TFG Brands (London) Limited
Annual report and Financial Statements
for the year ended 27 March 2021

Registered number: 09379971

TFG Brands (London) Limited

Contents

TFG Brands (London) Limited

Officers and Professional advisers

Directors

A Murray
A Thunström
J Hampshire (Appointed 1 April 2021)
A Didymiotis (Appointed 30 June 2021)
S Baird
B Ntuli

Registered number

09379971

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TFG Brands (London) Limited

Strategic Report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to TFG Brands (London) Limited and its subsidiary undertakings when viewed as a whole.

Review of the business

	2021 £m	2020 £m
Turnover	196.2	390.0
Adjusted EBITDA (excluding foreign exchange, impairment and debtor write-down) (note 6)	(16.0)	50.2
Loss after tax	(189.6)	(7.7)

TFG London's accounting period ends on the last Saturday in March each year, as permitted under section 390 of the Companies Act 2006, and as a result this set of audited accounts is for the 52 week period from 29 March 2020 to 27 March 2021 (2020: 52 week period from 31 March 2019 to 28 March 2020).

TFG London comprises a portfolio of high-quality womenswear brands; Phase Eight – a premium brand with a global following and an emphasis on occasion wear; Whistles – a contemporary fashion brand loved for its confident, modern attitude to style and its curated edit of casual and occasion wear; and Hobbs - an affordable luxury brand with impeccable tailoring and smart daywear.

The COVID-19 pandemic has had a significant impact on our trading with Turnover for the year ended 27 March 2021 declining to £196.2m (2020: £390.0m). Responses by national governments to the COVID-19 pandemic resulted in the imposition of national and local lockdowns, together with the closure of non-essential retail, social distancing measures, restriction on social gatherings and events, as well as the shift to home-working. This has resulted in the dual impact on the business of reducing demand for our core product categories (e.g. dresses, occasion wear and office wear), together with the closure of our physical locations, with the loss of 47% of our store trading hours.

TFG London delivered an adjusted full year EBITDA loss (after excluding foreign exchange, impairment and debtor write-down) of £16.0 (2020: £50.2m profit), as set out in the table above and further defined in note 6.

Gross margin for the year was 50.3% (2020: 65.3%), with the reduction driven both by increased promotional activity in the market and higher stock provisioning at year end of £26.4m (2020: £10.3m).

Distribution costs fell in absolute terms during the year ended 27 March 2021 to £114.5m (2020: £195.6m) but increased to 58% of sales (2020: 50.1% of sales) driven by the greater proportion of sales delivered through online channels, with its higher fulfilment costs, as well as the lower overall turnover. The total number of outlets across TFG London in the UK and internationally at the end of the year amounted to 801 (2020: 972).

Administrative expenses were £34.4m in the year ended 27 March 2021 (2020: £46.5m). These costs were reduced by use of the Coronavirus Job Retention Scheme, where the group claimed £16.2m during the year ended 27 March 2021 (2020: £nil). There was a further £2m grant claimed towards property costs during the year ended 27 March 2021 (2020: £nil).

Strategic Report (continued)

The COVID-19 pandemic has had a significant impact on risk ratings of UK and European retailers. As a result, the Weighted Average Cost of Capital ("WACC") for the group has increased during the year to 9.2% (2020: 6.72%). In addition, 2020 has seen further shift in customer buying habits from stores to online, and in turn the group has accelerated its focus on online trading. As a result of these two factors, the group has taken a non-cash impairment of £138.9m (2020: nil) against its intangible assets as well as the carrying value of its physical store estate.

Loss after tax for the year ended 27 March 2021 amounted to £189.6m (2020: loss of £7.7m). Cash stood at £30m at year end (2020: £27.8m).

Loans and borrowings amounted to £364.8m at the end of the year (2020: £331.4m) including intercompany loans of £89.3m (2020: £75m), external bank borrowings of £56.8m (2020: £48m) and preference shares owed to the parent company Dress Holdco A of £218.7m (2020: £209m).

The advent of the COVID-19 pandemic has generally put a strain on retailers with physical estates. At TFG London, we entered the pandemic with healthy cash balances of £27.7m and moved quickly to extend these through negotiations with our suppliers and landlords. The group also received further support from our parent company, The Foschini Group Limited, who extended a £10.0m loan, as well as drawing down an additional £8.1m of our Revolving Credit Facility from our banking partners. These actions, together with tight control over spending left the business with £30.0m cash on hand. A further £15.0m was received from The Foschini Group Limited in June 2021 to provide further funding to the group.

TFG London ended the financial year with a strong brand portfolio, a strong online presence (both direct and through third parties), limited operational leverage and a strong balance sheet and cash position. These factors, together with those set out below, ensure that we remain confident in our outlook:

- A strong online and multichannel offering • Diverse international presence across Europe, Asia and the Americas • Short store leases with increasing flexibility • A resilient core consumer • A supportive local government • A supportive group of key stakeholders, including our suppliers, lenders and senior team.

Key Performance Indicators

The Directors use various measures to assess the performance of the business at store level. The measure which, in the opinion of the Directors, gives the best indication of the business' performance is adjusted earnings before interest, tax, depreciation, amortisation, foreign exchange, impairment and debtor write-down ("Adjusted EBITDA" as defined in note 6), which was a loss of £16.0m (2020: £50.2m profit).

Principal risks and uncertainties

TFG London has a well-established brand portfolio, with a loyal customer following and distinct brand identities which was performing well prior to the COVID-19 pandemic. The Directors are of the opinion that the principal risk facing the business is the pace with which customer shopping habits return as the world recovers from the pandemic, although our ability to design and retail clothing and accessories which are considered by the group's customers to be both attractive and affordable, as well as our strong online presence (both directly and through third parties) means we are well placed to thrive. Additionally, the performance of the economy in general will always remain a risk to the business, not only as a result of the COVID-19 pandemic but also in light of the recent departure of the UK from the European Union.

Operational Risks

TFG London's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, liquidity risk and interest rate risk. The group seeks to limit the adverse effects on the financial performance of the group where possible by using forward rate contracts and monitoring levels of cash holdings, debt finance and related finance costs. The policies set by the Board of Directors are implemented by the group's finance department. Foreign exchange, credit, liquidity and interest rate risk are managed at Director level.

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU ("Brexit"). Detailed planning was undertaken to mitigate the risk upon UK's exit from the EU. The UK's exit ultimately became effective on the 31 December 2020. Despite the securing of a trade deal it will take some time for the new post Brexit environment to settle.

Effects of climate change

TFG London recognises the major impact the global apparel and footwear industries have on the environment and we have identified risks associated to climate change within our own operations and supply chains.

Severe drought and weather pattern changes may in the long term cause a shortage of crops used for the manufacturing of our products. Rising electricity and transportation expenses may also increase the cost of moving goods. Regulatory restrictions on goods linked to climate change could also increase costs.

TFG London has implemented a group wide "Sustainability 2025" strategy guiding its efforts to reduce its environmental footprint, based on the UN Sustainable Development Goals. Within our supply chains, the most pressing risks are the extraction and production of our raw materials, and the dependence on finite resources and emissions related to manufacturing. More than 50% of the apparel industry's greenhouse gas emissions are emitted in raw fibre extraction, fabric production and dyeing and finishing processes. As such, a key strategic objective has been to substitute conventional materials with preferred and sustainable alternatives. In our own operations, key areas addressed include but are not limited to, the distribution of our goods, the use of renewable energy in our distribution centres, head offices and stores, packaging, product longevity, as well as end-of-life and recyclability.

Environmental Report

Governance: The organization's governance and climate-related risks and opportunities.

There is oversight of climate-related issues affecting the TFG Brands (London) (or "TFG UK") Board of Directors. The Board receives regular updates on sustainability related initiatives, including climate-related issues and has ultimate oversight of TFG UK's programme. The Board also approves long-term sustainability goals, strategic moves or major plans of actions as required, and reviews strategy, risk management, performance objectives, and progress against goals and targets for addressing climate-related issues.

The CSR and Sustainability Executive has direct day-to-day responsibility for managing our program, heading the CSR and Sustainability Department, setting up the group Sustainability Strategy and assessing risks to report to TFG UK's Executive Team and to the Board of Directors.

The TFG UK has identified the following global climate-related risks:

- An energy tax or emissions pricing scheme could have a significant impact on the cost of energy and cost of operations. TFG UK operated through 210 solus stores globally and has three main corporate offices and distribution centres in the UK. Additionally, TFG UK endeavours to stay involved in the conversation to be prepared for any new regulations that come from domestic and international jurisdictions.
  Increases in mean precipitation could lead to increased flooding in areas that are not prepared for handling large volumes of rain. Flooding has the potential to damage retail locations and other facilities such as distribution centres. Closed stores does not allow us to service customers in-person.

Strategic Report (continued)

- Changes in precipitation extremes and droughts could negatively affect cotton or other plant derived yields and herd size. Droughts could produce poor cotton yields (fabric) and reduced herd sizes (leather), increasing the cost of cotton or other plant derived raw materials such as linen and viscose and leather due to reduced supply. Conversely, major flooding could cause damage to fields, reducing cotton yields and leading to increased prices due to low supply.
- Sea level rise could negatively affect stores, offices and production facilities in coastal, as well as, low lying regions, both domestically and internationally.
- We face risk to our reputation if our stakeholders feel we are negligent in our business practices with respect to the environment and climate change.
- The retail and premium market is susceptible to changes in consumer behaviour. If our customers do not perceive TFG UK's brands as taking an active role in combating climate change, we could be at risk.

TFG UK has identified the following climate-related opportunities:

- The potential risk of an energy tax or regulation that would increase the cost of electricity (carbon tax) is an opportunity to proactively increase energy efficiency through the adoption of new technologies to maintain energy costs, and in some instances, save costs.
- The potential risk of fuel tax or regulation that would increase the cost of transporting our products is an opportunity to proactively improve our logistics and distribution strategy to reduce shipping and emissions and save costs from finished good factory to our distribution centres.
- If TFG UK's stakeholders recognise that it respects the environment and is working to mitigate its impacts on climate change through its business practices, TFG UK could see an increase in its reputation and potentially revenues in the market.
- The potential risk of fuel tax or regulation that would increase the cost of transporting our products is an opportunity to proactively improve our logistics and distribution strategy to reduce shipping and emissions and save costs from our distribution centres to our end customers.

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses

TFG UK is in the process of developing a low-carbon and finite resources transition plan. We have already introduced qualitative analysis into our conversations and decision making. TFG UK will continue to evaluate and find ways to introduce quantitative metrics around environmental impacts and climate change into its scenario planning.

TFG UK's climate-related risks and opportunities have influenced its strategy in the following ways:

Products and Services

Design teams have been looking at the environmental and climate impacts of materials and starting to transition to environmentally preferred materials when they deem appropriate.

Since implementing our sustainable sourcing targets in 2020 the group has made positive progress transitioning our raw materials to lower impact and more sustainable alternatives. We are currently exceeding our public commitment of 80% by 2025, and to date as a group 29% of our products carry a sustainable attribute with Phase Eight at 23%, Hobbs at 26% and Whistles at 34%.

Supply Chain

TFG UK is member of the Leather Working Group and is in the process of setting ambitious targets for all of its leather to come from Gold, Silver and Bronze-rated Leather Working Group tanneries by 2025, which are more energy and water efficient and have a lower environmental and climate-impact.

TFG Brands (London) Limited

Strategic Report (continued)

Operations

TFG UK is currently working on defining an emissions reduction targets for Scope 1, and Scope 2 and have increased our adoption of renewable energy in our retail stores over the last few years and will continue to transition to renewable energy in our owned/operated locations.

Emissions

	Total Consumption (in kWh)	**kWh linked tCO_2e**
	2021	**2021**
Scope 1	51,026.08	12.85
Scope 2	2,292,380.21	534.45
Scope 3[1]	n/a	n/a
TOTAL	2,343,406.29	547.30

[1] Scope 3 is not applicable as TFG UK does not purchase any fuel directly. No travel claims were undertaken during the reporting year due to COVID-19. Employee commuting is captured under Scope 3, but this does not fall under the responsibility of TFG.

Greenhouse Gas Emissions Intensity Ratio

Total Footprint (Scope 1, Scope 2, and Scope 3) – CO_2e tonnes	
	2021
Employees	1,809
Intensity Ratio (tCO_2e/employee)	0.668 tCO_2e/employee

Emission Type

CO_2e tonnes (Dual Reporting Methodology)		
	Location Based	**Market Based (supplier specific)**
Scope 1	86.09	86.09
Scope 2	534.45	534.45
Scope 3	588.58	588.58

Methodology

TFG UK has used the 'Greenhouse Gas Protocol – Operational control' methodology to calculate the emissions in this report.

Risk Management

The processes used by the organization to identify, assess and manage climate-related risks.

