017	13,445	200,000	(6,032)	88,578	295,991

The notes on pages 28 to 59 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 25 AUGUST 2018

	25 August 2018 £000	26 August 2017 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	**(194,199)**	(12,637)
ADJUSTMENTS FOR:		
Amortisation of intangible assets	**168,141**	17,804
Depreciation of tangible assets	**23,145**	16,785
Loss on disposal of tangible assets	**(161)**	(978)
Interest paid	**76**	118
Interest received	**(27)**	(26)
Taxation charge	**3,866**	2,120
Decrease in stocks	**4,613**	3,614
Decrease/(increase) in debtors	**6,043**	(118)
(Decrease) in creditors	**(8,023)**	(361)
Increase/(decrease) in provisions	**2,382**	(3,084)
Corporation tax (paid)	**(1,387)**	(1,507)
Movement in fair value of derivatives	**1,080**	2,213
Loss on disposal of subsidiary	**-**	6
NET CASH GENERATED FROM OPERATING ACTIVITIES	**5,549**	23,949
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	**(15,507)**	(12,971)
Sale of tangible fixed assets	**1,026**	1,651
Interest received	**27**	23
NET CASH FROM INVESTING ACTIVITIES	**(14,454)**	(11,297)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 25 AUGUST 2018

	25 August 2018 £000	26 August 2017 £000
CASH FLOWS FROM FINANCING ACTIVITIES		
Other new loans	-	183
Repayment of other loans	**(289)**	(68)
Interest paid	**(10)**	(118)
NET CASH USED IN FINANCING ACTIVITIES	**(299)**	(3)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(9,204)**	12,649
Cash and cash equivalents at beginning of period	**66,395**	53,418
Foreign exchange gains and losses	**(172)**	328
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**57,019**	66,395
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE:		
Cash at bank and in hand	**57,019**	66,395

The notes on pages 28 to 59 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 25 AUGUST 2018

1. GENERAL INFORMATION

Drillgreat Limited is a Company incorporated in England and Wales under the Companies Act. It is a Company limited by shares. The address of the registered office is given on the Company information page and the nature of the Company's operations and principal activities are given in the Directors' Report.

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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements.

The 2018 financial period covers the period from 27 August 2017 to 25 August 2018.
The 2017 financial period covers the period from 28 August 2016 to 26 August 2017.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 August 2014.

No profit and loss account is presented for Drillgreat Limited as permitted by section 408 (4) of the Companies Act 2006.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as well as the Group's principal risks and uncertainties.

The Group's UK trading companies, Monsoon Accessorize Limited (MAL) and Accessorize Limited (AL), entered into separate Company Voluntary Arrangements (CVA) on 3 July 2019. Both CVAs were approved at a meeting of Creditors on 3 July 2019 and as such are operating under the terms of the CVA. As set out in the subsequent events note (note 34) the main impacts of the CVA are:

- The rental expense on operating leases held by MAL and AL has been reduced by up to 70% for a period of three years. Therefore, the total value of operating leases will be reduced, and any associated onerous lease provisions will be reduced accordingly
- The rental expense the Group pays for the use of the Yellow Building is reduced to 50% of the difference between the head lease rent payable and the sublet income
- The non-domestic rates payable by MAL and AL have been reduced by up to 70% for the period 1 April 2019 to 31 March 2020
- All historic dilapidation claims as at the date of the CVA in MAL and AL will be reduced by up to 90% of the claim amount
- A deferred tax asset may be recognised as the losses of the Group could be offset against future profits
- The lease for the Yellow Building will be renegotiated

On 4 August 2019 a challenge to MAL's CVA was received from a creditor but this was withdrawn on 25 September 2019.

In April 2019 Adena Estate Inc, a related party, entered into a facility agreement to provide a bridging loan facility to Drillgreat Limited for £10.5m in two tranches of £3.5m and £7m received in April and June 2019 respectively. This amount was required to provide part of the cash collateral required for Barclays Bank PLC as security for the Barclays Supplier Financing facility. Subsequent agreements were made between Drillgreat Limited and Monsoon Holdings (No 1) Limited for £11.5m which was paid in two tranches of £4.5m in April 2019 and £7m in June 2019. A further agreement was made between Monsoon Holdings (No 1) Limited and Monsoon Holdings Limited for £11.5m with the two tranches noted above being received. In April 2019 Monsoon Holdings Limited provided a bridging loan for £12m to be shared between Monsoon Accessorize Limited and Accessorize Limited. This consisted of the £11.5m noted above in two tranches and a further £0.5m of Monsoon Holding's funds. The £6m received by Accessorize Limited was used to repay the inter-company debt due to Monsoon Accessorize Limited on 29 May 2019.

The bridging loans are secured and interest-bearing at 10% p.a. and were originally expected to be repaid by 31 July 2019.

