Company Registration Number: 8812704

Galaxy Midco Limited

Report and Financial Statements

31 January 2021

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Company Information

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D M Lampard

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Strategic report

The directors present their strategic report and the financial statements for the for the 52 weeks ended 31 January 2021.

Principal activities and review of the business

The company has acted as a parent undertaking during the period.

At the period end the company had a shareholder's deficit of £199,786,000 (2020 - £166,803,000).

Key performance indicators

The directors monitor the following key performance indicators on a monthly basis and at the period-end they are as follows:

	Period ended 31 January 2021	*Period ended 2 February 2020*
	£000	*£000*
Interest payable	19,142	17,127
Cash	-	-
Debt	199,786	178,644
Net liabilities	(199,786)	(166,803)

Company voluntary arrangement

Before the Covid pandemic hit in early 2020, the Galaxy Topco Group, through its trading subsidiary Beaconsfield Footwear Limited, was making good progress to accelerate the implementation of a digitisation strategy to return it to its direct marketing heritage. The need for these actions was intensified by the consequences of the lockdowns in its retail estate during the calendar year 2020.

Following the emergence of the Covid-19 pandemic, management entered into discussions with a number of its retail landlords to seek agreement to reduce the number of stores to a level and cost that allows it to remain a viable business. Individual discussions did not result in the required level of agreement to allow the business to continue on a viable basis and consequently Beaconsfield Footwear Limited entered a Company Voluntary Arrangement (CVA) process which reduced its retail trading estate from 82 retail outlets to 23 outlets.

In parallel with the CVA process, Beaconsfield Footwear Limited also entered into formal consultation with a number of employees at its Skelmersdale head office that led to a number of redundancies but secured the future of over 350 jobs.

As a result of the closure of the retail stores plus the redundancies at the head office and factory, the number of employees of the group fell from approximately 1,040 to 470 FTEs.

The CVA process, which was approved on 28 July 2020 and completed on 27 August 2020, allowed the Group to leave the financial year with its targeted sales channel structure in place and its fixed cost base significantly reduced. This, combined with the delivery of a number of strategic initiatives, including an enhanced web platform launched in June 2020, and the anticipated benefits of enhanced product development and design activity reflected in the upcoming autumn/winter product, leaves the business well placed to face the uncertainties of the current market.

Strategic report

Principal risks and uncertainties

The directors have identified the principal risks and uncertainties as being:

Financial instrument risks

The company finances its operations through the use of various financial instruments including cash and intercompany loans. The main purpose of these financial instruments is to raise finance for the company's operations. Liquidity risk is maintained via loans provided from other group members.

The strategic report was approved by order of the Board on 15 February 2022.

D M Lampard
Director

Directors' report

The directors present their strategic report and the financial statements for the period ending 31 January 2021.

As permitted by Section 414 of the Companies Act 2006, information can be found in the strategic report on pages 2 to 3 and form part of this report by cross reference. These matters relate to principle activities and risks and uncertainties.

Results and dividends

The loss for the period after taxation amounted to £32,983,000 (2020: £18,600,000). The directors do not recommend a final dividend.

Directors

The directors who served the company during the period were as follows:

I A Watson
A B Griggs (resigned 31 July 2021)
G M Manson (resigned 26 August 2021)
D M Lampard (appointed 26 August 2021)

SECTION 172 COMPANIES ACT REPORT

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Company.

Each of the Directors is mindful of their duties under section 172 (s172) to run the Company for the benefit of its shareholders, and in doing so, to take into account the long-term impact of any decisions on stakeholder relationships and the impact of its activities on its reputation for high standards of business conduct.

Whilst the Board of Directors regularly meets on a formal basis, it is their normal working practice to also discuss key issues and decisions on a more informal basis as and when the need arises. This is key to ensuring that the Company's shareholder's views are fully considered.

During the Covid-19 pandemic, the Galaxy Topco Group has sought to balance the needs of all stakeholders including employees, suppliers, customers, bankers, shareholders and tax authorities. The Directors' top priority throughout has been to ensure the Group's financial stability and liquidity. In doing so, the directors have maintained close contact with the Group's stakeholders and in particular with suppliers and bankers.