TFG UK's general approach for identifying significant risks and opportunities relies on our management's evaluation of current events and its expectations regarding future developments. We have an extensive risk due diligence program that annually assesses risks-including fraud risk, sustainability, corporate governance and ESG – to our business and the businesses of our partners.

As a part of the annual risk evaluation, TFG UK applies an Internal Audit Plan in collaboration with our ultimate parent company The Foschini Group Limited, in South Africa. The goal of the risk assessment process is to create an audit plan that identifies risks and exposures and evaluates management's risk mitigation strategy.

Strategic Report (continued)

TFG UK risk management is overseen by the Audit Committee of the Board of Directors, however, management is primarily responsible for day-to-day risk management processes.

Additionally, management periodically updates the Board on its continuous monitoring the risk of fraud. TFG UK senior management and its Board of Directors evaluates sustainability and climate-related risks associated with TFG UK operations, including, but not limited to, product safety and material compliance requirements, disruptions to the supply chain from adverse weather, and material scarcity, such as reduced herd size or poor cotton yields from drought.

In evaluating risk, the Board and its committees consider whether TFG UK's risk programmes adequately identify material risks facing the Company in a timely fashion, implement appropriate responsive risk management strategies, and adequately transmit necessary information with respect to material risks within the organization.

The Audit Committee of the Board of Directors, in its oversight role, periodically reviews the TFG UK risk management policies and programmes to ensure risk management is consistent with the Company's corporate strategy and effective in fostering a culture of risk-aware and risk-adjusted decision-making throughout the organization.

Statement by the directors in performance of their statutory duties in accordance with s172 Companies Act 2006.

In the decisions taken during the year ended 27 March 2021 the directors have always acted in good faith and in a way that they consider would be most likely to promote the success of the company. In making decisions concerning the business, the directors must consider a variety of matters including the interest of various stakeholders, the consequences of their decisions in the short and long term and the overarching reputation of the company.

Our relationship with stakeholders is based on ongoing dialogue as well as on maintaining cooperative relationships and establishing strategic partnerships that allow the Company to make progress on important issues such as achieving the Sustainable Development Goals and respecting and promoting Human Rights. To build these relationships, the group follows the principles included in various policies such as the Gender Pay Policy, Modern Slavery Act Transparency Statement, Anti Bribery Policy, among others.

A key part of our strategy is to ensure we have the appropriate retail store portfolio across each brand within TFG London, and across all countries that we trade within. Our aim is to operate from a balanced portfolio of stores and in order to achieve this on an ongoing basis, the Directors and key stakeholders regularly review and determine the optimal plan that aligns with the financial objectives of the business and key stakeholders. The directors consider a number of key factors, with engagement from relevant team members and business partners; consideration for new store opportunities, relocations in existing markets and closures of stores, where financial targets are not projected to be met.

Engagement with customers

We actively engage with our customers throughout the communities in which we trade, on an ongoing basis. We use our retail teams to act and reflect our core vision and values on a daily basis in engaging with our customers. We seek to use our social media channels, as an immediate and direct method to share our values. We take a responsible and considered approach in articulating socially pertinent and sensitive matters, namely Diversity and Inclusivity. We reflect our belief that all our customers are at the very heart of our business and each of our brands. We periodically engage with our customers, to undertake surveys on a specific subject matter. This provides invaluable insight, that allows us to shape our future customer proposition.

TFG Brands (London) Limited

Strategic Report (continued)

Engagement with Employees

At TFG London we pride ourselves on having our people at the heart of everything we do. We take great interest in the well-being of our employees, enabling them to perform to the best of their ability at all times.

TFG London is an equal opportunities employer and as such is committed to promoting diversity in the workplace and prides itself on having a multinational workforce. We all have the right to be treated with dignity and respect in an environment free from abuse, offensive behaviour, harassment, bullying or prejudice. Our recruitment, selection, development and promotion processes for all applicants and employees are a reflection of this and ensure everyone is treated fairly and without discrimination.

During the year, TFG London formed an Inclusivity and Diversity board, and since coming together has made a positive start. Training and up skilling workshops have been launched covering inclusive leadership and unconscious bias awareness, as well as steps taken to remove bias and increase inclusivity within talent acquisition processes.

Employees are kept informed of matters of concern to them in a variety of ways, including newsletters circulated to stores, head office town halls and conferences. These communications help achieve a common awareness among employees of the financial and economic factors affecting the performance of the company. The company is also committed to providing employees with opportunities to share their views and provide feedback on issues that are important to them. It is important to us that we encourage and maintain effective communication and consultation between employees and their direct managers. Employees are also provided with briefings by senior management on important issues such as our strategy, performance and health, safety and environmental matters. The policy of the company is to consult and discuss matters with employees and resolve any problems in this manner. The company has developed good labour relations with employees and any matters have always been conducted in accordance with relevant legislation. The company is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of gender, race, colour, disability, age or marital status.

Annually the directors consider and approve the gender pay gap report which can be found at individual brands' websites. We also review annually our whistleblowing policy, which together with all our employment and compliance policies, are published in the Employee Brand Book.

Engagement with Suppliers

We value all our suppliers and work collaboratively on a long-term basis, jointly analysing and planning all aspects of production, delivery and quality control. We expect our suppliers to maintain the same codes of conduct as we do, throughout their business, so that they are aligned with our own corporate social responsibility commitments. The directors discuss payment terms with management at high level to make sure they are in line with industry and market benchmarks. The directors are also kept informed about the company's payment performance which is published every six months. The directors review annually the Modern Slavery Statement which explains the activities we have undertaken during the year to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or in our supply chains. This report can be found at individual brands' websites.

This can be evidenced by the steps the Group has taken to reinforce its liquidity and financial flexibility as a result of COVID-19 including negotiations with landlords for reduced and deferred lease payments and working with our suppliers to reduce product buys and temporarily lengthen payment terms.

Future developments

TFG London's greatest strengths remain its loyal customer following, experienced team, distinct brand identities and strong omnichannel presence, supported by a robust and scalable central platform and a strong and supportive parent company.

Strategic Report (continued)

From a trading perspective, the outlook for the year ahead remains uncertain as the UK and our international markets make their exit out of the pandemic. The pace and strength of recovery is difficult to predict, and whilst we believe a degree of home-working is likely to remain for the foreseeable future and unemployment forecast to increase, we remain optimistic. We believe that there is a degree of pent up demand among our customers, as well as special occasions that have been postponed. As a result, we remain confident in our outlook.

Approved by the Board and signed on its behalf by:

J Hampshire

Director

Date: 26/7/ 2021

55 Kimber Road
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SW18 4NX

TFG Brands (London) Limited

Directors' report

The directors present their annual report on the affairs of TFG Brands (London) Limited ('the group'), together with the financial statements and auditor's report, for the 52 week period ended 27 March 2021 (hereafter referred to as "year ended 27 March 2021"). The comparative period represents the 52-week period ended 28 March 2020 (hereafter referred to as "year ended 28 March 2020").

Review of the business and future developments, Key Performance Indicators, Principal risks and uncertainties are not shown within the directors' report as they are instead included with the strategic report on page 2, under S414C (11) of the Companies Act 2006.

Events after the balance sheet date

After the balance sheet date, the group renegotiated its covenant arrangements with its banking group (comprising Barclays, Lloyds and Natwest). As part of this renegotiation, our parent company, The Foschini Group provided a further £15,000,000 funding to the UK group headed by TFG Brands (London) Limited. The revised covenants place a greater emphasis on liquidity for the next 18 months with limited profitability required to satisfy them.

In its attempt to control the growth in case numbers of COVID-19, the UK government extended the restrictions in place from 21 June 2021 to 19 July 2021. Whilst the restrictions have been lifted from 19 July 2021, it is not certain that further restrictions will be put in place and what consequential financial impact this will have on the group.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses foreign exchange forward contracts from time to time to hedge these exposures.

Majority of interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, which are assessed under IFRS 9 taking into account possible future losses.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance. During the financial year, the group took considerable steps to ensure sufficient liquidity. The group actively engaged with all relevant stakeholders, initially fully drawing down its banking facilities, renegotiating its covenants and borrowing funds from its parent company. It actively engaged with suppliers, HMRC and landlords to agree extended payment terms. It reduced capital expenditure to £2.3m (2020: £11.2m) to focus on maintenance and web developments. Finally, it received support through the Governments Job Retention Scheme and Business Rates concessions. Further details are disclosed with the going concern note.

TFG Brands (London) Limited

Directors' report (continued)

Dividends

The directors have not recommended the payment of a final dividend for the year ended 27 March 2021 (2020: £nil) and no dividend was paid or declared during the year (2020: £nil).

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future being a period of at least twelve months from the date of signing this report. The Directors consider that it is appropriate to prepare the accounts on a going concern basis based on the cash flow projections they have prepared and their assessment of borrowing facilities available at group level (TFG Brands (London) Limited as the parent company for the UK group) as well as support from the ultimate parent (The Foschini Group Limited). The group has renegotiated its covenant arrangements with its banking group against which our forecast for the next 12 months provide significant headroom. As part of this renegotiation, our ultimate parent company, The Foschini Group Limited provided a further £15,000,000 of funding to the group. These covenants remain in place until the earliest expiry of the facilities in February 2023.

UK group management has prepared a detailed forecast and as at the signing date of these financial statements is trading significantly ahead of its expectations. Given the current level of liquidity headroom within the Group, it believes that cash flows from operations and on-hand cash and cash equivalents provide adequate funds to support the operations for at least 12 months from the date of signing these accounts.

While expecting that the UK group headed by TFG Brands (London) Limited will be able to continue trading independently, given the uncertainty in the UK retail market arising as a result of the pandemic the Directors have also obtained a letter of support from the ultimate parent company The Foschini Group Limited. The letter of support confirms that the Foschini Group Limited will continue to provide financial and other support to the UK group to the extent necessary to enable it to continue in its business and meet its financial obligations as they fall due in the normal course of business for at least 12 months from the date of approval of the financial statements for the year ended 27 March 2021. The Directors have taken all necessary steps to assure themselves of both the ability and intention of the parent company to provide the support offered for the full going concern period and have given due consideration to the potential uncertainties arising from relying upon the support of another company.

As a consequence, the Directors believe the company is well placed to manage its business risks successfully and meet liabilities as they fall due despite the uncertain economic outlook and consider it appropriate to prepare the financial statements on the going concern basis.

Directors

The directors, who served throughout the year and to the date of this report, except as noted, were as follows:

A Murray	
A Thunström	
J Hampshire	(Appointed 1 April 2021)
B Barnett	(Resigned 30 June 2021)
L Harlow	(Resigned 12 August 2020)
S Baird	
C Lambert	*(Resigned 28 May 2021)*
B Ntuli	
A Didymiotis	(Appointed 30 June 2021)

Directors' report (continued)

Director's indemnities

The group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, the Company internal newsletter and regular presentations by senior management around key projects. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, the Company operates an annual bonus scheme for staff related to the overall profitability of the Company. Further details can be found within S172 statement within strategic report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

J Hampshire

J Hampshire

Director

Date: 26/7/ 2021

55 Kimber Road
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Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of TFG Brands (London) Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of TFG Brands (London) Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 27 March 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit or loss;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 32;
- the parent company balance sheet;
- the parent company statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB . The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC'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 auditor's report to the members of TFG Brands (London) Limited

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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 auditor's 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of TFG Brands (London) Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included but were not limited to, UK Companies Act, pensions legislation, VAT and Corporation Tax Law, Sales of Goods Act, Consumer protection laws and UK General Data Protection Regulation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included but were not limited to, Bribery Act 2010, Health and Safety at Work Act, Management of Health and Safety at Work Regulations, Employment Act, Gender Pay Gap, Modern Slavery Act, Payment Practice and Performance Reporting, Anti-Money Laundering regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue recognition – manual journal entries to revenue: Our audit procedures consisted of the following: i) obtaining an understanding and testing the relevant controls related to manual journals posted to revenue; and ii) testing a sample of manual journals impacting revenue to ensure that the business rationale for these made sense and that they were supported by appropriate audit evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Emily Cheevers

Emily Cheevers (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 27 July 2021

TFG Brands (London) Limited

Consolidated statement of profit or loss

For the year ended 27 March 2021

	Note	27/03/2021 £'000	28/03/2020 £'000
Continuing operations			
Revenue	5	196,246	390,003
Cost of sales		(97,619)	(135,417)
Gross profit		98,627	254,586
Other operating income		289	2,555
Distribution costs		(114,468)	(195,557)
Administrative expenses		(34,364)	(46,467)
Other gains and losses	9	(138,935)	2,062
Operating (loss)/profit		(188,851)	17,179
Finance income – interest income	8	85	40
Finance costs	10	(19,666)	(20,922)
Loss before tax		(208,432)	(3,703)
Income tax	11	18,870	(4,014)
Loss for the year attributable to owners of the Company		(189,562)	(7,717)