The ultimate owner and Director, Peter Simon, has made available to the Group funding in the form of revolving credit facilities (RCF's) totalling £30m. This comprises firstly a secured RCF of £12m which will replace the existing bridging loan and a further unsecured RCF of £18m. These RCF facilities are interest free.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN (CONTINUED)

Management have prepared forecasts which include a base forecast as well as sensitised downside scenarios that could arise given the continued challenging and volatile market conditions in the retail sector that directly impact the Company. In the base forecast, the Group believes it can fund its operations within the £12m RCF. As of the date of this going concern assessment, the Group performed above its base forecast in its first month in the fiscal year 2020 period. In the sensitivities that management has developed, certain downside scenarios create uncertainties around the ability of the Group to operate at certain points in the forecast period within the £12m secured RCF facilities currently available. In these downside scenarios, access to the £18m RCF would be needed. The forecasts prepared by management show that the covenants implicit in the second £18m RCF are expected to be breached. In this event the £18m RCF would only be available to the Group at the discretion of the funder unless its terms were to be renegotiated. Under these conditions, should these negotiations not be successful, another source of finance may therefore need to be secured in order for the Group to be able to pay its liabilities as they fall due. Such additional funds have not yet been sought or negotiated by the Group and there can be no guarantee that funding sources will be available should they be needed.

The ability of the Group to continue as a going concern is dependent on its ability to operate within the available £12m RCF or, in the event that it cannot, on the availability and accessibility of further funding. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

2.4 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, net of relevant vouchers, value added tax and other sales taxes. Licence income receivable from licences is accrued as earned on the basis of the terms of the relevant licence agreement. Turnover from franchise partners represents the sale of merchandise to and royalty income received from them.

Sale of goods

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

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

The Group sells retail products with the right of return, as stated in the Group's terms and conditions, and provision is made based on best estimate for the value of such returns.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Income Statement over 20 years.

Other intangible assets

The cost of trademarks is being written off over 10 years on a straight line basis, subject to reviews for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2.6 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.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Short term leasehold property	- over the period of the lease
Motor vehicles	- straight line over 5 years
Fixtures and fittings	- straight line over 3 to 10 years
Computer equipment (included within fixtures and fittings)	- straight line over 3 to 5 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 the Consolidated Income Statement.

2. ACCOUNTING POLICIES (CONTINUED)

2.7 IMPAIRMENT OF FIXED ASSETS AND GOODWILL

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. The carrying value of assets is reviewed for impairments when events of change in circumstances indicate the carrying value may not be recoverable.

2.9 STOCKS

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving stock. Net realisable value is based on an estimated selling price less additional costs to sell. Cost is based on the cost of purchase on a weighted average basis.

2.10 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.

2.11 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 Consolidated 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 Group's cash management.

2.12 FINANCIAL INSTRUMENTS

The Group enters into basic financial instruments 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 non-puttable ordinary shares.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 FINANCIAL INSTRUMENTS (CONTINUED)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

2.13 CREDITORS

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

2.14 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. ACCOUNTING POLICIES (CONTINUED)

2.14 FOREIGN CURRENCY TRANSLATION (CONTINUED)

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 Consolidated Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Income Statement within 'finance income or costs'.

2.14 FOREIGN CURRENCY TRANSLATION

All other foreign exchange gains and losses are presented in the Consolidated Income Statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 FINANCE COSTS

Finance costs are charged to the Consolidated Income Statement 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.

2.16 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholder. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.17 OPERATING LEASES: THE GROUP AS LESSEE

The Group operates from certain leasehold premises. The Group bears all the costs of leasehold improvements and pays all rentals and lease premiums due to the head lessor.

Rentals paid under operating leases are charged to the Consolidated Income Statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are also recognised on a straight line basis over the lease term.

2.18 PENSIONS

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Income Statement 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 Group in independently administered funds.

2.19 HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods.

This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.20 INTEREST INCOME

Interest income is recognised in the Consolidated Income Statement using the effective interest method.

2.21 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group 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 the Consolidated Statement of Comprehensive Income in the year that the Group 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.

Provisions for onerous leases are recognised when the Group believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease. Where material, the onerous element of the lease is discounted to its present value. Provisions for dilapidation costs are recognised on a lease by lease basis.

2.22 CURRENT AND DEFERRED TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.23 EXCEPTIONAL ITEMS

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

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the Directors have had to make the following judgements:

Determine whether leases entered into by the Group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 16)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock provisioning (see note 18)
Stock is carried in the balance sheet at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving stock. The Directors have used their knowledge and experience of the industry to determine the level of provisioning required based on the ageing profile of stock.

Onerous lease provisions (see note 26)
A provision is recognised where the costs of a lease exceeds the economic benefit expected. In determining the discounted value of this cost judgment is applied by the Directors as to the appropriate pre-tax weighted average cost of capital and what costs exceed the benefits expected.

