

REGISTERED NUMBER: 00249001 (England and Wales)

**Strategic Report, Report of the Directors and**  
**Financial Statements for the Period 28 February 2021 to 26 February 2022**  
**for**  
**Grattan plc**

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**Grattan plc (Registered number: 00249001)**

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**for the Period 28 February 2021 to 26 February 2022**

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**Grattan plc**

**Company Information**  
**for the Period 28 February 2021 to 26 February 2022**

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**DIRECTORS:**

Mr R Hornby  
Mrs A Steer

**REGISTERED OFFICE:**

66-70 Vicar Lane  
Little Germany  
Bradford  
West Yorkshire  
BD99 2XG

**REGISTERED NUMBER:**

00249001 (England and Wales)

**AUDITOR:**

KPMG LLP  
Statutory Auditor  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
West Yorkshire  
LS1 4DA

**Grattan plc (Registered number: 00249001)**

**Strategic Report**  
**for the Period 28 February 2021 to 26 February 2022**

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The directors present their strategic report for the period 28 February 2021 to 26 February 2022.

**PRINCIPAL ACTIVITIES**

The company operates a home shopping business.

**BUSINESS MODEL**

Grattan plc operates multiple brands focusing on different customer and product groups in the UK. The company's vision is to create a modern, digital retailer with powerful brands, exciting product and compelling financial services.

The company's strategy, which was implemented in the previous financial period, is summarised by the "4 D's".

- **Distinct** Retail offer - that will deliver better choice and value
- **Dynamic** Financial Services - modernise the credit journey and secure the right credit funding solution
- **Digital** First Thinking - Customer first journey, digitise marketing spend and upgrade targeted systems
- **Driven** by operational efficiency - Improve planning and forecasting, simplify the supply chain and reduce complexity and costs

The company has made good progress in implementing the strategy in the financial period with key initiatives relating to business simplification, driving cost efficiency and product proposition advancing rapidly.

**BUSINESS REVIEW AND RESULTS**

The UK retail online market is competitive and fast moving. Both traditional and new competitors are contributing to intense competition. Furthermore, the UK economic outlook and consumer confidence has deteriorated, in the wake of rising costs of living.

The operating loss for the financial period was £9.7m compared to an operating loss of £4.8m in the prior period. During the financial period 82% of turnover came from credit sales, whereas 18% came cash sales. The UK's departure from the EU has had a greater than expected impact on the company's supply chain and led to increased freight and duty costs which increased by £2.9m compared to the prior period. Significant cost reduction has been achieved by right shoring customer contact services and digitising customer statements. The company has accrued £7.0m in respect of pension liabilities of a former subsidiary - as part of the sale and purchase agreements, Grattan plc undertook to indemnify the purchaser for these costs. The financial period also saw a shift back from homewares to fashion as customers' needs changed as Covid-19 restrictions were eased. In January 2022, a tribunal found that payments made to employees under a Growth Securities Ownership Plan ("GSOP") gives rise to an obligation to account for national insurance contributions and to pay income tax. The company was not party to this tribunal, but having participated in a similar scheme historically the company has accrued £2.6m as an estimate of the potential liability arising.

As part of group funding arrangements, the company received an equity injection of £5.0m during the financial period from its parent company. In the prior period, the company disposed of its investment in Hermes Parcelnet Limited for a consideration of £781.1m, generating a £779.5m gain on disposal.

**KEY PERFORMANCE INDICATORS**

A number of key performance indicators (KPIs) are used by the directors to evaluate the performance of the company, these include:

	2022	2021
Turnover	£96.0 million	£106.1 million
Gross Margin	32.4%	32.0%
Operating Margin	(10.1)%	(4.5)%
Operating Loss	£(9.7) million	£(4.8) million
Net Operating Expenses as a % of Turnover	44.9%	39.0%

Other KPIs include sales by credit channel, number and value of debtor accounts analysed by different terms and online participation.

**Grattan plc (Registered number: 00249001)**

**Strategic Report**  
**for the Period 28 February 2021 to 26 February 2022**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties which could have an effect on long term performance.

**Political & Economic Environment**

The risk posed by changes in the political & economic environment – with potential impacts across (a) the company's cost base (b) the company's ability to maintain operations (c) the behaviour of the company's target customers.

The UK's departure from the EU continues to drive uncertainty and disruption with the supply chain, logistics, workforce management and increased tariffs. A large proportion of cost is with EU Group and EU non-group suppliers. Consumer confidence continues to fall as a result of the rising costs of living driven by energy and fuel prices, as well as inflation being at a 30-year high. The war in Ukraine has led to significant deterioration in the global economic outlook and the Company will continue to monitor key macroeconomic indicators and geopolitical uncertainties including but not limited to those regarding the war, Brexit, COVID-19 and the cost of living crisis.

In order to mitigate these risks, the Company, with the help of group consultants, continues to closely monitor the external environment it operates in as well as the reaction of its customers to changes in that environment. The Company updates business plans in the light of changing circumstances, which may include, but not be limited to changing the mix of UK, EU Group and EU non-group suppliers. As the Company operates in a highly competitive sector with the potential for customers to move to other comparative brands, the directors monitor competitor activity, seeking to exploit any opportunities that present themselves and taking action to mitigate any threats which appear, which may include, but not be limited to, changing the credit offer, pricing, promotional offers and the product mix available to customers.

**Regulatory Environment**

The Company is impacted by changes in the regulatory environment as a consequence of the Financial Conduct Authority's responsibilities in respect of consumer credit. The Company's governance arrangements are kept under constant review and are informed by the Regulator's developing thinking on all relevant matters including the consumer credit rules. The Company remains firmly committed to the fair treatment of customers at all times. The Company has a specialist function in place which promotes compliance both internally and with partners.