TFG Brands (London) Limited

Consolidated statement of comprehensive income

For the year ended 27 March 2021

	27/03/2021		28/03/2020	
	£'000	£'000	£'000	£'000
Loss for the year		(189,562)		(7,717)
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences on translation of foreign operations	239		(688)	
Other comprehensive income/(loss) for the year, net of income tax		239		(688)
Total comprehensive loss for the year		(189,323)		(8,405)

TFG Brands (London) Limited

Consolidated statement of financial position

As at 27 March 2021

	Note	27/03/2021 £'000	28/03/2020 £'000 Restated*
Non-current assets			
Goodwill	12	65,638	145,516
Other intangible assets	13	41,688	101,205
Property, plant and equipment	14	12,330	23,976
Right-of-use assets	17	30,580	55,724
Deferred tax asset	20	5,723	-
Interests in joint ventures	15	7	31
		155,966	326,452
Current assets			
Inventories	16	58,810	74,953
Trade and other receivables	18	10,927	14,187
Cash and bank balances		30,020	27,749
		99,757	116,889
Total assets		255,723	443,341
Current liabilities			
Trade and other payables	22	(55,005)	(56,560)
Lease liabilities	21	(17,552)	(21,737)
Provisions	23	(4,985)	(2,995)
		(77,542)	(81,292)
Net current assets		22,215	35,597
Non-current liabilities			
Loans and Borrowings	19	(364,787)	(331,397)
Deferred tax liabilities	20	-	(12,564)
Provisions	23	(3,856)	(2,582)
Lease liabilities	21	(29,354)	(45,096)
Other non-current liabilities	22	(2,206)	(3,109)
		(400,203)	(394,748)
Total liabilities		(477,745)	(476,040)
Net liabilities		(222,022)	(32,699)

TFG Brands (London) Limited

Consolidated statement of financial position

As at 27 March 2021

Equity	Note	27/03/2021 £'000	28/03/2020 £'000 Restated*
Share capital	24	21	21
Share premium account	25	1,774	1,774
Other reserves		(3,775)	(3,775)
Retained earnings	26	(220,042)	(30,719)
Total equity		(222,022)	(32,699)

*Prior year tangible assets have been restated to reclassify the computer software costs from tangible fixed assets to other intangible assets. This has a £nil impact on the statement of profit or loss and on net assets.

The financial statements were approved by the board of directors and authorised for issue on 26/7/ 2021. They were signed on its behalf by:

J Hampshire

Director

TFG Brands (London) Limited

Consolidated statement of changes in equity

For the year ended 27 March 2021

	Equity attributable to equity holders of the parent					
	Share capital	**Share premium account**	**Other reserves**	**Foreign exchange translation reserve**	**Retained earnings**	**Total equity**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 30 March 2019 (Unaudited)	21	1,774	(3,775)	(682)	(21,632)	(24,294)
Loss for the year	-	-	-	-	(7,717)	(7,717)
Other comprehensive loss for the year	-	-	-	(688)	-	(688)
Total comprehensive loss for the year	-	-	-	(688)	(7,717)	(8,405)
Balance at 28 March 2020	21	1,774	(3,775)	(1,370)	(29,349)	(32,699)
Loss for the year	-	-	-	-	(189,562)	(189,562)
Other comprehensive income for the year	-	-	-	239	-	239
Total comprehensive income/(loss) for the year	-	-	-	239	(189,562)	(189,323)
Balance at 27 March 2021	21	1,774	(3,775)	(1,131)	(218,911)	(222,022)

TFG Brands (London) Limited

Consolidated statement of cash flows
For the year ended 27 March 2021

	27/03/2021	28/03/2020
	£'000	£'000
Loss for the year	(189,562)	(7,717)
Adjustments for:		
Finance income	(85)	(40)
Other gains and losses	25	(2,062)
Finance costs	19,666	20,922
Income tax (credit)/expense	(18,870)	4,014
Depreciation of property, plant and equipment	5,960	8,692
Impairment loss on property, plant and equipment	6,798	1,580
Depreciation of right-of-use assets	18,999	22,895
Impairment loss on right-of-use assets	7,251	827
Amortisation of intangible assets	666	100
Impairment of intangibles	138,911	-
Long term employee benefit	(456)	327
Loss on disposal of property, plant and equipment	1,040	928
Gain on disposal of right-of-use asset	(683)	(140)
Increase/(Decrease) in provisions	3,298	(885)
Operating cash flows before movements in working capital	(7,042)	49,441
Decrease/(increase) in inventories	16,143	(8,036)
Decrease in trade and other receivables	2,148	8,070
(Decrease)/Increase in trade and other payables	(1,555)	8,093
Cash generated by operations	**9,694**	**57,568**
Income taxes received/(paid)	1,456	(4,990)
Net cash from operating activities	**11,150**	**52,578**

Consolidated statement of cash flows

For the year ended 27 March 2021

Investing activities	27/03/2021	28/03/2020
	£'000	£'000
Interest received	85	49
Purchases of property, plant and equipment	(2,332)	(11,156)
Net cash (used in) investing activities	(2,247)	(11,107)

Financing activities		
Interest paid	(1,261)	(1,933)
Shareholder's loan	10,000	-
Bank loan	8,095	-
Repayments of loans and borrowings	-	(7,000)
Repayment of lease liabilities	(23,394)	(29,109)
Net cash (used in) financing activities	(6,560)	(38,042)
Net increase in cash and cash equivalents	2,343	3,429
Cash and cash equivalents at beginning of year	27,749	24,270
Effect of foreign exchange rate changes	(72)	50
Cash and cash equivalents at end of year	30,020	27,749

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

1. General information

TFG Brands (London) Limited (the "Company") is a private company limited by shares which is incorporated, domiciled and registered in England in the United Kingdom. The address of the Company's registered office is shown on page 1. The financial statements are prepared on the historical cost basis except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting year.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The group financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (IASB). The Company has elected to prepare its parent company financial statements in accordance with FRS 101 on pages 75 to 95. The presentation currency of these financial statements is pound sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The principal activities of the Company and its subsidiaries (together 'the Group') and the nature of the Group's operations are set out in the strategic report.

For the year ending 27 March 2021 the Company has guaranteed the liabilities of the following subsidiaries in order for them to qualify for the exemption from audit under s479A of the Companies Act 2006:

Subsidiary Name	Companies House Registration Number
Dress Holdco C Limited	09380036
Dress Holdco 4 Limited	09365004
Poppy Holdco Limited	07474419
Cameron Topco Limited	07211380
Whistles Holdings Limited	06473609
Whistles Acquisitions Limited	06473583
WHDL Limited	08415775
WHNL Limited	08953512
Whistles International Limited	02863418
Phase Eight (Germany) Limited	08118652
Phase Eight (Sweden) Limited	08118645
Phase Eight (Deutschland) Limited	08517243

Subsidiary Name	Companies House Registration Number
Phase Eight (SE Asia) LTD	08645675
Phase Eight (Belgium) Limited	08710284
Phase Eight (Canada) Limited	08790650
Phase Eight (Norway) Limited	08894558
Phase Eight (International) Limited	09008364
Phase Eight (Japan) Limited	09671584
Patsy Seddon Limited	03092483
Hobbs Fashion Holdings Limited	07299448
Hobbs Holdings No.1 Limited	05266449
Hobbs Finance No. 2 Limited	06542216
Hobbs Holdings No.2 Limited	05266446
Hobbs Holdings No.3 Limited	05270883
Hobbs Holdings No.4 Limited	05270891
Hobbs Headco Limited	04613368
Inhoco 2748 Limited	04585852
Inhoco 2756 Limited	04585764
Peace and Quiet Limited	01577739
Hobbs Finance Limited	01758111

2. Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

Amendment to IFRS 16 Covid-19-Related Rent Concessions

The International Accounting Standards Board (IASB) issued COVID-19-Related Rent Concessions (amendment to IFRS 16), which became effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The criteria are as follows:

2. Adoption of new and revised Standards (continued)

New and amended IFRS Standards that are effective for the current year (continued)

Amendment to IFRS 16 Covid-19-Related Rent Concessions (continued)

• The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
• The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
• There is no substantive change to other terms and conditions of the lease.

The practical expedient has been early adopted from 1 April 2020 for rent concessions that satisfy the criteria above. Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration and discount rate, with the adjustment to the lease liability resulting in a decrease in the right-of-use asset. By applying the practical expedient, the Group is not required to reassess the lease liability and the effect of the change to the lease liability is reflected in profit or loss in the year in which the rent concession occurs. The impact on profit or loss amounted to £2.7 million and is accounted for within the distribution costs.

Subsequent to the amendment issued, the IASB issued COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16), which extends the period for which the practical expedient may be applied to 30 June 2022. The amendment becomes effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted. Therefore, the Group will continue to apply the practical expedient in accounting for COVID-19-Related Rent Concessions in the next financial year.

In the current year, the company has also applied following amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (the Board) that are effective for an annual year that begins on or after 1 January 2020.

Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IFRS 3 Definition of a Business
Amendments to IAS 1 and IAS 8 Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

The adoption of above amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

3. Significant accounting policies

Basis of accounting

The group financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. Significant accounting policies (continued)

Basis of accounting (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future being a period of at least twelve months from the date of signing this report. The Directors consider that it is appropriate to prepare the accounts on a going concern basis based on the cash flow projections they have prepared and their assessment of borrowing facilities available at group level (TFG Brands (London) Limited as the parent company for the UK group) as well as support from the ultimate parent (The Foschini Group Limited). The group has renegotiated its covenant arrangements with its banking group against which our forecast for the next 12 months provide significant headroom. As part of this renegotiation, our ultimate parent company, The Foschini Group Limited provided a further £15,000,000 of funding to the group. These covenants remain in place until the earliest expiry of the facilities in February 2023.

UK group management has prepared a detailed forecast and as at the signing date of these financial statements is trading significantly ahead of its expectations. Given the current level of liquidity headroom within the Group, it believes that cash flows from operations and on-hand cash and cash equivalents provide adequate funds to support the operations for at least 12 months from the date of signing these accounts.

While expecting that the UK group headed by TFG Brands (London) Limited will be able to continue trading independently, given the uncertainty in the UK retail market arising as a result of the pandemic the Directors have also obtained a letter of support from the ultimate parent company The Foschini Group Limited. The letter of support confirms that the Foschini Group Limited will continue to provide financial and other support to the UK group to the extent necessary to enable it to continue in its business and meet its financial obligations as they fall due in the normal course of business for at least 12 months from the date of approval of the financial statements for the year ended 27 March 2021.

The Directors have taken all necessary steps to assure themselves of both the ability and intention of the parent company to provide the support offered for the full going concern period and have given due consideration to the potential uncertainties arising from relying upon the support of another company.

As a consequence, the Directors believe the company is well placed to manage its business risks successfully and meet liabilities as they fall due despite the uncertain economic outlook and consider it appropriate to prepare the financial statements on the going concern basis.

Notes to the consolidated financial statements

For the year ended 27 March 2021

3. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to final trading week of March. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

3. Significant accounting policies (continued)

Business combinations (continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that

3. Significant accounting policies (continued)

Goodwill (continued)

the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses.

Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

The group recognises revenue under IFRS 15. This standard applies specific rules whereby the timing of cash payments specified in a contract are different to the transfer of control of the related goods to the customer.

Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods transfers to a customer. The performance obligation is considered to be satisfied when:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods, which is on dispatch for online sales and when the transaction is processed through the till for stores and concession purchases;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

3. Significant accounting policies (continued)

Revenue recognition (continued)

Given the sale of goods gives rise to a single performance obligation customer returns are estimated and deducted from the consideration received at the time of fulfilment of the sole performance obligation.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets up to £5k (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. Significant accounting policies (continued)

Leases (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter of lease term and useful life of the underlying asset. The Group determines the lease term as the non-cancellable period of a lease, together with assessing if the lessee is reasonably certain to exercise an option to extend or terminate the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in profit or loss.

Foreign currencies

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense

3. Significant accounting policies (continued)

Foreign currencies (continued)

items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Retirement and termination benefit costs

In accordance with IAS 19 (Revised 2011), the company recognises a cost equal to its contribution payable for the period, which is presented within Administrative Expenses in the Statement of Profit or Loss. Payments made to state-managed retirement schemes are charged as an expense as they fall due.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets

3. Significant accounting policies (continued)

Taxation (continued)

and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Computer equipment	3 years
Fixtures and fittings	3 – 7 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. Significant accounting policies (continued)

Property, plant and equipment (continued)

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives, on the following basis:

Computer software	3 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Brands and trademarks

Brands and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over 10 years unless the asset is believed to have an indefinite life, in which case it is carried at cost and tested for impairment at each year end.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

3. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are classified based on the business model within which the asset is held and the contractual cash flow characteristics of such assets. There are three principal classification categories for financial assets that are debt instruments: (i) amortised cost, (ii) fair value through other comprehensive income (FVTOCI) and (iii) fair value through profit or loss (FVTPL). Equity instruments are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income.

Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Impairments in terms of IFRS 9 are determined based on the expected credit loss (ECL) model, as opposed to an incurred loss model applied in terms of IAS 39. The ECL model applies to all financial assets measured at amortised costs. The calculation of the ECL incorporates forward-looking information.

3. Significant accounting policies (continued)

Financial instruments (continued)

This forward-looking view includes:

• Information based on expected future macro-economic conditions;
• Potential impacts based on industry specific challenges, including but not limited to potential legislative changes; and
• Expert management judgement.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative

3. Significant accounting policies (continued)

Financial instruments (continued)

gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

3. Significant accounting policies (continued)

Capital Management

The Group's capital structure primarily consists of equity, short and long term finance. The primary objective of the Group's management of equity is to ensure that it is able to finance the Group's activities, both now and in the future. To maintain an appropriate capital structure in order to meet this objective, the Group may issue further shares to its parent, make use of external financing or parental support as required or adjust its dividend policy. Details of capital held can be seen in the consolidated statement of financial position.

Acquisitions of non-controlling interests

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Where a minority or 50% shareholder in a Group subsidiary has the right to require the Group to acquire its shareholding in the subsidiary undertaking, whether through a put/call option agreement or otherwise, the Group records a financial liability in respect of this obligation and derecognises the related non-controlling interest. This recognition occurs when the related agreement is signed.

Where the put/call option is exercised, or the acquisition otherwise completed, the amount paid by the Group will be recognised as a reduction in the liability. If the agreement lapses, the liability is reclassified as a non-controlling interest.

The estimated fair value of this liability is recognised within the profit and loss account to the extent that the purchase date and consideration payable are known, or directly within other reserves where this has not yet been determined. Movements in the fair value of the liability are recognised in a similar manner. Any amounts that were already recognised directly within other reserves are reclassified into retained earnings at the point at which the purchase date and consideration payable become certain.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Government grants

Amounts relating to government grants are recognised in the Income Statement over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate and when all conditions have been met. Government grants relating to furlough income and property grants have been presented as a deduction against wages and salaries and property costs within distribution and admin expenses.

3. Significant accounting policies (continued)

Restoration provisions

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Determining lease term for lease accounting

In determining the lease term in note 17, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Most extension options for retail store leases have not been included in the initial calculation of lease liability, because in the retail and economic environment, it is difficult to judge whether a store will be profitable enough to utilise the extension option.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Deferred tax

The carrying amounts of deferred tax assets or liabilities are reviewed at each balance sheet date and a judgement made over the probability of there being sufficient taxable profits arising in the future to allow all or part of the asset to be recovered.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Provision for impairment of fixed assets

The carrying value of non-current assets is reviewed at each balance sheet date. An estimate is made over the ongoing value in use of the relevant assets as a cash generating unit to support the carrying value. Estimates are made annually relating to discount rate, gross, margin, short term revenue growth and long term growth rate in order to conclude whether there is impairment to be recognised. Estimation has been made within note 12, 13, 14 and 17 of the consolidated financial statements, which include sensitivity analysis.

Provision for impairment of trade receivables

IFRS 9 requires financial instruments to be assessed for impairment based upon an "expected loss" model, which requires an estimation of the likelihood that a financial asset, including trade receivables, will default. This is present within note 18 of the consolidated accounts.

The majority of the receivable balance arises from transactions with retailers including department stores and the provision calculation has therefore been influenced by the well documented difficulties faced by the high street retail market in the UK.

Given the number of customers included within the calculation it is not possible to prepare a sensitivity analysis that would appropriately reflect the inherent risks of each counterparty – however a significant change in the economic environment for retailers could result in a material difference to the provision for impairment of trade receivables. On a general basis a 10% increase in provision will not result in a material change in impairment.

Provision for stock

In line with most retailers stock is not physically counted at each location at the year end but periodic stock counts are carried out throughout the year and as a prudent view a 6% loss provision has been made based on average stock loss over the current and preceding two years. Additionally, the provision for old stock, which is based on prior years' experience of saleability and profitability of old stock, was increased and provided for between 20%-100% dependant on stock seasonality (previously 10%-80%). The increase in provision was based on the expected levels of unsold stock as a result of decreased sales driven by the COVID-19 pandemic. A 1% increase in provision will result in a further stock provision to be recognised of £0.9m.

Notes to the consolidated financial statements

For the year ended 27 March 2021

5. Revenue

The Group derives its revenue from sale of goods either in-store or through the online channel.

	27/03/2021	28/03/2020
	£'000	£'000
Disaggregation of revenue		
Sale of goods – in-store sales	73,683	267,727
Sale of goods – internet customers	122,563	122,276
Total	196,246	390,003

Geographical information

The Group's revenue from and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	27/03/2021	28/03/2020	27/03/2021	28/03/2020
	£'000	£'000	£'000	£'000
United Kingdom and Ireland	163,388	323,368	146,199	316,845
Rest of Europe	17,456	29,504	2,035	2,915
Asia and Australia	9,492	20,298	1,386	4,559
North America	5,910	16,833	616	2,133
	196,246	390,003	150,236	326,452

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

6. Loss for the year

Loss for the year has been arrived at after (crediting)/charging:

	27/03/2021	28/03/2020
	£'000	£'000
Net foreign exchange gains	(656)	(437)
Government grants	(18,182)	-
Depreciation of property, plant and equipment	5,960	8,621
Impairment of property, plant and equipment	6,798	1,580
Loss on disposal of property, plant and equipment	1,040	928
Depreciation of right-of-use assets	18,999	22,895
Impairment of right-of-use assets	7,251	827
Gain on disposal of right-of-use assets	(683)	-
Impairment of intangible assets	138,911	-
Amortisation of internally-generated intangible assets included in other operating expenses	666	171
Cost of inventories recognised as expense	111,998	134,837
Write downs of inventories recognised as an expense	17,216	3,085
Employee benefit (income)/expense	(456)	327
Movement in loss allowance on trade receivables (note 18)	(4,962)	157
Other gains and losses	-	(2,062)

Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	27/03/2021	28/03/2020
	£'000	£'000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts		
- Audit of parent company	10	10
- Audit of subsidiaries	343	299
	353	309

Notes to the consolidated financial statements

For the year ended 27 March 2021

6. Loss for the year (continued)

Fees payable to the company's auditor and their associates for other services to the Group	**27/03/2021 £'000**	**28/03/2020 £'000**
- Bank covenant compliance	10	-
- Tax and consultancy services	33	32

Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")

The Directors use adjusted profitability measures to judge the profitability of the group in order to provide them with a consistent basis of comparison of the group's results on a year-on-year basis. Adjusted profit measures are considered to be those that are directly linked to trading activities to provide the reader of the accounts with a fuller understanding of the financial performance of the group. During the years under review, "Adjusted Measures" relate to Adjusted EBITDA. Adjusted EBITDA is calculated as follows:

	27/03/2021	**28/03/2020**
	£'000	**£'000**
Loss after tax for the year	(189,562)	(7,717)
Tax on profit on ordinary activities	(18,870)	4,014
Finance income	(85)	(40)
Finance expense	19,666	20,922
Depreciation of property, plant and equipment	5,960	8,621
Loss on disposal of property, plant and equipment	1,040	928
Amortisation of intangibles	666	171
Impairment of tangible fixed assets	6,798	1,580
Depreciation of right-of-use assets	18,999	22,895
Impairment of right-of-use assets	7,251	827
Gain on disposal of right-of-use asset	(683)	-
Impairment of intangible assets	138,911	-
Long term employment benefit charges	(456)	327
Other gains and losses	-	(2,062)
Adjusted EBITDA	(10,365)	50,466
Movement in loss allowance on trade receivables	(4,962)	157
Net foreign exchange gains	(656)	(437)
Adjusted EBITDA prior to foreign exchange and debtor write (up)/down	(15,983)	50,185

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

6. Loss for the year (continued)

Government grants

The analysis of the government grants is as follows:

	27/03/2021	28/03/2020
	£'000	£'000
Government grants recognised in the income statement	18,182	-
	18,182	-

Government grants recognised relate to amounts received for the Coronavirus Job Retention Scheme of £16,264,000 (2020: £nil) and other property related grants received of £1,918,000 (2020: £nil). These costs have been presented as a deduction against the expenses within admin and distribution costs.

7. Staff costs

The average monthly number of employees (including executive directors) was:

	27/03/2021	28/03/2020
	Number	Number
Selling and distribution	1,290	1,607
Admin	519	508
	1,809	2,115

Their aggregate remuneration comprised:

	27/03/2021	28/03/2020
	£'000	£'000
Wages and salaries	51,958	67,957
Social security costs	4,378	5,384
Other pension costs (see note 28)	1,215	1,379
Redundancy costs	817	463
	58,368	75,183

7. Staff costs

Directors' remuneration (continued)

The directors' remuneration, analysed under the headings required by company law is set out below:

	2021 £'000	2020 £'000
Emoluments	1,033	1,253
Company contributions to money purchase pension schemes	34	19
	1,067	1,272

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	3	3

	2021 £'000	2020 £'000
Remuneration of the highest paid director:		
Emoluments	280	421
Company contributions to money purchase pension schemes	6	10
	286	431

Directors' remuneration is presented based on services provided to the company and its subsidiaries. These emoluments were borne by the company.

During the year, three directors of the company were remunerated through TFG Brands (London) Limited for services to the company and wider Group (2020: three).

8. Finance income

	27/03/2021 £'000	28/03/2020 £'000
Interest income:		
Financial instruments measured at amortised cost:		
- Bank deposits	85	40
	85	40

Notes to the consolidated financial statements

For the year ended 27 March 2021

9. Other gains and losses

	27/03/2021	28/03/2020
	£'000	£'000
Net gain arising on financial liabilities measured at FVTPL	-	2,062
Share of loss from joint ventures	(24)	-
Impairment of goodwill and brands intangibles	(138,911)	-
	138,935	2,062

The net gain arising on financial liabilities measured at FVTPL relates to a put option liability to buy out the 50% stake in Hong Kong joint venture. There was no movement in fair value in the year (2020: £2,062,000 net gain).

The intangible assets were assessed for impairment at the year end and goodwill was impaired by £79,878,000 (2020: £nil) and brands were impaired by £59,033,000 (2020: £nil).

10. Finance costs

	27/03/2021	28/03/2020
	£'000	£'000
Interest on bank overdrafts and loans	1,662	2,983
Interest on preference shares	10,447	9,964
Interest payable to parent company	4,252	3,476
Interest on lease liabilities	3,113	4,265
Other interest	192	234
	19,666	20,922

11. Income Tax

	27/03/2021	28/03/2020
	£'000	£'000
Corporation income tax:		
Current year	58	2,066
Adjustments in respect of prior years	(640)	399
Double tax relief	-	(422)
	(582)	2,043
Deferred tax (see note 20)		
Origination and reversal of temporary differences	(19,031)	486
Adjustments in respect of prior years	743	120
Effect of changes in tax rates	-	1,365
	(18,288)	1,971
Total tax (credit)/expense	(18,870)	4,014

Notes to the consolidated financial statements

For the year ended 27 March 2021

11. Income Tax (continued)

The standard rate of corporation tax applied to reported loss is 19% (2020: 19%).

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 27 March 2021 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended rate the impact to the closing deferred tax position would be to increase the deferred tax asset by £1,807,000.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit before tax as follows:

	27/03/2021 £'000	28/03/2020 £'000
Loss before tax on continuing operations	(208,432)	(3,703)
Tax at UK standard rate of 19% (2020: 19%)	(39,602)	(704)
Tax effect of expenses that are not deductible in determining taxable profit	17,524	1,822
Tax effect of tax losses not recognised	1,267	290
Prior year adjustment – corporation tax	(640)	399
Prior year adjustment – deferred tax	743	120
Effect of changes in tax rates	(20)	1,365
Tax losses carried back	1,858	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	62
Group relief surrendered	-	660
Tax (credit)/expense for the year	(18,870)	4,014

No tax has been recognised within other comprehensive income or the equity within current or the prior year.

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

12. Goodwill

Cost	**£'000**
At 30 March 2019, 28 March 2020, 27 March 2021	145,516
Accumulated impairment losses	
At 30 March 2019 and 29 March 2020	-
Impairment for the year	79,878
At 27 March 2021	79,878
Carrying amount	
At 27 March 2021	65,638
At 28 March 2020 and 30 March 2019	145,516

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount. Despite the significant volatility in the market and current performance due to Covid-19 we need to look at our long-term sustainable growth to assess the future cashflows. We have therefore based the cashflows on five-year Vision which is a detailed roll-out plan we prepared during the Covid-19 pandemic. We have performed scenarios covering upside and downside sensitivities to the five-year Vision and have probability-adjusted them to arrive at the final forecasts.