Dilapidations provisions (see note 26)
A provision for costs, which will be incurred in returning a leased property to the condition that it was in at the inception of the lease, is made based on estimates provided by external surveyors. The actual costs of the work that needs to be completed could vary from the estimates.

Recognition of deferred tax assets (see note 25)
Estimates may be required in determining the level of deferred tax assets and liabilities, which the Directors believe are reasonable. Various factors may have favourable or adverse effects on the deferred tax assets and liabilities. These include changes in tax legislation, tax rates and allowances, future levels of spending, the Group's level of future earning and estimated future taxable profits.

Goodwill amortisation (see note 15)
Judgment was applied by the Directors in determining the useful life of Goodwill. Goodwill is considered to have a finite life of 20 years and is amortised on a straight-line basis over its life.

4. TURNOVER

	2018 £000	2017 £000
Retail	**400,903**	423,788
	400,903	423,788

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom and Ireland	**307,417**	315,883
International	**93,486**	107,905
	400,903	423,788

International sales include retail sales made outside the UK and sales to international partners.

5. EXCEPTIONAL ITEMS

The following items have been (charged)/credited to loss before tax.

	2018 £000	2017 £000
Impairment of goodwill	**(147,583)**	-
Amortisation of goodwill	**(17,799)**	(17,799)
Onerous lease provision (charge)/release	**(3,375)**	1,745
Impairment of Germany assets	**(1,293)**	-
Redundancy fees	**(568)**	(919)
Group reorganisation	**124**	(619)
Exceptional expense	**(170,494)**	(17,592)

5. EXCEPTIONAL ITEMS (CONTINUED)

Impairment of goodwill
The Group recognised an impairment charge of £147,583k (2017: £nil) in the period relating to goodwill generated on the acquisition of Monsoon Plc.

Amortisation of goodwill
The Group recognised an amortisation charge of £17,799k (2017: £17,799k) in the period.

Onerous lease provision
An onerous lease provision charge of £3,375k (2017: release of £1,745k) was made in respect of unprofitable stores within the Group under non-cancellable operating leases.

Impairment of Germany assets
The Group has recognised an impairment charge of £1,293k (2017: £nil) on current assets held in Germany at the balance sheet date following the insolvency of the German business.

Redundancy fees
Redundancy costs of £568k (2017: £919k) were recorded in the period relating to the restructuring of the UK and European operations.

Group reorganisation
Income of £124k (2017: costs of £613k) was recorded in the period relating to strategic reorganisation activities undertaken to refocus the Group's operations. The income arose due to an overestimation of reorganisation costs in the prior year.

6. OTHER OPERATING INCOME

	2018 £000	2017 £000
Other operating income	**1,152**	1,374
Net rents receivable	**3,954**	3,115
Service fees	**3,000**	3,000
Licensing income	**567**	695
	8,673	8,184

7. OPERATING LOSS

The operating loss is stated after charging:

	2018 £000	2017 £000
Foreign exchange losses/(gains)	133	5,334
Depreciation and impairment of tangible fixed assets	23,145	16,785
Amortisation of intangible assets, excluding goodwill	2,759	5
Amortisation of goodwill	17,799	17,799
Impairment of goodwill	147,583	-
Other operating leases rentals	66,679	68,054
Staff costs	76,136	79,543
Gain on disposal of fixed assets	(161)	(978)

8. AUDITORS' REMUNERATION

	2018 £000	2017 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	245	229
	245	229

FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

	2018 £000	2017 £000
Other services relating to taxation	-	16
Local statutory audits for subsidiaries	-	80
All other services	23	14
	23	110

9. EMPLOYEES

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

	Group 25 August 2018 £000	Group 26 August 2017 £000	**Company 25 August 2018 £000**	Company 26 August 2017 £000
Wages and salaries	**71,195**	75,532	**167**	110
Social security costs	**4,242**	4,649	**11**	12
Cost of defined contribution scheme	**699**	599	**2**	2
	76,136	80,780	**180**	124

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

	Group 2018 No.	Group 2017 No.	**Company 2018 No.**	Company 2017 No.
Retail and distribution	**2,213**	2,281	**-**	-
Administration	**509**	456	**2**	3
	2,722	2,737	**2**	3

10. DIRECTORS' REMUNERATION

	2018 £000	2017 £000
Directors' emoluments	**1,567**	2,011
Company contributions to defined contribution pension schemes	**2**	2
	1,569	2,013

During the period retirement benefits were accruing to 1 Director (2017 - 1) in respect of defined contribution pension schemes.

10. DIRECTORS' REMUNERATION (CONTINUED)

The highest paid Director received remuneration of £827k (2017 - £820k).

Key management personnel responsible for planning, directing and controlling activities of the Group are considered to be limited to the statutory Directors.