As noted elsewhere in this report, a CVA was completed during the period by the trading subsidiary, Beaconsfield Footwear Limited. In both deciding on this course of action, and in designing the terms of the CVA, the directors considered the short-term impact (in particular the need to ensure the business remained solvent) and the longer-term impact. Whilst some landlords were financially affected and many employees had their employment with Beaconsfield Footwear Limited terminated, this was necessary to ensure the ongoing viability of the Group, thereby preserving jobs for the remaining employees. As part of the CVA, other creditors were not affected, and whilst payments to some suppliers were delayed, none was compromised.

Directors' report (continued)

Whilst securing the short-term future of the business, this action has also resulted in a more sustainable business structure for the future. Retail has experienced increasingly difficult trading conditions over recent years, with more and more business moving to online channels. The Group already had a strong direct to consumer offering through catalogues and online channels and the directors and shareholders believe that a strategic focus on these channels will maximise shareholder value to the greatest extent.

Throughout the Covid-19 pandemic, the directors have been particularly mindful of the welfare of the Beaconsfield Footwear Limited's employees. Every effort to provide a safe working environment have been made, regardless of cost. The management team responsible meets weekly and is chaired by the Chief Financial Officer of the Group.

Events after the reporting period

Coronavirus

Since the balance sheet date, the global coronavirus pandemic has continued to have a material impact on the business.

Whilst residual risk relating to Coronavirus remains, the actions taken by the Directors during the year have reduced this risk significantly. In particular

- The Group's exposure to retail has been reduced from a portfolio of 82 stores at the end of January 2020 to a portfolio of 17 high performing stores and six garden centre concessions.
- The size of the Group's workforce has reduced from 1,038 employees immediately prior to the first lockdown in March 2020 to 469, including a reduction in factory, distribution centre and head office workers, as well as the reduction in the retail estate, right-sizing the business for the future growth.
- The reduction in exposure to retail and in overheads has in total removed £16 million from the Group's fixed cost base.
- The Group has put in place strict Coronavirus health and safety measures, including remote working wherever possible, and social distancing and the wearing of appropriate personal protective equipment ("PPE") where it is necessary for colleagues to physically attend work. The Group keeps these health and safety measures under constant review through a Coronavirus Committee, which is chaired by the Chief Financial Officer and meets weekly.

The Group's supply chain has proven to be robust during the pandemic. During the summer of 2020, purchases were put on hold as the Group had enough stock on hand to meet consumer demand. In August 2020, the supply chain was successfully reactivated and since this time has continued to perform well although there have been challenges in satisfying demand at certain times due to the impact on the supplies from our Indian and Vietnamese suppliers. The costs of transporting the goods has also been adversely impacted as global trade reduced during the pandemic.

Financing

Since the balance sheet date, the Galaxy Topco group has agreed a refinancing with its lenders as a result of which Beaconsfield Footwear Limited has become the direct borrower of the bank loans rather than being a guarantor of its parent's bank loans. The banking facility originally entered into in January 2014 and subsequently amended in February 2019 and November 2020 was amended and extended on 10 December 2021 the main terms of which were as follows:

- The principal outstanding was reduced from £17.1 million to £12.1 million following the injection of equity of £5 million into the Galaxy Topco Group by Electra Private Equity PLC which was used to pay down the bank loans;
- The loan was novated from Galaxy Bidco Limited to Beaconsfield Footwear Limited
- The loan is due for repayment as follows:
    - £1 million each six months commencing 31 July 2022;
    - With the remaining balance being repayable in full on 31 December 2024

Directors' report (continued)

Future developments

Since the year end Electra Private Equity PLC has announced its intention to move its listing from the main market Investment trust segment to AIM where it will become the holding company for the Unbound group of which Beaconsfield Footwear Limited will form the major element of the group's initial trading activities.

This transition took place in February 2022.

Going concern

In November 2021 Electra Private Equity PLC ("Electra"), the controlling shareholder of the Galaxy Topco Group, disposed of its investment in TGI Fridays through a distribution of shares in a newly quoted vehicle (Hostmore PLC) to its shareholders by way of a dividend in specie. Following the disposal, the Galaxy Topco Group was its only remaining wholly owned investment. In February 2022 Electra moved its listing from the main market to AIM having changed its name to Unbound Group PLC (Unbound). At the date of admission to AIM, Unbound ceased to be an investment trust.