Key assumptions used in recoverable value calculation

The assumptions below have been applied to calculate the recoverable amount of based on value-in-use.

Discount rates: A post-tax discount rate of 9.20 per cent. represents the current market assessment of the risks specific to the group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital ('WACC'). A pre-tax rate has been calculated at 11.5%.

Long-term growth rates: These rates are based on the longer-term expectations across the current operating retail industry and have been assumed at 1.5 per cent. The long term forecasts take into account the changes in consumer behavior – most notably the shift from physical retail to online. This includes the assumption that locations that do not meet targeted returns levels are closed at the earliest possible opportunity.

Retail turnover growth rates: Retail turnover are based on the approved forecast sales forecast period of five years. The retail turnover growth rate for period 1 is 42% and for periods 2 – 5 years the growth rates are between 1.4% and 5.4% (2020: -34% to 32%).

12. Goodwill (continued)

Gross margins: Gross margins are assumed to continue at current 2021 levels until such time as the market is able to move away from the current competitive pressures.

Sensitivity analysis

At the beginning of the financial year the recoverable amount of intangible assets was closer to its book value. COVID-19 pandemic has had a significant impact on risk ratings of UK and European retailers, as a result, the Weighted Average Cost of Capital ("WACC") for the group has increased during the and 2020 has seen further acceleration in customer buying habits from stores to online, and in turn the group has accelerated its focus on online trading. As a result of these two factors, the group has taken a non-cash impairment.

A 0.25 per cent. reduction in long term growth rates against budgeted sales would result in a further impairment charge of £3m.

A 0.25 per cent. increase in WACC would result in a further impairment charge of £5m.

A 10 per cent. decrease in year 1 and a 0.25 per cent decrease for each of years 2-5 in sales growth would result in a further impairment of £7m .

13. Other intangible assets

Intangible assets represent registered rights to the exclusive use of the Phase Eight, Damsel in a Dress, Hobbs and Whistles brand names. The useful life of Damsel is 10 years, whereas, the useful life of the Phase Eight, Hobbs and Whistles brand is considered to be indefinite, having met the following criteria:

- Management does not intend to change the current brand's identity or discontinue a product line
- The brand is well established within the retail sector
- The Group's ongoing investment ensures that the brands remain up to date and fashionable
- The brands could be managed effectively by another management team and its value is therefore not linked to the tenure of current management.

The Group tests brands with indefinite life annually for impairment, or more frequently if there are indications that brands might be impaired. The value of each individual brand with indefinite life is as below:

	27/03/2021	28/03/2020
	£'000	£'000
Phase Eight	29,389	87,830
Hobbs	9,609	9,609
Whistles	1,689	1,689
	40,687	99,128

Notes to the consolidated financial statements

For the year ended 27 March 2021

13. Other intangible assets (continued)

	Brands and trademarks	Computer software	Total
	£'000	£'000	£'000
		Restated*	Restated*
Cost			
At 30 March 2019	100,120	-	100,120
Additions during the year	-	1,456	1,456
At 28 March 2020	100,120	1,456	101,576
Additions during the year	-	182	182
At 27 March 2021	100,120	1,638	101,758
Amortisation and impairment			
At 30 March 2019 (Unaudited)	200	-	200
Amortisation charge for the year	100	71	171
At 28 March 2020	300	71	371
Amortisation charge for the year	100	566	666
Impairment for the year	59,033	-	59,033
At 27 March 2021	59,433	637	60,070
Carrying amount			
At 27 March 2021	40,687	1,001	41,688
At 28 March 2020	99,820	1,385	101,205
At 30 March 2019 (Unaudited)	99,920	-	99,920

* Prior year intangibles have been restated to reclassify the computer software costs from tangible fixed assets to other intangible assets. This has a £nil impact on the profit or loss and on net assets.

The recoverable amount of these brands is determined individually based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount. Despite the significant volatility in the market and current performance due to Covid-19 we need to look at our long-term sustainable growth to assess the future cashflows. We have therefore based the cashflows on our current five-year financial budgets. We have performed scenarios covering upside and downside sensitivities to the five-year financial budgets and have probability-adjusted them to arrive at the final forecasts.

Notes to the consolidated financial statements

For the year ended 27 March 2021

13. Other intangible assets (continued)

Key assumptions used in recoverable value calculation

The assumptions below have been applied to calculate the recoverable amount based on value-in-use.

Discount rates: A post-tax discount rate of 10.20 per cent. represents the current market assessment of the risks specific to the group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. A pre-tax discount rate of 12.8% was used to calculate the royalty relief on brand valuation.

Long-term growth rates: These rates are based on the longer-term expectations across the current operating retail industry and have been assumed at 1.5 per cent. The long term forecasts take into account the changes in consumer behavior – most notably the shift from physical retail to online. This includes the assumption that locations that do not meet targeted returns levels are closed at the earliest possible opportunity.

Retail turnover growth rates: Retail turnover are based on the approved forecast sales forecast period of five years. The retail turnover growth rate for period 1 is 42% and for periods 2 – 5 years the growth rates are between 1.4% and 5% (2020: -34% to 32%).

Gross margins: Gross margins are assumed to continue at current levels until such time as the market is able to move away from the current competitive pressures.

Sensitivity analysis

At the beginning of the financial year the recoverable amount of intangible assets was closer to its book value. COVID-19 pandemic has had a significant impact on risk ratings of UK and European retailers, as a result, the Weighted Average Cost of Capital ("WACC") for the group has increased during the year as 2020 has seen reduced trading but further acceleration in customer buying habits from stores to online, and in turn the group has accelerated its focus on online trading. As a result of these two factors, the group has taken a non-cash impairment.

Phase Eight

A 0.25 per cent. reduction in long term growth rates against budgeted sales would result in a further impairment of £0.6m.
A 0.25 per cent. increase in WACC would result in a further impairment of £0.8m.

A 10 per cent. decrease in year 1 and a 0.25 per cent decrease for each of years 2-5 in sales growth would result in a further impairment of £3.1m.

Hobbs & Whistles

Hobbs and Whistles have sufficient headroom and any significant variation of the key assumptions assumed within the impairment model is not likely to result in impairment.

Notes to the consolidated financial statements

For the year ended 27 March 2021

14. Property, plant and equipment

	Computer Equipment	Fixtures and fittings	Total
	£'000	£'000	£'000
	Restated*		Restated*
Cost or valuation			
At 30 March 2019 (Unaudited)	22,366	99,394	121,760
Additions	2,136	7,563	9,699
Disposals	(108)	(5,086)	(5,194)
Reclassification	26	114	140
At 28 March 2020	24,420	101,985	126,405
Additions	1,151	1,001	2,152
Disposals	(509)	(3,487)	(3,996)
Reclassification	(806)	154	(652)
At 27 March 2021	24,256	99,653	123,909
Accumulated depreciation and impairment			
At 30 March 2019 (Unaudited)	19,330	77,025	96,355
Charge for the year	2,170	6,450	8,620
Impairment loss	14	1,566	1,580
Eliminated on disposals	(103)	(4,163)	(4,266)
Reclassification	26	114	140
At 28 March 2020	21,437	80,992	102,429
Charge for the year	1,663	4,297	5,960
Impairment loss	308	6,490	6,798
Eliminated on disposals	(93)	(2,863)	(2,956)
Reclassification	(818)	166	(652)
At 27 March 2021	22,497	89,082	111,579
Carrying amount			
At 27 March 2021	1,759	10,571	12,330
At 28 March 2020	2,983	20,993	23,976
At 30 March 2019 (Unaudited)	3,036	22,369	25,405

14. Property, plant and equipment (continued)

* Prior year tangible assets have been restated to reclassify the computer software costs from tangible fixed assets to other intangible assets. This has a £nil impact on the profit or loss and on net assets.

Impairment losses recognised in the year

During the year, as the result of a few underperforming locations, the Group carried out a review of the recoverable amount of the related fixtures and equipment. The review led to the recognition of an impairment loss of £6.8 million (2020: £1.6 million), which has been recognised in profit or loss within administrative expenses. The recoverable amount of fixed assets is determined individually based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period. The post-tax discount rate used for the value in use was 9.20% and a 0.5% increase in the rate will result in an increase of impairment by an immaterial amount. On pre-tax basis the discount rate works out to be 11.5%. Furthermore, sales growth rate was assumed at 25% for year 1 and 2% for every year ahead. 10% decrease in the growth rate in year 1 and 0.5% decrease in every year after that will result in a further impairment of £0.7m.

15. Joint ventures

The nature of the activity of Group's joint venture is trading in sale of clothing and fashion accessories, which are seen as complementing the Group's operations and contributing to achieving the Group's overall strategy. None of the joint ventures are individually material.

Aggregate information of joint ventures that are not individually material

	27/03/2021	28/03/2020
	£'000	£'000
The Group's share of (loss) from continuing operations	(24)	(4)
Aggregate carrying amount of the Group's interests in these joint ventures	7	31

16. Inventories

	27/03/2021	28/03/2020
	£'000	£'000
Finished goods	58,810	74,953
	58,810	74,953

The cost of inventories recognised as an expense during the year in respect of continuing operations was £112 million (2020: £135 million).

The cost of inventories recognised as an expense includes £17.3 million (2020: 3.0 million) in respect of write-downs of inventory to net realisable value.

The provision reducing the carrying value of stocks to net realisable value above as at 27 March 2021 amounted to £27.9 million (2020: £10.3 million).

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

17. Leases

Right-of-use assets

	Buildings £'000
Cost	
At 28 March 2020	154,365
Additions	3,692
Disposals	(38,444)
At 27 March 2021	119,613
Accumulated depreciation	
At 28 March 2020	98,641
Charge for the year	18,999
Impairment during the year	7,251
Elimination on disposal	(35,858)
At 27 March 2021	89,033
Carrying amount	
At 27 March 2021	30,580
At 28 March 2020	55,724

The average lease term is 2 years (2020: 2 years).

The maturity analysis of lease liabilities is presented in note 21.

Amounts recognised in profit and loss	27/03/2021 £'000	28/03/2020 £'000
Depreciation expense on right-of-use assets	18,999	22,895
Interest expense on lease liabilities	3,113	4,265
Expense relating to short-term leases	-	85
Expense relating to leases of low value assets	162	167
Expense relating to variable lease payments not included in the measurement of the lease liability	527	1,360

17. Leases (continued)

In addition there are future payments for short term leases with a term of 12 months or less and for leases of low-value assets up to £5k which, however, are immaterial from TFG London's perspective. The expenses relating to low value assets are disclosed above and are not expected to change materially in future years.

Overall the variable payments constitute up to 5 per cent of the Group's entire lease payments. The Group expects this ratio to drop for the following year till the impact of Covid-19 persists, thereafter the rate is expected to be constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years.

The total cash outflow for leases amount to £23.3 million (2020: £29.1 million).

Future cash outflows not reflected in lease liability

Future payments for not reasonably certain extension options

	27/03/2021 £'000	28/03/2020 £'000
Not later than one year	2,602	681
Later than one year and not later than five years	13,141	12,909
Later than five years	9,053	12,665
Total undiscounted cashflows	24,796	26,255

Impairment losses recognised in the year

During the year, as the result of a few underperforming locations, the Group carried out a review of the recoverable amount of the related right-of-use assets. The review led to the recognition of an impairment loss of £7.2 million (2020: £0.8 million), which has been recognised in profit or loss within administrative expenses. The recoverable amount of right-of-use assets is determined individually based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period. The post-tax discount rate used for the value in use was 9.20% and a 0.5% increase in the rate will result in an increase of impairment by an immaterial amount. On pre-tax basis the discount rate works out to be 11.5%. Furthermore, sales growth rate was assumed at 25% for year 1 and 2% for every year ahead. 10% decrease in the growth rate in year 1 and 0.5% decrease in every year after that will result in a further impairment of £1.1m.