11. INTEREST RECEIVABLE

	2018	2017
	£000	£000
Bank and other interest receivable	**27**	26
	27	26

12. INTEREST PAYABLE

	2018	2017
	£000	£000
Bank interest payable	**76**	118
	76	118

13. TAXATION

	2018 £000	2017 £000
CORPORATION TAX		
Current tax on losses for the year	**(473)**	1,558
Adjustments in respect of previous periods	**117**	(2)
Double taxation relief	**-**	(279)
	(356)	1,277
FOREIGN TAX		
Foreign tax on income for the year	**657**	612
Foreign tax in respect of prior periods	**196**	25
	853	637
TOTAL CURRENT TAX	**497**	1,914
DEFERRED TAX		
Origination and reversal of timing differences	**3,475**	41
Effect of change in tax rate on opening liability	**(4)**	261
Adjustments in respect of previous periods	**(102)**	(96)
TOTAL DEFERRED TAX	**3,369**	206
TAXATION (CREDIT)/CHARGE ON ORDINARY ACTIVITIES	**3,866**	2,120

13. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

The tax assessed for the period is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.59%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(190,333)	(10,517)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.59%)	(36,163)	(2,060)
EFFECTS OF:		
Expenses not deductible for tax purposes	32,568	4,707
Non-taxable income	(285)	(432)
Other tax rate differences	337	(43)
(Lower)/higher rate taxes on overseas earnings	(69)	69
Foreign currency movement	-	(48)
Adjustments to tax charge in respect of prior periods	210	(73)
Impact of deferred tax rate change on opening balance	(4)	261
Movement in unprovided deferred tax	6,968	(261)
Other differences leading to an increase (decrease) in the tax charge	304	-
TOTAL TAX CHARGE FOR THE PERIOD	3,866	2,120

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Certain unprovided deferred tax assets are disclosed in note 25 to the financial statements.

The consolidated financial statements show a deferred tax asset of £1,504k (2017: £4,893k) (note 19 and note 25), as at 25 August 2018.

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017. A further reduction in the rate to 17% from 1 April 2020 was announced in the Finance Bill 2016, which was substantially enacted on 6 September 2016.

14. PARENT COMPANY LOSS FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss after tax of the parent Company for the period was £272,328k (2017 - loss £272k).

15. INTANGIBLE ASSETS

Group

	Trademarks £000	Goodwill £000	Computer Software £000	Total £000
COST				
At 27 August 2017	525	530,576	-	531,101
Reclassification	-	-	23,306	23,306
Additions	50	-	3,713	3,763
At 25 August 2018	575	530,576	27,019	558,170
AMORTISATION				
At 27 August 2017	524	365,194	-	365,718
Reclassification	-	-	15,500	15,500
Charge for the year	50	17,799	2,709	20,558
Impairment charge	-	147,583	-	147,583
At 25 August 2018	574	530,576	18,209	549,359
NET BOOK VALUE				
At 25 August 2018	1	-	8,810	8,811
At 26 August 2017	1	165,381	-	165,382

16. TANGIBLE FIXED ASSETS

Group

	Short Term Leasehold Property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
COST				
At 27 August 2017	50,447	31	90,331	140,809
Reclassification	-	-	(23,306)	(23,306)
Additions	1,956	-	8,112	10,068
Disposals	(4,202)	-	(7,247)	(11,449)
Exchange adjustments	(228)	-	(430)	(658)
At 25 August 2018	47,973	31	67,460	115,464
DEPRECIATION				
At 27 August 2017	27,751	27	59,871	87,649
Reclassification	-	-	(15,500)	(15,500)
Charge for the period on owned assets	9,123	4	14,018	23,145
Disposals	(3,790)	-	(7,047)	(10,838)
Exchange adjustments	(61)	-	(339)	(400)
At 25 August 2018	33,023	31	51,003	84,057
NET BOOK VALUE				
At 25 August 2018	14,950	-	16,457	31,407
At 26 August 2017	22,696	4	30,460	53,161

17. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £000
COST	
At 27 August 2017	959,837
Disposals	(208,587)
At 25 August 2018	751,250
IMPAIRMENT	
At 27 August 2017	515,570
Charge for the period	244,224
Disposals	(31,159)
At 25 August 2018	728,635
NET BOOK VALUE	
At 25 August 2018	22,615
At 26 August 2017	444,267