In order to facilitate the transition to an AIM listing, the first stages of a group re-organisation was carried out whereby the Galaxy Topco Group was refinanced through a reduction in its third party bank debt, the subordinated loan notes issued by the company and its parent Galaxy Topco Limited (all of which were owned by Electra) were settled and Beaconsfield Footwear Limited (the trading entity within the Galaxy Topco Group) and its immediate parent were sold to a new wholly owned subsidiary of Electra/Unbound.

As a result of this re-organisation, which was implemented during December 2021 and January 2022, Galaxy Midco Limited will become a dormant company. It will serve no on-going purpose within the group and will be wound up through a solvent liquidation process during 2022. At the date of signing these accounts there is the intention to wind up the company in a structured manner which will allow it to meet all its liabilities as they fall due and therefore these accounts are not prepared on a going concern basis. No adjustments have been made to the financial statements as described.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint RSM UK Audit LLP as auditors will be put to the members at the Annual General Meeting.

Approved by order of the Board and signed on behalf of the Board on 15 February 2022 by

D M Lampard

Director

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

They are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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.

Independent auditor's report

to the members of Galaxy Midco Limited

Opinion

We have audited the financial statements of Galaxy Midco Limited (the 'company') for the period ended 31 January 2021 which comprise the statement of profit or loss and total comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2021 and of the company's loss for the period then ended;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Emphasis of matter – Non-going concern basis of accounting

We draw attention to the accounting policies on page 14 which describe that the financial statements have been prepared on a non-going concern basis. As described in note 17, following the transactions which have occurred subsequent to 31 January 2021 the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Independent auditor's report

to the members of Galaxy Midco Limited

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, tax compliance regulations, and the use of the government grants. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities, and evaluating advice received from internal/external tax and legal advisors.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to performing a revenue to cash reconciliation, testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Alastair Nuttall

ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
3 Hardman Street
Manchester
M3 3HF

15 February 2022

Income statement

for the period ended 31 January 2021

	Notes	*Period ended 31 January 2021* *£000*	*Period ended 2 February 2020* *£000*
Administrative expenses		-	-
Operating loss	2	-	-
Impairment of amounts owed by group undertakings	8	(13,841)	(1,473)
Interest payable and similar charges	5	(19,142)	(17,127)
Loss on ordinary activities before taxation	2	(32,983)	(18,600)
Tax on loss on ordinary activities before taxation	6	-	-
Loss for the financial period		(32,983)	(18,600)

All amounts relate to continuing activities.

Statement of comprehensive income

for the period ended 31 January 2021

	Period ended 31 January 2021 *£000*	*Period ended 2 February 2020* *£000*
Loss for the financial period	(32,983)	(18,600)
Total other comprehensive income/(loss)	-	-
Total comprehensive loss for the period	(32,983)	(18,600)

The notes on pages 14 to 23 form part of these financial statements.

Statement of changes in equity

for the period ended 31 January 2021

	Called up share capital *£000*	*Capital Contribution Reserve* *£000*	*Profit and loss account* *£000*	*Total equity* *£000*
At 27 January 2019	–	43,845	(192,048)	(148,203)
Loss for the period	–	–	(18,600)	(18,600)
At 2 February 2020	–	43,845	(210,648)	(166,803)
Loss for the period	–	–	(32,983)	(32,983)
At 31 January 2021	–	43,845	(243,631)	(199,786)

The notes on pages 14 to 23 form part of these financial statements.

Statement of financial position

at 31 January 2021

	Notes	31 January 2021 £000	2 February 2020 £000
Fixed assets			
Investments	7	-	-
Current assets			
Debtors	8	-	11,841
Creditors: amounts falling due within one year	9	(2,828)	(2,828)
Net current assets		(2,828)	9,013
Total assets less current liabilities		(2,828)	9,013
Creditors: amounts falling due after more than one year	10,11	(196,958)	(175,816)
Net Liabilities		(199,786)	(166,803)
Capital and reserves			
Called up share capital	13	-	-
Capital contribution reserve	14	43,845	43,845
Profit and loss account		(243,631)	(210,648)
Shareholder's deficit		(199,786)	(166,803)

The notes on pages 14 to 23 form part of these financial statements.