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

18. Trade and other receivables

	27/03/2021	28/03/2020
	£'000	£'000
Trade receivables	8,084	10,972
Loss allowance	(2,347)	(7,310)
	5,737	3,662
Other receivables	2,590	6,150
Prepayments	2,600	4,375
	10,927	14,187

Trade receivables

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL").The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The estimation techniques are largely in line with the prior period with specific adjustment for the impact of COVID.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The management has assessed the current year provision to be an average of 29.5% (2020: 75.7%). This includes a combination of debtors that were assessed individually and other that were assessed collectively.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed	Individually assessed	Total
	£'000	£'000	£'000
Balance as at 30 March 2019	2,927	4,539	7,466
Net remeasurement of loss allowance			
Changes in credit risk parameters	2,212	(2,368)	(156)
Balance as at 28 March 2020	5,139	2,171	7,310
Changes in credit risk parameters	(3,178)	(1,784)	(4,962)
Balance as at 27 March 2021	1,960	387	2,347

Notes to the consolidated financial statements

For the year ended 27 March 2021

19. Borrowings

	27/03/2021	28/03/2020
	£'000	£'000
Unsecured borrowing at amortised cost		
Preference shares	219,702	209,255
Loans from parent company	87,199	72,948
Loans from related party	1,095	1,059
	307,996	283,262
Secured borrowing at amortised cost		
Bank loans	56,791	48,135
Total borrowings	364,787	331,397
Non-current	364,787	331,397
Current	-	-

The principal features of the Group's borrowings are as follows.

(i) The Group has a single Secured £60m Revolving Credit Facility. The facility has a minimum term of three years, with the option to extend for a further two years. The interest rate is 2.50% + LIBOR on drawn facilities and a 1.00% commitment fee on undrawn amounts. At 27 March 2021, £56,791,000 of the Revolving Credit Facility was drawn (2019: £48,135,000).

(ii) Amounts repayable to related parties of the Group carry interest of 5% (2020: 5%) per annum charged on the outstanding loan balances.

(iii) Following preference shares are in issue:

	27/03/2021	28/03/2020
	£'000	£'000
138,455,199 Preference A shares of £1 each	138,455	138,455
23,902,718 Preference B shares of £1 each	23,903	23,903
	162,358	162,358

The shares carry 5% non-discretionary dividends. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety. The weighted average interest rates paid during the year were as follows:

	27/03/2021	28/03/2020
	%	%
Loans from related parties	5	5
Redeemable cumulative preference shares	5	5
Bank loans	2.5 + LIBOR	2.5 + LIBOR

Notes to the consolidated financial statements

For the year ended 27 March 2021

20. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation	Intangibles	Leases	Provision on trade debtors	Other provisions	Tax losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2019 (Unaudited)	2,459	(17,134)	1,576	1,547	959	-	(10,593)
Charge/(credit) to profit or loss	(159)	199	(434)	(281)	795	-	120
Prior year adjustment	(14)	-	(498)	(187)	(27)	-	(726)
Effect of change in tax rate	175	(1,993)	204	156	93	-	(1,365)
At 28 March 2020	2,461	(18,928)	848	1,235	1,820	-	(12,564)
Charge/(credit) to profit or loss	931	11,130	(290)	(212)	1,146	6,325	19,030
Prior year adjustment	147	-	230		(1,120)	-	(743)
At 27 March 2021	3,539	(7,798)	788	1,023	1,846	6,325	5,723

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	27/03/2021	28/03/2020
	£'000	£'000
Deferred tax asset	5,723	-
Deferred tax liabilities	-	12,564
	5,723	12,564

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

21. Lease liabilities

	27/03/2021	28/03/2020
	£'000	£'000
Maturity analysis:		
Year 1	18,962	24,886
Year 2	14,106	18,257
Year 3	7,939	13,221
Year 4	4,405	7,359
Year 5	2,668	4,385
Onwards	3,885	6,927
	51,965	75,035
Less: unearned interest	(5,059)	(8,202)
	46,906	66,833
Analysed as:		
Current	17,552	21,737
Non-current	29,354	45,096
	46,906	66,833

The Group does not face a significant liquidity risk with regard to its lease liabilities.

22. Trade and other payables

	27/03/2021	28/03/2020
	£'000	£'000
Creditors due within one year		
Trade payables	23,924	34,084
Other taxation and social security	2,950	2,108
Other payables	5,080	5,150
Accruals	23,051	15,218
	55,005	56,560
Creditors due after more than one year		
Minority interest option to buy	2,206	2,233
Other payables	-	876
	2,206	3,109

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The minority interest option to buy relates to put/call option on the Hong Kong joint ventures for Phase Eight and Whistles and Macau joint venture for Phase Eight. The option is to buy the 50% equity per the joint venture contract.

Notes to the consolidated financial statements

For the year ended 27 March 2021

23. Provisions

	Gift cards provision	Refunds provision	Dilapidation provision	Restructuring	Total
	£'000	£'000	£'000	£'000	£'000
At 28 March 2020	832	2,163	2,516	66	5,577
Additional provision in the year	484	2,365	1,705	1,505	6,059
Utilisation of provision	(201)	(2,163)	(365)	(66)	(2,795)
At 27 March 2021	1,115	2,365	3,856	1,505	8,841

	27/03/2021	28/03/2020
	£'000	£'000
Due within one year		
Provision for refunds	2,365	2,163
Provision for restructuring	1,505	-
Provision for redemption of gift cards	1,115	832
	4,985	2,995
Due after more than one year		
Provision for dilapidations	3,856	2,516
Other provisions	-	66
	3,856	2,582
	8,841	5,577

The provision for returned goods of £2.4 million (2020: £2.2 million) is calculated based on the proportion of items bought prior to the financial year end that are expected to be returned after that date. The provision is reassessed annually based on the level of sales around the year end.

The provision for gift cards of £1.1 million (2020: £0.8 million) is based on the value of outstanding balances on gift cards estimated to be redeemed in the future. This estimate has been based on historic information regarding utilisation of gift cards. The provision is reassessed annually based on the level of unutilised gift cards around the year end.

The provision for dilapidations of £3.9 million (2020: £2.5 million) is based on management's estimate of dilapidation costs arising or store leases where a commitment to exit at the expiry date has been made. The provision is released to profit and loss when either the actual expense is incurred or the expense is not following the end of tenancy.

Restructuring provisions in 2020 related to onerous contracts relating to leases not covered by IFRS 16, this has been utilised in the current year. Additions during the year of £1.5m relate to the moving of head office and other facilities to other locations.

Notes to the consolidated financial statements

For the year ended 27 March 2021

24. Share capital

	27/03/2021	28/03/2020
	£'000	£'000
Authorised, allotted, issued and fully paid:		
1,791,834 ordinary A shares of £0.01 each	18	18
244,507 ordinary B shares of £0.01 each	2	2
64,659 ordinary C shares of £0.01 each	1	1
Authorised, allotted, issued and fully paid:	21	21

The A and C ordinary shares carry equal voting rights, whereas B ordinary shares do not carry voting rights. The C ordinary shares receive fixed dividend, whereas any dividend declared is distributed equally between A and B ordinary shares.

Additionally, the Company has authorised, issued and fully paid cumulative preference classified as liabilities. These shares do not carry voting rights. Further details are provided in note 19.

25. Share premium account

	27/03/2021	28/03/2020
	£'000	£'000
Balance at start of the year	1,774	1,774
Balance at end of the year	1,774	1,774

26. Retained earnings

	£'000
Balance at 30 March 2019 (Unaudited)	(22,314)
Net loss for the year	(7,717)
Other comprehensive loss	(688)
Balance at 28 March 2020	(30,719)
Net loss for the year	(189,562)
Other comprehensive income	239
Balance at 27 March 2021	(220,042)

Notes to the consolidated financial statements

For the year ended 27 March 2021

27. Share-based payments

Long term employee benefits

The company is the sponsoring employer of an employee benefit trust ("EBT"). At 27 March 2021, the EBT held a cash liability of £nil (2020: liability £75,000).

	27/03/2021 £'000	28/03/2020 £'000
Total long term employee benefit asset	-	31
Total liability for long term employee benefit obligations (see following table)	-	(106)
Net employee benefit (liability)	-	(75)

	Fair value of plan assets		Long term employee benefit obligation		Net long term employee benefit (liability)/ asset	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Included in the balance sheet						
Balance at beginning of year	31	1,925	(106)	(1,777)	(75)	148
Sale of ordinary shares	-	-	-	-	-	-
Distribution of plan assets	-	(1,894)	-	1,894	-	-
Scheme closure adjustment	(31)	-	106	-	75	-
Included in profit or loss						
Current service cost	-	-	-	(223)	-	(223)
Asset/(liability) at end of year	-	31	-	(106)	-	(75)

Plan assets	27/03/2021 £'000	28/03/2020 £'000
Cash held by employee benefit trust	-	31
Total	-	31

In the prior year plans assets and liabilities were netted off and the net liability of £75,000 was presented within current liabilities. The scheme ended in 2020 and a scheme closure adjustment has been actioned in the current year to ensure any dues left have been cleared.

28. Retirement benefit plans

The Group offers Personal Pension scheme that is available to all employees. Employee is enrolled into the pension as and when they become eligible which is dependent on their age and earnings. This is in line with the autoenrollment rules as outlined in the guidance issued by the Pension Regulator and managed by Scottish Widows.

The total expense recognised in profit or loss of £1,215,000 (2020: £1,379,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 27 March 2021, contributions of £163,000 (2020: £193,000) due in respect of the current reporting period had not been paid over to the plans and has been included in accruals.

29. Financial instruments

29 (a) Fair values of financial instruments

Fair values

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments not measured at fair value

The fair value is not disclosed as the carrying value is a reasonable approximation of the fair value.

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

29. Financial instruments (continued)

29 (b) Credit risk

Credit risk and trade receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade and other receivables. TFG's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. In monitoring credit risk, customers are grouped according to their credit characteristics, including geographic location, industry, and existence of previous financial difficulties. We assess the credit risk by grouping trade debtors under IFRS 9 classed as individual and grouped. Individual risk covers 3 customers and equates to 29% of total trade debtors. For further details refer to note 18.

Exposure

The maximum exposure to credit risk at 27 March 2021 was:

	Trade receivables – days past due					
27/03/2021	**0-30**	**31-60**	**61-90**	**91-120**	**>120**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade debtors	4,109	356	10	382	880	5,737

The maximum exposure to credit risk at 28 March 2020 was:

	Trade receivables – days past due					
28/03/2020	**0-30**	**31-60**	**61-90**	**91-120**	**>120**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade debtors	1,688	1,117	316	239	302	10,972

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

29. Financial instruments (continued)

29 (b) Credit risk (continued)

Credit risk and bank

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Following is a list of main bank accounts used by the group, their credit rating and balances held at the yearend:

Bank	External credit rating	Gross amount	Gross amount
		27 March 2021	28 March 2020
		£'000	£'000
Lloyds Bank Plc	A+	19,065	11,251
Barclays Bank UK Plc	A	3,979	7,832
Santander UK Plc	A	599	984
UBS	A-	1,388	1,378
Commerzbank	A-	1,160	1,459
HSBC Plc	A+	849	662
Natwest/Ulster	BBB	986	156
Other banks	N/A	1,994	4,028

Notes to the consolidated financial statements

For the year ended 27 March 2021

29 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will always have sufficient cash flow to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This risk is managed through cash flow forecasts, the optimisation of daily cash management and by ensuring that adequate borrowing facilities are maintained.

The following are the contractual maturities of financial liabilities at 27 March 2021. The amounts are gross and undiscounted and exclude the impact of netting agreements:

Year ended 27 March 2021	Carrying amount	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	5 years and over
	£'000	£'000	£'000	£'000	£'000	£'000
Non-Derivative financial liabilities						
Interest bearing loans and borrowings						
- Revolving Credit Facility	**56,791**	56,791	-	-	56,791	-
Trade payables	**23,924**	23,924	23,924	-	-	-
Other payables	**29,636**	29,636	29,636	-	-	-
Lease liability	**51,965**	51,965	18,962	14,106	15,012	3,885
Tax payable	**2,950**	2,950	2,950	-	-	-
Redeemable preference shares	**219,702**	219,702	-	-	-	219,702
Loan notes issued to subsidiary partner	**1,095**	1,095	-	-	1,095	-
Amount payable to parent company	**87,199**	87,199	-	-	87,199	-
		473,262	**75,472**	**14,106**	**160,097**	**223,587**

Notes to the consolidated financial statements

For the year ended 27 March 2021

29. Financial instruments (continued)

29 (c) Liquidity risk (continued)

Year ended 28 March 2020	Carrying amount	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	5 years and over
	£'000	£'000	£'000	£'000	£'000	£'000
Non-Derivative financial liabilities						
Interest bearing loans and borrowings						
- Revolving Credit Facility	**48,135**	48,135	-	-	48,135	-
Trade payables	**34,084**	34,084	34,084	-	-	-
Other payables	**21,243**	21,243	21,243	-	-	-
Lease liability	**75,035**	75,035	24,886	18,257	24,966	6,926
Tax payable	**2,108**	2,108	2,108	-	-	-
Redeemable preference shares	**209,255**	209,255	-	-	-	209,255
Loan notes issued to subsidiary partner	**1,059**	1,059	-	-	1,059	-
Amount payable to parent company	**72,948**	72,948	-	-	72,948	-
		463,867	**82,321**	**18,257**	**147,108**	**216,181**

29 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return. The Group occasionally uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

As at 27 March 2021, the Group had 19 forward contracts outstanding (2020: none) which had been taken out to partially hedge its foreign exchange exposure. At 27 March 2021 the outstanding contracts all mature within 6 months of the year end. The company is committed to sell US$10,700,000 and received a fixed Sterling amount.