17. FIXED ASSET INVESTMENTS (continued)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Monsoon Holdings (No.1) Limited	UK	Ordinary shares	100%
Monsoon Japan Limited	UK	Ordinary shares	100%
Monsoon Holdings Limited*	UK	Ordinary shares	100%
Monsoon Accessorize Limited*	UK	Ordinary shares	100%
Monsoon Accessorize (Asia) Limited*	Hong Kong	Ordinary shares	100%
Monsoon Accessorize GmbH*	Germany	Ordinary shares	100%
Monsoon Accessorize (SARL)*	France	Ordinary shares	100%
SIA Monsoon Accessorize Latvia*	Latvia	Ordinary shares	100%
PlusCom Trade OU*	Estonia	Ordinary shares	100%
Monsoon Accessorize Ireland (Holdings) Limited*	Ireland	Ordinary shares	100%
Monsoon Accessorize Ireland Limited*	Ireland	Ordinary shares	100%
Monsoon Accessorize Norway AS*	Norway	Ordinary shares	100%
Accessorize Limited*	UK	Ordinary shares	100%
Monsoon Children Limited*	UK	Ordinary shares	100%
Drillgreat Services Limited*	UK	Ordinary shares	100%
Monsoon Limited*	UK	Ordinary shares	100%
Accessorize Holdings Denmark ApS*	Denmark	Ordinary shares	100%
Accessorize Denmark ApS*	Denmark	Ordinary shares	100%

*Investment held indirectly

The percentage of ownership of all subsidiaries remained consistent with previous year with the exception of the new and dissolved subsidiaries.

Accessorize Holdings Denmark Limited and Accessorize Denmark Limited were incorporated on 20 March 2018 and are in the process of being liquidated.

Monsoon Japan Limited was dissolved on 7 March 2019.

Monsoon Accessorize GmbH entered administration on 24 January 2019. The carrying value of the Group's investment in Monsoon Accessorize GmbH has been written down to £nil.

The registered office of Monsoon Japan Limited, Monsoon Holdings (No. 1) Limited, Monsoon Holdings Limited, Monsoon Accessorize Limited, Accessorize Limited, Monsoon Children Limited, Drillgreat Services Limited and Monsoon Limited is 1 Nicholas Road, London W11 4AN, United Kingdom.

The registered office of Monsoon Accessorize (Asia) Limited is Suite 2009A, 20/F, Tower 1, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The registered office of Monsoon Accessorize GmbH is Am Stein 8, 85049 Ingolstadt, Germany.

The registered office of Monsoon Accessorize SARL is 92 rue de Richlieu, 75002 Paris, France.

17. FIXED ASSET INVESTMENTS (continued)

SUBSIDIARY UNDERTAKINGS (continued)

The registered office of SIA Monsoon Accessorize Latvia is Veczarinu iela 5, Ramava, Kekavas pag., Kekavas nov., LV 2111, Latvia.

The registered office of PlusCom Trade OU is Kesk Ameerika Rd 7 1, Tallinn 10122, Estonia.

The registered office of Monsoon Accessorize Ireland (Holdings) Limited and Monsoon Accessorize Ireland Limited is 64 Grafton Street, Dublin 2, Ireland.

The registered office of Monsoon Accessorize Norway AS is c/o Amesto Account House 0604 Oslo Norway.

The registered office of Accessorize Holdings Denmark ApS and Accessorize Denmark ApS is c/o BKH Advokatpartnerselskab Amaliegade 15, st. 1256 Copenhagen, Denmark.

As at 26 August 2017, the Company held 3,359,254 preference shares of Japanese Yen 10,000 each in Monsoon Japan Limited, a company incorporated in England and Wales. These were redeemed during the period and through the repayment of the intercompany payable balance of £242m.

In accordance with FRS102 Section 27 'Impairment of Assets' the Directors undertook an impairment review of the carrying value of investments in Drillgreat Limited by comparing the carrying value of fixed assets as at 26 August 2017 with the 'recoverable' amount, that is the higher of its fair value less costs to sell and its 'value in use". Value in use is defined as the present value of future cash flows obtainable as a result of the assets continued use.

The assumptions used in assessing value in use were based on the Group's internal forecasts. The Group projected revenue, EBITDA and cash flows for a period of four years and applied a perpetual long-term growth rate of 2.25% thereafter. The Group assumed a pre-tax discount rate of 14% to calculate the present value of its projected cash flows, based on the Capital Asset Pricing Model adjusted to reflect risks associated with the retail sector.

Based on calculation of value in use, a £244.2m impairment (2017: £63.4m) has been recorded in the carrying value of Drillgreat Limited's investments. This has no impact on the Group's consolidated profit and loss account or closing balance sheet position.

18. STOCKS

	Group 25 August 2018 £000	Group 26 August 2017 £000
Finished goods and goods for resale	**56,195**	60,884

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock purchases recognised in cost of sales during the period as an expense was £142.1m (2017: £144.6m).

As at 25 August 2018 a provision of £1.4m (2017: £1.7m) was recognised for slow-moving and obsolete stock. The movement in the provision was recognised in cost of sales.

There is no material difference between the replacement cost of stock and the amounts stated above.