These financial statements were approved for issue by the Board of Directors and were signed on its behalf by:

D M Lampard

Director

15 February 2022

Notes to the financial statements

for the period ended 31 January 2021

1. Accounting policies

Statement of compliance

Galaxy Midco Limited is a private company limited by shares incorporated and domiciled in England and Wales. The Registered Office is 2 Peel Road, West Pimbo, Skelmersdale, Lancashire, WN8 9PT.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the period ended 31 January 2021.

Basis of preparation

The financial statements of Galaxy Midco Limited were approved for issue by the Board of Directors on 15 February 2022. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The company's parent undertaking, Galaxy Topco Limited includes the company in its consolidated financial statements. The consolidated financial statements of Galaxy Topco Limited are available to the public and may be obtained from 2 Peel Road, West Pimbo, Skelmersdale, Lancashire, WN8 9PT. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The financial statements for the period ended 31 January 2021 have been prepared on a 52 week basis whereas the previous period was prepared on a 53 week basis. Consequently, the comparative results in the financial statements (including the relevant notes) are not entirely comparable. The inclusion of the additional week in the prior year was in order to realign the date the financial statements were prepared to, such that it remained within 7 days of the Company's accounting reference date.

Group financial statements

The company has taken the exemptions under FRS 102 not to prepare group financial statements as it is included within the financial statements of a parent undertaking, Galaxy Topco Limited.

These financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The Board intends to wind up Galaxy Midco Limited in a structured manner which will allow it to meet all its liabilities as they fall due and therefore the accounts are not prepared on a going concern basis. No adjustments have been made to the financial statements as described and as the costs of the winding up process will be negligible and will be borne by the parent company no provision has been made for the anticipated costs of the winding up process.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources and provisions to continue in operational existence during the structured wind up period.

Notes to the financial statements

for the period ended 31 January 2021

1. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The following are the Company's key sources of estimation uncertainty:

Impairment of amounts owed by group undertakings

The Group performs impairment tests based on the recoverable amount of loans between companies within the Group. The recoverable amount is based on the net assets of the company in which the debt lies. The effect of the time value of money is not material and therefore the amounts are not discounted.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 6.

Significant Accounting Policies

Investments

Investments in subsidiaries are accounted for at cost less impairment.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the year-end date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the year-end date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the year-end date.

Notes to the financial statements

for the period ended 31 January 2021

1. Accounting policies (continued)

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period.

Debt issue costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Loan notes

Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

Debt issue costs

Costs of issuing debt are capitalised in the statement of financial position, against the corresponding debt. Capitalised amounts are amortised over the term of the facility to which they relate.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

When shares are issued, any component that creates a financial liability of the company is presented as a liability in the statement of financial position; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Notes to the financial statements

for the period ended 31 January 2021

2. Operating loss and loss on ordinary activities before taxation

Fees payable to the company's auditor for the audit of the company's financial statements, £3,500 (2020: £3,500), and other services were borne by another group undertaking.

3. *Directors' remuneration*

The directors' aggregate remuneration in respect of qualifying services were £nil (2020: £nil). The directors were remunerated through the Galaxy Topco Group's trading entity Beaconsfield Footwear Limited.

4. Staff costs

The company did not have any employees, other than directors, during the current or prior period.

5. Interest payable and similar charges

	Period ended 31 January 2021	*Period ended 2 February 2020*
	£000	*£000*
Shareholder loan notes (note 11)	18,736	16,721
Amortisation of debt issue costs	406	406
	19,142	17,127

Notes to the financial statements

for the period ended 31 January 2021

6. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	Period ended 31 January 2021 £000	*Period ended 2 February 2020 £000*
Current tax:		
UK corporation tax at 19.00% (2020 – 19.00%)	-	-
Tax (overprovided)/underprovided in previous periods	-	-
Total current tax	-	-
Tax on loss on ordinary activities	-	-

(b) Factors affecting the total tax charge

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%). The differences are reconciled below:

	Period ended 31 January 2021 £000	*Period ended 2 February 2020 £000*
Loss on ordinary activities before tax	(32,983)	(18,600)

	Period ended 31 January 2021 £000	*Period ended 2 February 2020 £000*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%)	(6,267)	(3,534)
Expenses not deductible for tax purposes	6,267	3,534
Transfer pricing adjustments	1,400	1,274
Group tax relief	(1,400)	(1,274)
Current tax for the period (note 6(a))	-	-

(c) Factors that may affect future tax charges

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

Deferred tax as at 31 January 2021 has been calculated at 19% (2020: 19%), being the enacted rate at which the deferred tax is expected to reverse.