Currency risk

The Group is exposed to currency risk as operating subsidiaries undertake transactions that are denominated in foreign currencies.

TFG Brands (London) Limited

Notes to the consolidated financial statements

For the year ended 27 March 2021

29. Financial instruments (continued)

29 (d) Market risk (continued)

27 March 2021	Sterling	Euro	Swiss Francs	Australian Dollar	Hong Kong Dollar	US Dollar	Swedish Krona	Mexican Peso	Singapore Dollars	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	20,921	4,560	1,534	461	561	719	192	447	210	415	30,020
Trade receivables	3,924	923	213	7	15	-	36	212	-	407	5,737
Derivative financial instruments	-	-	-	-	-	511	-	-	-	-	511
Trade and other payables	(79,590)	(7,356)	(4,194)	(33)	(4,089)	(5,281)	(48)	(1,771)	(40)	(1,063)	(103,465)
Interest bearing loans and borrowings	(364,787)	-	-	-	-	-	-	-	-	-	(364,787)
Net balance sheet exposure	(419,532)	(1,873)	(2,447)	435	(3,513)	(4,562)	180	(1,112)	170	(211)	(431,984)

28 March 2020	Sterling	Euro	Swiss Francs	Australian Dollar	Hong Kong Dollar	US Dollar	Swedish Krona	Mexican Peso	Singapore Dollars	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	13,668	6,403	1,384	458	707	3,372	146	460	375	776	27,749
Trade receivables	2,957	334	103	4	28	6	11	43	19	157	3,662
Trade and other payables	(104,468)	(4,618)	(3,051)	(59)	(4,397)	(3,997)	(206)	(76)	(91)	(362)	(121,325)
Interest bearing loans and borrowings	(331,397)	-	-	-	-	-	-	-	-	-	(331,397)
Net balance sheet exposure	(419,240)	2,119	(1,564)	403	(3,662)	(619)	(49)	427	303	572	(421,310)

Sensitivity analysis

A 10% strengthening of sterling against the following currencies at 27 March 2021 would have decreased equity and profit or loss by the amounts shown below:

		Equity		Profit or loss
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Euro	(187)	212	(187)	212
Swiss Francs	(245)	(156)	(245)	(156)
Australian Dollar	44	40	44	40
Hong Kong Dollar	(351)	(366)	(351)	(366)
US Dollar	(456)	(62)	(456)	(62)
Swedish Krona	18	(5)	18	(5)
Mexican Peso	(111)	43	(111)	43
Singapore Dollars	17	30	17	30
Others	(21)	57	(21)	57

29. Financial instruments (continued)

29 (d) Market risk (continued)

A 10% weakening of sterling against the above currencies at 27 March 2021 would have had the equal but opposite effect on equity and profit or loss to the amounts shown above on the basis that all other variables remain constant.

Interest rate risk

The Group is exposed to interest rate risk on its borrowings. There is no interest rate risk on trade payables.

At 27 March 2021, the interest profile of the Group's interest bearing financial instruments was:

Interest rate risk (continued)

	27 March 2021 Carrying amount £'000	27 March 2021 Interest rate	28 March 2020 Carrying amount £'000	28 March 2020 Interest rate
Financial liabilities				
Revolving Credit Facility	**56,791**	2.5% + LIBOR	48,134	2.5% + LIBOR
Redeemable cumulative preference shares	**219,702**	5%	209,255	5%
Loan notes issued to subsidiary partner	**1,095**	5%	1,059	5%
Loan notes issued to parent company	**87,199**	5%	72,948	5%

30. Events after balance sheet date

After the balance sheet date, the group renegotiated its covenant arrangements with its banking group (comprising Barclays, Lloyds and Natwest). As part of this renegotiation, our parent company, The Foschini Group provided a further £15,000,000 funding to the UK group headed by TFG Brands (London) Limited. The revised covenants place a greater emphasis on liquidity for the next 18 months with limited profitability required to satisfy them.

In its attempt to control the growth in case numbers of COVID-19, the UK government extended the restrictions in place from 21 June 2021 to 19 July 2021. Whilst the restrictions have been lifted from 19 July 2021, it is not certain that further restrictions will be put in place and what consequential financial impact this will have on the group.

Notes to the consolidated financial statements

For the year ended 27 March 2021

31. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its ultimate parent company are disclosed below.

Loans from related companies

	27/03/2021	28/03/2020
	£'000	£'000
Loans from parent:		
Dress Holdco A Limited	87,199	72,948
Loans to other related parties:		
Phase Eight Hong Kong	595	420
Phase Eight Macau	-	181
Whistles Hong Kong	499	458

The Group has provided its associates with short-term loans at rates comparable to the average commercial rate of interest (see note 19).

32. Parent and ultimate parent company

The immediate parent company of TFG Brands (London) Limited is Dress Holdco A and the ultimate parent company and ultimate controlling party is The Foschini Group Limited.

The parent undertaking of the smallest and largest group, which includes the company and for which group accounts are prepared, is The Foschini Group Limited, a company incorporated in South Africa with registered address Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, Cape Town, South Africa. Copies of the group financial statements of The Foschini Group Limited are available from www.tfglimited.co.za.

TFG Brands (London) Limited

Separate financial statements of the parent company

TFG Brands (London) Limited

Balance Sheet

As at 27 March 2021

	Note	2021 £'000	2020 £'000 Restated*
Non-current assets			
Tangible assets	6	129	200
Intangible assets	7	1,001	1,385
Investments	5	11,925	182,184
		13,055	183,769
Current assets			
Trade and other receivables	8	114,983	103,349
Cash and bank balances		11,257	409
		126,240	103,758
Creditors: Amounts falling due within one year	9	(3,639)	(2,285)
Net current assets		122,601	101,473
Total assets less current liabilities		135,656	285,242
Creditors: Amounts falling due after one year	9	(351,949)	(319,248)
Deferred tax liability		(43)	-
Net liabilities		(216,336)	(34,006)
Equity			
Share capital	10	21	21
Share premium account	11	1,774	1,774
Retained earnings	12	(218,131)	(35,801)
		(216,336)	(34,006)

*Prior year tangible assets have been restated to reclassify the computer software costs from tangible fixed assets to other intangible assets.

The Company reported a loss for the financial year ended 27 March 2021 of £182.3m (28 March 2020: £7.5m).

The financial statements of TFG Brands (London) Limited (registered number 09379971) were approved by the board of directors and authorised for issue on 26/7/ 2021. They were signed on its behalf by:

J Hampshire

Director

TFG Brands (London) Limited

Statement of changes in equity

As at 27 March 2021

	Called-up Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 30 March 2019	21	1,774	(28,307)	(26,512)
Total comprehensive loss for the year				
Loss for the year	-	-	(7,494)	(7,494)
Balance at 28 March 2020	21	1,774	(35,801)	(34,006)
Total comprehensive loss for the year				
Loss for the year	-	-	(182,330)	(182,330)
Balance at 27 March 2021	21	1,774	(218,131)	(216,336)

Notes to the financial statements

For the year ended 27 March 2021

1. General information

TFG Brands (London) Limited (the 'company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the company's registered office is shown on page 1.

The nature of the company's operations and its principal activities are set out in the strategic report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

In the current year, the Company has applied a number of amendments to IFRS Standards issued by the International Accounting Standards Board (the Board) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. Significant accounting policies

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements or included in the group accounts of the ultimate parent company The Foschini Group Limited. The group accounts of The Foschini Group Limited are available to the public.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

2. Significant accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future being a period of at least twelve months from the date of signing this report. The Directors consider that it is appropriate to prepare the accounts on a going concern basis based on the cash flow projections they have prepared and their assessment of borrowing facilities available at group level (TFG Brands (London) Limited) as well as support from the parent. The group has renegotiated its covenant arrangements with its banking group. As part of this renegotiation, our parent company, The Foschini Group Limited provided a further £15,000,000 of funding to the group. These covenants remain in place until the earliest expiry of the facilities in February 2023.

Management has prepared a detailed forecast and is currently trading significantly ahead of its expectations. Given the current level of liquidity headroom within the Group, it believes that cash flows from operations and on-hand cash and cash equivalents provide adequate funds to support the operations for at least 12 months from the date of signing these accounts.

While expecting that the UK group headed by TFG Brands (London) Limited will be able to continue trading independently, given the uncertainty in the UK retail market arising as a result of the pandemic the Directors have also obtained a letter of support from the ultimate parent company The Foschini Group Limited for additional comfort. The Directors have taken all necessary steps to assure themselves of both the ability and intention of the parent company to provide the support offered for the full going concern period and have given due consideration to the potential uncertainties arising from relying upon the support of another company.

As a consequence, the Directors believe the company is well placed to manage its business risks successfully despite the uncertain economic outlook and consider it appropriate to prepare the financial statements on the going concern basis.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Revenue recognition

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Company's investments that are in form of loan notes issued to its subsidiaries is accruing interest. The interest income generated on these loan notes is added back to the initial cost of investment.

2. Significant accounting policies (continued)

Borrowing costs

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement costs

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed retirement schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Significant accounting policies (continued)

Deferred tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are classified based on the business model within which the asset is held and the contractual cash flow characteristics of such assets. There are three principal classification categories for financial assets that are debt instruments: (i) amortised cost, (ii) fair value through other comprehensive income (FVTOCI) and (iii) fair value through profit or loss (FVTPL).

Equity instruments are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income.

Loans and receivables

Trade debtors, loans, and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2. Significant accounting policies (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Impairments in terms of IFRS 9 are determined based on the expected credit loss (ECL) model, as opposed to an incurred loss model applied in terms of IAS 39. The ECL model applies to all financial assets measured at amortised costs. The calculation of the ECL incorporates forward-looking information.

This forward-looking view includes:

• Information based on expected future macro-economic conditions;

• Potential impacts based on industry specific challenges, including but not limited to potential legislative changes; and

• Expert management judgement.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2. Significant accounting policies (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12

2. Significant accounting policies (continued)

Derivative financial instruments (continued)

months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

In the opinion of the directors there are no critical judgements, apart from those involving estimations (which are dealt with separately below), that they have made in the process of applying the company's accounting policies and that would have a significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of fixed asset investments

The carrying values of fixed asset investments are reviewed at each balance sheet date and a judgement made over the ongoing valuation. Estimations are made annually relating to sales growth rates and long term growth and weighted average cost of capital ('WACC'). The year end projections assumed sales growth rates of 42% in year 1 and between 1.4% and 5.4% in years 2-5 and a long term growth of 1.5%. The discount rate calculation is based on the specific circumstances of the Group and is derived from its WACC which was calculated at 9.2%.

Sensitivity analysis

Dress Holdco C

For Dress Holdco C, the year end projections assumed sales rates of 32% in year 1 and between 2% and 6% in years 2-5 and a long term growth of 1.5%.

Notes to the financial statements

For the year ended 27 March 2021

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Carrying value of fixed asset investments (continued)

In order to for the impairment to be zero any of the following assumptions should be met:

- 2.2 per cent. reduction in WACC; or
- 5.3 per cent. increase in turnover for each year of the forecast;

or a combination of the above.

Once these assumptions are exceeded, we would start to see the impairment being reversed.

Hobbs Fashion Holdings: no sensitivity analysis has been performed in the investment in Hobbs as no reasonable possible changes in assumptions would lead to further impairment given the significant headroom.

4. Loss for the year

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The loss attributable to the Company is disclosed in the footnote to the Company's balance sheet.

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements. The average full time equivalent monthly number of employees (including executive directors) was:

	2021 Number	2020 Number
Administration	111	78
	111	78

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	5,781	3,652
Social security costs	596	399
Cost of defined contribution pension scheme	179	207
Long term employee benefit charges	156	74
	6,712	4,332

Disclosure of directors' remuneration is included in note 12.

5. Fixed asset investments

Note 14 includes details of all related undertakings.

	Intercompany loan receivables	Investments in ordinary shares	Total
	£'000	£'000	£'000
Cost			
At 28 March 2020	43,663	138,521	182,184
Investment impairment	(33,878)	(138,521)	(172,399)
Investment income	2,140	-	2,140
Reclassification of investment	(419)	419	-
At 27 March 2021	11,506	419	11,925

The carrying values of fixed asset investments are reviewed at each balance sheet date and a judgement made over the ongoing valuation. Estimations are made annually relating to sales growth rates and long term growth and weighted average cost of capital ('WACC'). The year end assumed a sales growth rates of 42% in year 1 and between 1.4% and 5.4% in years 2-5 and a long term growth of 1.5%. The discount rate calculation is based on the specific circumstances of the Group and is derived from its WACC which was calculated at 9.2%. Sensitivity analysis is performed as the investment equity value has been fully impaired. Sensitivity analysis is performed within note 3 of these accounts.