19. DEBTORS

	Group 25 August 2018 £000	Group 26 August 2017 £000	**Company 25 August 2018 £000**	Company 26 August 2017 £000
DUE AFTER MORE THAN ONE YEAR				
Other debtors	**1,146**	1,303	**-**	-
Deferred tax asset	**1,504**	4,893	**-**	-
	2,650	6,196	**-**	-
DUE WITHIN ONE YEAR				
Trade debtors	**15,496**	14,207	**-**	-
Amounts owed by group undertakings	**-**	-	**300**	92,817
Other debtors	**4,956**	6,963	**-**	-
Prepayments and accrued income	**20,457**	27,165	**-**	-
Financial instruments	**691**	-	**-**	-
	41,600	48,335	**300**	92,817

20. CASH AND CASH EQUIVALENTS

	Group 25 August 2018 £000	Group 26 August 2017 £000	Company 25 August 2018 £000	Company 26 August 2017 £000
Cash at bank and in hand	57,019	66,395	1,195	1,193

21. CREDITORS: Amounts falling due within one year

	Group 25 August 2018 £000	Group 26 August 2017 £000	Company 25 August 2018 £000	Company 26 August 2017 £000
Supplier finance facility	10,740	10,451	-	-
Other loans	500	500	-	-
Trade creditors	51,101	62,258	-	-
Amounts owed to group undertakings	-	-	413	242,276
Corporation tax	280	1,172	-	-
Other taxation and social security	12,846	8,018	-	-
Other creditors	15,124	15,438	-	-
Accruals and deferred income	35,650	38,136	34	10
Financial instruments	-	388	-	-
	126,241	136,361	447	242,286

22. CREDITORS: Amounts falling due after more than one year

	Group 25 August 2018 £000	Group 26 August 2017 £000
Other loans	680	1,313
	680	1,313

23. LOANS

	Group 25 August 2018 £000	Group 26 August 2017 £000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Supplier finance facility	**10,740**	10,451
Other loans	**500**	500
	11,240	10,951
AMOUNTS FALLING DUE 2-5 YEARS		
Other loans	**680**	1,313
	680	1,313
	11,920	12,264

As at 25 August 2018 an unsecured long-term loan of £1.2m (2017: £1.8m) was owed by Monsoon Accessorize Norway AS to Monsoon Holdings (Jersey) Limited, a company incorporated in Jersey, which is the immediate parent undertaking of the Group. The amount of £500k (2017: £500k) is repayable within one year (note 21) and £0.7m (2017: £1.3m) is repayable after one year (note 22). The interest charged on the loan is 6% above LIBOR.

24. FINANCIAL INSTRUMENTS

	Group 25 August 2018 £000	Group 26 August 2017 £000	**Company 25 August 2018 £000**	Company 26 August 2017 £000
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	**691**	-	-	-
Financial assets that are measured at amortised cost	**80,602**	88,868	**1,495**	94,010
	81,293	88,868	**1,495**	94,010
FINANCIAL LIABILITIES				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	(388)	-	-
Financial liabilities measured at amortised cost	**(107,280)**	(121,790)	**(447)**	(242,286)
	(107,280)	(122,178)	**(447)**	(242,286)

Financial assets measured at fair value through profit or loss comprise forward foreign exchange contracts.

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and intercompany balances (Company only).

Financial liabilities measured at amortised cost comprise bank loans and other loans, trade creditors, other creditors, accruals and intercompany balances (Company only).

25. DEFERRED TAXATION

	Group 25 August 2018 £000	Group 26 August 2017 £000	**Company 25 August 2018 £000**	Company 26 August 2017 £000
At beginning of period	**4,893**	5,061	-	8
Credit/(charged) to the statement of comprehensive income	**(3,475)**	(708)	**86**	(8)
Effect of change in tax rate on opening liability	**4**	406	-	-
Adjustments in respect of prior periods	**102**	96	-	-
Exchange rate differences	**(20)**	38	-	-
	1,504	4,893	**86**	-

Deferred tax asset of £1,504k (2017: £4,893k) is included in debtors on the balance sheet. The amounts recognised for deferred taxation, which represent the full potential deferred tax asset, are set out below.

	Group 25 August 2018 £000	Group 26 August 2017 £000	**Company 25 August 2018 £000**	Company 26 August 2017 £000
Decelerated capital allowances	**1,050**	3,405	-	-
Other timing differences	**153**	922	-	-
Tax losses	**301**	566	**86**	-
	1,504	4,893	**86**	-

The Group has an unrecognised deferred tax asset of £6.6m (2017: £0.3m) in respect of capital losses and unrecognised deferred tax asset of £7.0m (2017: £0.7m) in respect of trading losses from overseas subsidiaries. In accordance with the Group accounting policy for deferred tax the asset is not being recognised since it is not probable that suitable tax trading profits or chargeable gains will arise which would enable the losses to be utilised.