Notes to the financial statements

for the period ended 31 January 2021

7. Investments

	Subsidiary undertakings £000
Cost and net book value:	
At 2 February 2020 and 31 January 2021	-

Principal fixed asset investments:

Name of company	*Class of share*	*Proportion held*	*Country of incorporation*	*Nature of business*
Galaxy Bidco Limited ^	Ordinary	100%	UK	Parent undertaking
Hotter Group Holdings Limited *	Ordinary	100%	UK	Parent undertaking
Hotter Holdings Limited *	Ordinary	100%	UK	Parent undertaking
Beaconsfield Group Holdings Limited *	Ordinary	100%	UK	Parent undertaking
Hotter Limited *	Ordinary	100%	UK	Parent undertaking
Beaconsfield Footwear Limited *	Ordinary	100%	UK	Footwear retailer
Comfort Concept Limited *	Ordinary	100%	UK	Dormant

^ – held directly by Galaxy Midco Limited
* – held directly by other subsidiary undertakings

The registered office address of all investments held is 2 Peel Road, West Pimbo, Skelmersdale, Lancashire, WN8 9PT.

The company's voting rights in respect of the investments are held in the same proportion as the company's share of the ordinary share capital of each company.

Notes to the financial statements

for the period ended 31 January 2021

8. Debtors

	31 January 2021	*2 February 2020*
	£000	*£000*
Amounts owed by group undertakings	-	11,841
	-	11,841

Amounts owed by group undertakings includes an impairment of £136,753,000 (2020: £122,912,000). This represents a write-down of the asset to its recoverable amount.

9. Creditors: amounts falling due within one year

	31 January 2021	*2 February 2020*
	£000	*£000*
Amounts owed to group undertakings	2,828	2,828
Corporation tax	-	-
	2,828	2,828

Whilst the directors have received confirmation from the directors of the relevant group company the intercompany creditor will not be called for repayment within 1 year, there are no formal repayment terms and as such, it has been classified as due within one year.

10. Creditors: amounts falling due after more than one year

	31 January 2021	*2 February 2020*
	£000	*£000*
Loan notes (note 11)	196,958	175,816
	196,958	175,816

Notes to the financial statements

for the period ended 31 January 2021

11. Loan notes

Details of loans repayable are as follows:

	31 January 2021	*2 February 2020*
	£000	*£000*
Loan notes repayable within one year	-	-
Loan notes repayable within one to two years	197,348	-
Loan notes repayable within two to five years	-	176,612
Loan notes repayable in more than five years	-	-
	197,348	176,612
Less unamortised debt issue costs	(390)	(796)
	196,958	175,816

Shareholder loan notes issued up to and including July 2018 attract interest at 10% per annum on a compound basis and are redeemable in full on 31 December 2022. Included within the above balance is an amount of £18,736,000 (2020 - £16,721,000) that relates to the accrued interest during the year.

On 26 August 2020 shareholder loan notes with a principal value of £2.0m were issued, attracting interest at 20% per annum on a compound basis, and redeemable in full on 31 December 2022.

100.0% of these loan notes are held by the ultimate parent company, Electra Private Equity plc who have provided assurance that they have no intention of requiring repayment except in the event of; the sale of part or all of the Group or its trading business, the initiation of prior debt acceleration/insolvency action by a third party, or any Group reorganisation that does not impact on the solvency of the Group companies.

