Company Registration No. 09946489 (England and Wales)

THE COLLECTED GROUP U.K. LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 4 JANUARY 2020

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THE COLLECTED GROUP U.K. LIMITED

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THE COLLECTED GROUP U.K. LIMITED

BALANCE SHEET

AS AT 4 JANUARY 2020

	Notes	2020 £	2020 £	2018 £	2018 £
Fixed assets					
Tangible assets	4		76,272		188,063
Current assets					
Stocks		217,034		237,199	
Debtors	5	98,092		767,761	
Cash at bank and in hand		90,692		1,126,710	
		405,818		2,131,670	
Creditors: amounts falling due within one year	6	(1,710,866)		(3,085,941)	
Net current liabilities			(1,305,048)		(954,271)
Total assets less current liabilities			(1,228,776)		(766,208)
Creditors: amounts falling due after more than one year	7		-		(52,196)
Net liabilities			(1,228,776)		(818,404)
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			(1,228,876)		(818,504)
Total equity			(1,228,776)		(818,404)

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and signed by the director and authorised for issue on 2/15/2022

DocuSigned by:

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J R Miller
Director

Company Registration No. 09946489

THE COLLECTED GROUP U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 4 JANUARY 2020

1 Accounting policies

Company information
The Collected Group U.K. Limited is a private company limited by shares incorporated in England and Wales. The registered office is 85 Great Portland Street, London, United Kingdom, W1W 7LT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on the going concern basis. At the balance sheet date, the Company had a net liabilities position of £1,228,776 (2018: £954,271) and made a loss before tax of £431,625 (2018: £294,069). Following the acquisition of the Company post year end, the Parent company has provided assurances that the working capital requirements of the Company will be met and the amounts owed to the parent will not be repaid until the company is in a financial position to do so.

As a result of the above, at the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

THE COLLECTED GROUP U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 4 JANUARY 2020

1 Accounting policies **(Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	7-8 years
Fixtures and fittings	5-8 years
Computers	1-5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Leasehold improvements with a carrying amount of £201,579, computers with a carrying amount of £45,152, and fixtures and fittings with a carrying amount of £20,699 were revalued at 4th February 2019 by VRC, independent valuers not connected with the company, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar assets where available, and replacement/reproduction cost new (RCN) combined with appraisal depreciation otherwise.

The fair value of the assets was stated as follows, and depreciation is charged on these amounts:

- Leasehold improvements: £65,807
- Computers: £13,467
- Fixtures and fittings: £20,699

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

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

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

THE COLLECTED GROUP U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 4 JANUARY 2020

1 Accounting policies **(Continued)**

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 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 profit and loss 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 reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

THE COLLECTED GROUP U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 4 JANUARY 2020

1 Accounting policies **(Continued)**

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 *Judgements and key sources of estimation uncertainty*

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provisions

Stocks are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecasting consumer demand and the extant promotional, competitive and economic environment.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2018 Number
Total	8	8

THE COLLECTED GROUP U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 4 JANUARY 2020

4 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost or valuation				
At 30 December 2018	201,579	20,699	45,152	267,430
Revaluation	(135,772)	(11,049)	(31,685)	(178,506)
At 4 January 2020	65,807	9,650	13,467	88,924
Depreciation and impairment				
At 30 December 2018	38,806	8,479	32,082	79,367
Depreciation charged in the year	3,353	1,368	4,722	9,443
Revaluation	(37,667)	(8,014)	(30,477)	(76,158)
At 4 January 2020	4,492	1,833	6,327	12,652
Carrying amount				
At 4 January 2020	61,315	7,817	7,140	76,272
At 29 December 2018	162,773	12,220	13,070	188,063

Leasehold improvements with a carrying amount of £201,579, computers with a carrying amount of £45,152, and fixtures and fittings with a carrying amount of £20,699 were revalued at 4th February 2019 by VRC, independent valuers not connected with the company, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar assets where available, and replacement/reproduction cost new (RCN) combined with appraisal depreciation otherwise.

5 Debtors

	2020	2018
Amounts falling due within one year:	£	£
Trade debtors	8,563	524,358
Other debtors	35,497	157,705
Prepayments and accrued income	54,032	85,698
	98,092	767,761

Included within other debtors are £nil *(2018: £372,959)* of factored debts.

THE COLLECTED GROUP U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 4 JANUARY 2020

6 Creditors: amounts falling due within one year

	2020	2018
	£	£
Trade creditors	131,196	290,900
Taxation and social security	48,321	6,383
Other creditors	1,337,766	2,598,889
Accruals and deferred income	193,583	189,769
	1,710,866	3,085,941

7 Creditors: amounts falling due after more than one year

	2020	2018
	£	£
Other creditors	-	52,196

8 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was qualified and the auditor reported as follows:

Qualified opinion
We have audited the financial statements of The Collected Group U.K. Limited (the 'company') for the year ended 4 January 2020 which comprise , the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

- give a true and fair view of the state of the company's affairs as at 4 January 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

8 Audit report information (Continued)

The Company held stock at 31 December 2017 with a carrying value of £149,435. The auditors were unable to attend a stock take at 31 December 2017. We are therefore unable to obtain appropriate audit evidence regarding the stock balance as at 1 January 2018. Consequently, we were unable to determine whether any adjustments to the opening stock in the prior year were required, and as a result were unable to determine the consequential effect on costs of sales for the comparative period ended 29 December 2018.

In addition, the Company has recognised an accruals balance of £58,692 as at 29 December 2018. Management were unable to provide support for this balance which in turn meant that we were unable to determine the consequential effect on costs of sales for the period ended 29 December 2018.

The Company held stock at 4 January 2020 with a carrying value of £217,034. We were unable to attend a stock take at 4 January 2020. We are therefore unable to obtain appropriate audit evidence regarding the stock balance as at 4 January 2020. Consequently, we were unable to determine whether any adjustments to the closing stock in the current year were required, and as a result were unable to determine the consequential effect on costs of sales for the period ended 4 January 2020.

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.

The senior statutory auditor was David Lawrence BSc (Hons) FCA and the auditor was Azets Audit Services.

9 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2020	2018
	£	£
	353,000	185,954

10 Events after the reporting date

In July 2021 The Collected Group UK Limited was sold by The Collected Group LLC. The new ultimate parent company is Dutch Apparel, LLC. Dutch Apparel, LLC is registered in the United States of America and its registered office is 1209 North Orange Street, Wilmington, Delaware 19801.

11 Related party transactions

At the year end there was a loan from the parent company totalling £1,215,290 (2018: £538,731). The loan is interest free and repayable upon demand.

12 Parent company

The ultimate parent company is Dutch Apparel, LLC. Dutch Apparel, LLC is registered in the United States of America and its registered office is 1209 North Orange Street, Wilmington, Delaware 19801.