26. PROVISIONS

Group

	Property provisions £000
At 27 August 2017	5,576
Charged to the profit or loss	4,246
Released to profit or loss	(566)
Foreign exchange movement	(40)
Utilised in period	(1,258)
AT 25 AUGUST 2018	**7,958**

Property provisions relate to onerous and vacant property leases and provisions for terminal dilapidations. Onerous and vacant property lease provisions are based on the present value of future cash outflows relating to future rentals or estimated least cost of exiting.

The Company has no provisions.

27. SHARE CAPITAL

	25 August 2018 £000	26 August 2017 £000
250,000,000 (2017 - 250,000,000) Ordinary shares of £0.10 each	25,000	25,000
Allotted, called up and fully paid		
134,454,896 (2017 - 134,454,896) Ordinary shares of £0.10 each	13,445	13,445

28. RESERVES

Share premium account
The share premium reserve relates to amounts paid for share capital in excess of nominal value. During the period, the Company completed a capital reduction which reduced the share premium account to nil and increased the profit and loss account reserve by £200m.

Foreign exchange reserve
Foreign exchange reserve relates to exchange differences arising on translating the opening net assets of overseas operations at opening rate and the results of overseas operations at actual rate.

Profit and loss account
The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments. During the period, the Company completed a capital reduction which reduced the share premium account to nil and increased the profit and loss account reserve by £200m.

29. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits for this scheme represents the contributions payable to the scheme in respect of the accounting period totalled £699k (2017: £599k). At the period end £170k was unpaid and accrued (2017: £138k).

30. COMMITMENTS UNDER OPERATING LEASES

At 25 August 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 25 August 2018 £000	Group 26 August 2017 £000
Retail Stores		
Not later than 1 year	**49,135**	57,186
Later than 1 year and not later than 5 years	**113,760**	133,531
Later than 5 years	**51,708**	67,643
	214,603	**258,360**
Head Office and Distribution		
Not later than 1 year	**6,698**	6,455
Later than 1 year and not later than 5 years	**23,223**	25,770
Later than 5 years	**37,735**	44,528
	67,656	76,753

31. OTHER FINANCIAL COMMITMENTS

Bank guarantees

There is a bank guarantee in favour of HM Customs and Excise to cover a duty deferment facility. As at 25 August 2018 this amounted to £3.0m (2017: £3.0m).

Capital Commitments

	Group 26 August 2018 £000	Group 27 August 2017 £000
Contracted but not provided for in the financial statements	**523**	1,558
	523	1,558

32. RELATED PARTY TRANSACTIONS

In accordance with FRS102 s.33. 1A: Related Party Disclosures, the Company is exempt from disclosing transactions with entities that are part of the Drillgreat Limited Group as related parties, as it is a parent undertaking publishing consolidated financial statements. The following other related party transactions occurred during the period.

(i) Ibiza Franchise
The franchise partner for Ibiza is Camilla Simon, daughter of Peter Simon. During the year the Group invoiced the franchisee £122k (2017: £105k) for stock, £2k (2017: £8k) for non stock, £16k (2017: £8k) for distribution charges and £32k (2017: £22k) for royalties. The debtor balance at 25 August 2018 was £25k (2017: creditor £5k).

(ii) Adena Property Investments Inc
The Monsoon Group leases its head office at 1 Nicholas Road, London at an annual rent of £4,994k (2017: £4,994k) from Adena Property Investments Inc. During the period the Group paid rent of £4,994k (2017: £4,994k). The Group also leases Studio Building at 1st Floor, 21 Evesham Street, London at an annual rent of £124k (2017: £124k) from Adena Property Investments Inc. During the period the Group paid rent of £124k (2017: £82k). The annual rent is based on an independent assessment. Adena Property Investments Inc is owned beneficially by Peter Simon. The combined creditors balance as at 25 August 2018 was £556k (2017: £512k).

(iii) Balmain Invest & Trade Inc
Balmain Invest & Trade Inc, the ultimate holding company, provides consultancy services to the Group to support global operations and international brand development. Consulting fees of £737k (2017: £556k) were charged during the year. The creditor balance at 25 August 2018 was £nil (2017: £nil).

(iv) Monsoon Holdings (Jersey) Limited
As at 25 August 2018 an unsecured loan of £1,180k (2017: £1,813k) was owed by the Group to Monsoon Holdings (Jersey) Limited, a company incorporated in Jersey, which is the immediate parent undertaking of the Group. Additionally, as at 25 August 2018, Monsoon Holdings (Jersey) Limited owed the Group £865k (2017: £1,687k) related to an unsecured loan and non-stock payments made by the Group on behalf of Monsoon Holdings (Jersey) Limited.

(v) MAFA LLC
During the year an amount of £15,730k (2017: £14,501k) was invoiced to MAFA LLC for stock, royalties and other services. MAFA LLC is a joint venture with Accessorize (Islands) Limited. The debtor balance as at 25 August 2018 is £2,971k (2017: £2,519k).