12. Financial instruments

	31 January 2021	*2 February 2020*
	£000	*£000*
Financial assets that are debt instruments measured at amortised cost		
Amounts owed by group undertakings	-	11,841
Financial liabilities measured at amortised cost		
Amounts owed to group undertakings	2,828	2,828
Loan notes	196,958	175,816

Notes to the financial statements

for the period ended 31 January 2021

13. Share capital

	31 January 2021		2 February 2020	
Authorised, allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1.00 each	1	1	1	1

14. Reserves

	31 January 2021 £000	2 February 2020 £000
Capital contribution reserve	43,845	43,845
	43,845	43,845

On 12 April 2018 Stewart John Houlgrave waived his right to accrued interest of £14,464,214 on Loan Notes in Galaxy Midco Limited with a capital value of £28,928,206. The waived interest of £14,464,214 was included as a capital contribution reserve. The principal value of the loan notes was then sold to Electra Private Equity plc on that date. On 08 June 2018, Electra Private Equity Plc waived all rights current and future to receive any principal or interest under these loan notes, and therefore a further £29,381,203 was booked to the capital contribution reserve.

The capital contribution reserve is not a distributable reserve.

	31 January 2021 £000	2 February 2020 £000
Profit and loss account	(243,631)	(210,648)
	(243,631)	(210,648)

The profit and loss reserve comprises cumulative profits and losses, net of distributions to owners.

15. Related party transactions

The company has taken advantage of the exemption conferred under FRS 102 in respect of disclosure of transactions with other wholly owned members of the Galaxy Topco Limited Group.

As at 31 January 2021, the shareholder loan notes (note 11) are held solely by Electra Investments Limited (a subsidiary of Electra Private Equity PLC). During the period, interest totalling £18,736,000 (2020: £16,721,000) accrued on these loan notes.

Notes to the financial statements

for the period ended 31 January 2021

16. Ultimate parent undertaking and controlling party

At 31 January 2021, the entire issued share capital of the company is owned by Galaxy Topco Limited; a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking is Galaxy Topco Limited. 100% of the issued share capital of the company is held by Electra Private Equity plc, the controlling party.

The smallest and largest group in which the results of the company are consolidated is Galaxy Topco Limited. The group financial statements of Galaxy Topco Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

17. Events after the reporting period

Financing

Since the balance sheet date, the Galaxy Topco group has agreed a refinancing with its lenders as a result of which Beaconsfield Footwear Limited has become the direct borrower of the bank loans rather than being a guarantor of its parent's bank loans. The banking facility originally entered into in January 2014 and subsequently amended in February 2019 and November 2020 was amended and extended on 10 December 2021 the main terms of which were as follows:

- The principal outstanding was reduced from £17.1 million to £12.1 million following the injection of equity of £5 million into the Galaxy Topco Group by Electra Private Equity PLC which was used to pay down the bank loans;
- The loan was novated from Galaxy Bidco to Beaconsfield Footwear Limited
- The loan is due for repayment as follows:
    - £1 million each six months commencing 31 July 2022;
    - With the remaining balance being repayable in full on 31 December 2024

Future developments

In November 2021 Electra Private Equity PLC ("Electra"), the controlling shareholder of the Galaxy Topco Group, disposed of its investment in TGI Fridays through a distribution of shares in a newly quoted vehicle (Hostmore PLC) to its shareholders by way of a dividend in specie. Following the disposal, the Galaxy Topco Group was its only remaining wholly owned investment. In February 2022 Electra moved its listing from the main market to AIM having changed its name to Unbound Group PLC (Unbound). At the date of admission to AIM, Unbound ceased to be an investment trust.

In order to facilitate the transition to an AIM listing, the first stages of a group re-organisation was carried out whereby the Galaxy Topco Group was refinanced through a reduction in its third party bank debt, the subordinated loan notes issued by the company and its parent, Galaxy Topco Limited, (all of which were owned by Electra) were settled and Beaconsfield Footwear Limited (the trading entity within the Galaxy Topco Group) and its immediate parent were sold to a new wholly owned subsidiary of Electra/Unbound.

As a result of this re-organisation, which was implemented during December 2021 and January 2022, Galaxy Midco Limited will become a dormant company. It will serve no on-going purpose within the group and will be wound up through a solvent liquidation process during 2022. At the date of signing these accounts there is the intention to wind up the company in a structured manner which will allow it to meet all its liabilities as they fall due and therefore these accounts are not prepared on a going concern basis. No adjustments have been made to the accounting policies as described.