Notes to the financial statements

For the year ended 27 March 2021

6. Tangible fixed assets

	Computer equipment £'000 Restated*
Cost	
At 28 March 2020	200
Additions	-
At 27 March 2021	200
Accumulated depreciation	
At 28 March 2020	-
Charge for the year	71
At 27 March 2021	71
Carrying amount	
At 27 March 2021	129
At 28 March 2020	200

* Prior year tangible assets have been restated to reclassify the computer software costs from tangible fixed assets to other intangible assets.

Notes to the financial statements

For the year ended 27 March 2021

7. Intangible assets

	Computer software £'000 Restated*
Cost	
At 28 March 2020	1,456
Additions	182
At 27 March 2021	1,638
Accumulated depreciation	
At 28 March 2020	71
Charge for the year	566
At 27 March 2021	637
Carrying amount	
At 27 March 2021	1,001
At 28 March 2020	1,385

* Prior year tangible assets have been restated to reclassify the computer software costs from tangible fixed assets to other intangible assets.

8. Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts owed by fellow subsidiaries	2,129	1,092
Prepayments	635	813
Other debtors	201	116
	2,965	2,021
Amounts falling due after more than one year:		
Deferred tax	-	64
Amounts owed by fellow subsidiaries	112,018	101,264
Total debtors	114,983	103,349

There is no fixed repayment term for the amounts owned by group undertakings, which are unsecured. Interest has been accrued at 5% per annum on these amounts. It has been confirmed that the loans will not be recalled within the next 12 months.

9. Trade and other payables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade creditors	466	470
Other taxation and social security	545	246
Amounts owed to subsidiaries	1,309	752
Other creditors	357	277
Accruals	962	540
	3,639	2,285

	2021 £'000	2020 £'000
Amounts falling due after more than one year:		
Bank loan	56,791	48,134
Amounts owed to parent company	73,667	60,055
Amounts owed to subsidiaries	1,789	1,804
Preference shares	219,702	209,255
	351,949	319,248

Amounts owed to group companies include amounts due to the company's parent company, Dress Holdco A Limited, of £73,667,000 (2020: £60,055,000). This amount is unsecured and interest payable on amounts owed has been accrued at 5% and 8% on various loans.

An amount for £1,789,000 (2020: £1,804,000) was due to Phase Eight (Fashion & Designs) Limited at the year end. The amount is unsecured and interest payable on amounts owed has been accrued at 5%.

Preference shares at 27 March 2021 and 28 March 2020 consist of 138,455,199 A Preference shares and 23,902,718 B Preference shares. Ordinary shares at 27 March 2021 and 28 March 2020 consist of 316,278 C Ordinary shares. The A and B Preference shares accrue a 5% preference dividend and the C Ordinary shares accrue a coupon based on LIBOR. The preference shares were issued fully paid at £1 per share (1p nominal value, 99p premium) and the C Ordinary shares were issued fully paid at their nominal value (5p per share).

Notes to the financial statements

For the year ended 27 March 2021

10. Called-up share capital

	2021 £'000	2020 £'000
Authorised, allotted, issued and fully paid:		
1,791,834 ordinary A shares of £0.01 each	18	18
244,507 ordinary B shares of £0.01 each	2	2
64,659 ordinary C shares of £0.01 each	1	1
	21	21

11. Share premium account

	Share premium £'000
Balance at 28 March 2020 and 27 March 2021	1,774

The share premium relates to 1,791,834 A Ordinary shares, all of which were issued at a premium of 99p per share.

12. Retained Earnings

	£'000
Balance at 30 March 2019	(28,307)
Net loss for the year	(7,494)
Balance at 28 March 2020	(35,801)
Net loss for the year	(182,330)
Balance at 27 March 2021	(218,131)

Notes to the financial statements

For the year ended 27 March 2021

13. Related party transactions

Directors' remuneration

Due to the nature of the wider group, the remuneration of the South African Directors for their services to TFG Brands (London) Limited is not contained in the records of the company and it is not possible to make an accurate apportionment of their emoluments in respect of each of the individual companies. Therefore, no amounts were recharged to the company during the current or prior year. A Murray, M Maritz, A Thunström, B Ntuli, and S Baird were remunerated for their services to the wider group of companies headed by the company's ultimate parent, The Foschini Group Limited. The remuneration is disclosed in the consolidated financial statements of The Foschini Group Limited or Foschini Retail Group (Pty) Limited, copies of which can be obtained by writing to The Foschini Group Limited, Stanley Lewis Centre, 340 Voortrekker Road, Parow East 7500, Cape Town, South Africa.

Directors' remuneration

The directors' remuneration, analysed under the headings required by company law is set out below.

	2021 £'000	2020 £'000
Emoluments	1,033	1,253
Company contributions to money purchase pension schemes	34	19
	1,067	1,272
	Number	**Number**
The number of directors who:		
Are members of a money purchase pension scheme	3	3
	2021 £'000	**2020 £'000**
Remuneration of the highest paid director:		
Emoluments	280	421
Company contributions to money purchase pension schemes	6	10
	286	431

Directors' remuneration is presented based on services provided to the company and its subsidiaries. These emoluments were borne by the company.

During the year, three directors of the company were remunerated through TFG Brands (London) Limited for services to the company and wider Group (2020: three).

TFG Brands (London) Limited

Notes to the financial statements

For the year ended 27 March 2021

14. Related undertakings disclosure

The parent company and the company have investments in the following subsidiary undertakings, associates and other investments.

Name	Registered office address	Class of shares	Holding
Dress Holdco C Limited	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
TFG Brands Korea Limited	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Dress Holdco 4 Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Poppy Holdco Limited *	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Cameron Topco Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Whistles Holdings Limited*	183 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
Whistles Acquisitions Limited*	183 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
Whistles Limited*	183 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
Whistles AG*	Adlerstr. 21, 4052 Basel, Switzerland	Ordinary	50%
Whistles USA Inc*	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington Delaware 19808, USA	Ordinary	100%
Whistles USA LLC*	Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington Delaware 19808, USA	Ordinary	100%
Whistles Stores Ireland Limited*	1 Stokes Place, St Stephen's Green, Dublin 2	Ordinary	100%
WHDL Limited*	183 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
WHNL Limited*	183 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
Whistles International Limited*	183 Eversholt Street, London, NW1 1BU, UK	Ordinary	100%
Whistles Stores Spain S.L.*	Paseo De Recoletos Numero 37-41, 1a Planta Madrid 28, Madrid, Spain	Ordinary	100%
Whistles (Hong Kong) Limited*	Unit 1003-05, Seaview Commercial Building, 21 Connaught Road West, Sheung Wan, Hong Kong	Ordinary	50%
Phase Eight (Fashion & Designs) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Phase Eight (Germany) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Phase Eight (Sweden) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%

Notes to the financial statements

For the year ended 27 March 2021

14. Related undertakings disclosure (continued)

Name	Registered office address	Class of shares	Holding
Phase Eight Switzerland AG*	First Names Trust (Switzerland) Limited, Am Schanzengraben 25, PO Box 2321, CH-8022 Zurich, Switzerland	Ordinary	100%
Phase Eight (UAE) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Phase Eight (Deutschland) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Phase Eight (SE Asia) LTD*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Phase Eight (Australia) Pty Limited*	Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Australia	Ordinary	100%
Phase Eight (Belgium) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Phase Eight (Canada) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
TFG London (Concessions) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Phase Eight (Norway) Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Phase Eight (International) Limited*	55 Kimber Road, London, SW18 4NX	Ordinary	100%
Phase Eight Mexico, S.A. de C.V.*	Castillo Miranda Y Compañía, S.C., Paseo de la Reforma 505-31, Torre Mayor, Colonia Cuauhtémoc, CP 06500 México, D.F., México	Ordinary	100%
Phase Eight (Netherlands) B.V.*	van Galenlaan 40, 3941 VD Doorn, the Netherlands	Ordinary	100%
Phase Eight (Hong Kong) Limited*	Unit 1003-05, Seaview Commercial Building, 21 Connaught Road West, Sheung Wan, Hong Kong	Ordinary	50%
Phase Eight (USA) Inc.*	BDO, 100 Park Avenue, New York, NY 10017, USA, 212-885-800	Ordinary	100%
Phase Eight (NY) LLC*	BDO, 100 Park Avenue, New York, NY 10017, USA, 212-885-800	Ordinary	100%
Phase Eight (Japan) Limited*	55 Kimber Road, London, SW18 4NX	Ordinary	100%
Phase Eight (Spain), S.L.*	Paseo De Recoletos Numero 37-41, 1a Planta Madrid 28, Madrid, Spain	Ordinary	100%
Phase Eight (Macau) Limited*	Avenida Doutor Mário Soarea, No. 25 Edifício Montepio, 5 andar Sala 37, Macau	Ordinary	50%
Patsy Seddon Limited*	55 Kimber Road, London, SW18 4NX, UK	Ordinary	100%
Hobbs Fashion Holdings Limited	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%

Notes to the financial statements

For the year ended 27 March 2021

14. Related undertakings disclosure (continued)

Name	Registered office address	Class of shares	Holding
*Hobbs Holdings No.1 Limited**	*Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK*	*Ordinary*	*100%*
Hobbs Finance No. 2 Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Hobbs Holdings No.2 Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Hobbs Holdings No.3 Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Hobbs Holdings No.4 Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Hobbs Headco Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Inhoco 2748 Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Inhoco 2756 Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Hobbs Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Hobbs International SA*	4 Rue de la Presses, 1000 Brussels, Belgium	Ordinary	100%
Peace and Quiet Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Hobbs Finance Limited*	Milton Gate, 60 Chiswell Street, London, EC1Y 4AG, UK	Ordinary	100%
Hobbs di Inghliterra Srl*	63822 Porto San Gorgio, Italy	Ordinary	100%
Hobbs Retailers Irl Limited*	16/17 College Green, Dublin 2, Ireland	Ordinary	100%
Hobbs London Inc.*	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA	Ordinary	100%
Hobbs East LLC*	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA	Ordinary	100%
Hobbs De GmbH*	Cecilienalee 43, 40474 Dusseldorf, Germany	Ordinary	100%

*Indirect holding

14. Related undertakings disclosure (continued)

The principal business activities of these subsidiaries are as follows:

Dress Holdco C Limited, Dress Holdco 4 Limited, Whistles Holdings Limited, Whistles Acquisitions Limited, Whistles USA Inc, Poppy Holdco Limited, Cameron Topco Limited, Phase Eight (USA) Inc., Hobbs Fashion Holdings Limited, Hobbs Holdings No.2 Limited, Hobbs Holdings No.4 Limited and Inhoco 2756 Limited are investment holding companies.

Phase Eight (Fashion & Designs) Limited and Hobbs Limited and Whistles Limited design and retail women's fashion clothing.

The following companies retail women's fashion clothing: Phase Eight (Germany) Limited, Phase Eight (Sweden) Limited, Phase Eight Switzerland AG, Phase Eight (UAE) Limited, Phase Eight (Deutschland) Limited, Phase Eight (SE Asia) LTD, Phase Eight (Australia) Pty Limited, Phase Eight (Belgium) Limited, Phase Eight Norway AS, Phase Eight (International) Limited, Phase Eight Mexico, S.A de C.V., Phase Eight (Netherlands) B.V., Phase Eight (Hong Kong) Limited, Phase Eight (NY) LLC, Phase Eight (Japan) Limited, Phase Eight (Spain), S.L., Phase Eight (Canada) Limited and Phase Eight (Macau) Ltd., Hobbs Limited, Hobbs Inghliterra Srl, Hobbs Retailers Irl Limited, Hobbs London Inc., Hobbs East LLC and Hobbs De GmbH.

The following companies retail women's clothing: Whistles AG, Whistles USA LLC, Whistles Stores Ireland Limited, WHDL Limited, WHNL Limited, Whistles International Limited, Whistles Stores Spain S.L. and Whistles (Hong Kong) Limited.

The following companies are dormant: Patsy Seddon Limited, Hobbs International SA, Peace and Quiet Limited, Hobbs Finance Limited, Hobbs Holdings No. 3 Limited, Hobbs Headco Limited, Inhoco 2748 Limited, Hobbs Holdings No. 1 Limited, Hobbs Finance No. 2 Limited.

15. Controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is The Foschini Group Limited, a company incorporated in South Africa.

The parent undertaking of the smallest and largest group, which includes the company and for which group accounts are prepared, is The Foschini Group Limited, a company incorporated in South Africa with registered address Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, Cape Town, South Africa. Copies of the group financial statements of The Foschini Group Limited are available from www.tfglimited.co.za.

The company's immediate controlling party is Dress Holdco A Limited.