(vi) VNS Accessories India LLP
VNS Accessorize India LLP supply goods to the Group. During the year, the Group was invoiced £6,805k by VNS. Vinod Dhawan is the owner of VNS Limited. The creditor balance as at 25 August 2018 was £96k.

(vii) Zara Simon
Zara Simon, daughter of Peter Simon, provides freelance design services to the Group. Design fees of £53k (2017: £53k) were charged during the year. The creditor balance at 25 August 2018 was £nil (2017: £11.7k).

viii) Monsoon Accessorize Switzerland AG
During the year an amount of £266k (2017: £479k) was invoiced to Monsoon Accessorize Switzerland AG for stock and other services. Monsoon Accessorize Switzerland AG is a wholly owned subsidiary of (Monsoon Accessorize Cyprus Ltd. Monsoon Accessorize Cyprus Ltd is a wholly owned subsidiary of Monsoon Holdings (Jersey) Limited. The debtor balance as at 25 August 2018 was £289k (2017: £285k).

33. ULTIMATE PARENT UNDERTAKING

At 25 August 2018, Drillgreat Limited, was the holding Company of the largest and smallest Group for which group financial statements were prepared. The Group financial statements of Drillgreat Limited may be requested from the registered office.

34. POST BALANCE SHEET EVENTS

The Group acquired 100% of the share capital of Monsoon Accessorize Switzerland AG on 26 August 2018 for CHF 261,000.

Monsoon Accessorize GmbH entered insolvency proceedings on 24 January 2019. The Group does not expect to recover any of its investment in this subsidiary. The following adjustments relating to the insolvency have been reflected in these financial statements:

- The tangible fixed assets of the German company have been impaired to nil
- A deferred tax asset has been derecognised

The liquidation of Monsoon Japan Limited was completed on 7 March 2019 and the company has now been struck off at Companies House.

In April 2019 Adena Estate Inc, a related party, entered into a facility agreement to provide a bridging loan facility to Drillgreat Limited for £10.5m in two tranches of £3.5m and £7m received in April and June 2019 respectively. This amount was required to provide part of the cash collateral required for Barclays Bank PLC as security for the Barclays Supplier Financing facility. Subsequent agreements were made between Drillgreat Limited and Monsoon Holdings (No 1) Limited for £11.5m which was paid in two tranches of £4.5m in April 2019 and £7m in June 2019. A further agreement was made between Monsoon Holdings (No 1) Limited and Monsoon Holdings Limited for £11.5m with the two tranches noted above being received. In April 2019 Monsoon Holdings Limited provided a bridging loan for £12m to be shared between Monsoon Accessorize Limited and Accessorize Limited. This consisted of the £11.5m noted above in two tranches and a further £0.5m of Monsoon Holding's funds. The £6m received by Accessorize Limited was used to repay the inter-company debt due to Monsoon Accessorize Limited on 29 May 2019.

The bridging loans are secured and interest-bearing at 10% p.a. and were originally expected to be repaid by 31 July 2019.

The ultimate owner and Director, Peter Simon, has made available to the Group funding in the form of revolving credit facilities (RCF's) totalling £30m. This comprises firstly a secured RCF of £12m which will replace the existing bridging loan and a further unsecured RCF of £18m. These RCF facilities are interest free.

As described in note 2.3, the Group's UK trading subsidiaries, Monsoon Accessorize Limited (MAL) and Accessorize Limited (AL), entered into separate Company Voluntary Arrangements (CVA) on 3 July 2019. Both CVAs were approved at a meeting of Creditors on 3 July 2019 and as such the Company is operating under the terms of the CVA. On 4 August 2019 a challenge to MAL's CVA was received from a creditor but this was withdrawn on 25 September 2019.

34. POST BALANCE SHEET EVENTS (CONTINUED)

The impacts of the CVA on the Group are listed below; however, these cannot be quantified at the current time and no adjustments have been made in these financial statements to reflect these changes as they are non-adjusting post balance sheet events:

- The rental expense on operating leases held by MAL and AL has been reduced by up to 70% for a period of three years. Therefore, the total value of operating leases will be reduced, and any associated onerous lease provisions will be reduced accordingly
- The rental expense the Group pays for the use of the Yellow Building is reduced to 50% of the difference between the head lease rent payable and the sublet income
- The non-domestic rates payable by MAL and AL have been reduced by up to 70% for the period 1 April 2019 to 31 March 2020
- All historic dilapidation claims as at the date of the CVA in MAL and AL will be reduced by up to 90% of the claim amount
- A deferred tax asset may be recognised as the losses of the Group could be offset against future profits
- The lease for the Yellow Building will be renegotiated

35. CONTROLLING PARTY

As at 25 August 2018, the Directors consider that Peter Simon, in his capacity as beneficial owner of 100 per cent of the shares in Balmain Invest & Trade Inc., to be the ultimate controlling party of the Group.