The Company is a large controller of personal data for the purposes of the UK General Data Protection Regulation (GDPR) and the Data Protection Act 2018. In addition, it is a significant user of marketing techniques governed by the Privacy and Electronic Communications Regulations 2003 and undertakes significant international data transfers. As required by law, the Company has a Data Protection Officer (DPO) to carry out the tasks required by the GDPR and who advises on compliance with the privacy regulatory framework.

The Company continues to deal with legacy risks in the field of data protection and faces challenges around legacy data and processing systems that require enhancement to fulfil data subjects' statutory rights in full and efficiently.

**Provision of Credit**

A significant proportion of the business is conducted through the provision of unsecured credit via revolving credit facilities, but which can only be used for the purpose of purchasing its own retail goods and services. In line with regulatory requirements, a prime obligation remains to lend responsibly and to this end, the company has policies and procedures to manage the affordability risk to customers. Affordability is assessed at new account opening stage and throughout the customer lifecycle when credit limit increases may be awarded. The company also has policies for managing customers in short or long-term financial difficulties and has a number of forbearance options available for customers to ensure that any payment arrangement is affordable and sustainable. In order to control and manage the risk of customers defaulting on payments, a specialist credit risk team operates on behalf of the business across the full customer credit life cycle. That element of debt which is not collected is then considered for sale to debt purchase companies. All credit policies, strategies and processes are overseen by the company's Financial Services Operating Committee which was attended by the Company's FCA authorised Senior Managers during the financial year.

### **Cyber Security**

The risk of a cyber attack resulting in our inability to access systems and / or the disclosure, loss, amendment or corruption of data. As with all major online retailers, the company is often subjected to some form of cyber-attack, namely; malware, phishing, and Distributed Denial of Service (DDoS), as well as dealing with vulnerabilities brought about by legacy systems and the general risk of insider-threat. Any data breach could result in business disruption, reputational loss, and fines from regulators. The Company has an obligation to ensure that security controls are in place to satisfy Payment Card Industry (PCI) compliance as well as regulatory requirements for Financial Conduct Authority (FCA) and the GDPR. The company has multiple layers of cyber defences in place which monitor, mitigate, and alert on suspicious and anomalous activity, as well as running regular vulnerability scans on both internal and external facing systems. A team of security specialists constantly monitor threats and trends to ensure that the correct organisational and technological measures are in place to protect company data. All of these measures are regularly reviewed, audited against, and enhanced to ensure that the company meets all legislative requirements as well as protecting the business from cyber threats. This team provides cover 24 hours a day, 7 days a week to respond to any cyber-attacks in a swift and controlled manner to mitigate any impact as well as ensuring that the correct authorities are aware of any breach.

### **Business Resilience**

The risk that the company is unable to keep critical processes running following an incident or situation which disrupts our business. The company is subject to the risk of disruption of its warehousing, information systems, people and contact centre facilities. Business interruption events may include damage to equipment caused by fire, flood or storm, cyber attack, loss of third party, pandemic or loss of its people. The plans put in place in response to the COVID-19 pandemic, reducing the reliance on physical office locations by establishing effective homeworking practices have continued with the company introducing hybrid working arrangements. The directors continually review these risks, taking appropriate action to mitigate and ensuring business continuity procedures are ready to be applied.

### **GOING CONCERN**

The company has made an operating loss of £9.7m (FY21: operating loss of £4.8m) and has net current assets of £77.8m as at 26 February 2022 (FY21: £80.4m).

The company has considered its cashflows alongside those of Freemans plc, a sister company with whom Grattan plc operates, and how it is financed and managed for the 12 months from signing the Financial Statements. Grattan plc and Freemans plc are both owned by Freemans Grattan Holdings Limited and managed on a day to day basis as one operation with the same management team and Board of Directors. These cashflows have been stress tested based on trading being severely impacted. The forecasts indicate the need for ongoing working capital funding through a combination of group loan facility and further share capital funding. The funding requirement has been considered on a group level (the company, Freemans Grattan Holdings Limited and Freemans plc combined). The group (the company, Freemans Grattan Holdings Limited and Freemans plc combined) have a loan facility of £30m with Otto (GmbH & Co KG), a group company, which extends to 31 August 2023. The group (the company and Freemans plc) also have the ability to call on £44.9m of committed share capital funding and further equity funding for future defined benefit pension contributions.

The directors acknowledge that there is uncertainty in any forecast, and in particular related to the trading. The directors have satisfied themselves that appropriate contingency plans are available to manage supply, operational support and working capital under various downside scenarios. The contingency plans include a range of mitigating actions that could be enacted to ensure that the company can meet its financial obligations. The company's forecasts show that it, alongside Freemans plc, is able to operate within the levels of their existing facilities and therefore have adequate resources to continue in operational existence for at least the 12 months from the signing of the Financial Statements. Accordingly, the Directors continue to adopt the going concern basis in the preparation of the Financial Statements.

Consequently, the directors are confident that the company will have sufficient funds available to enable it to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Strategic Report**  
**for the Period 28 February 2021 to 26 February 2022**

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**FUTURE DEVELOPMENTS**

Trading in the home shopping market continues to be challenging with strong competition from both high street and online retailers, and in terms of disruption and increased costs as a result of the UK's departure from the EU. The 4 D's strategy and modernisation agenda gives the directors confidence that the company has a sustainable future.

**SECTION 172 COMPANIES ACT 2006**

The directors of Grattan plc consider that they have performed their duties in line with Section 172 Companies Act 2006 during the period from 28 February 2021 to 26 February 2022. The directors have acted in such a way as to promote the success of the company for the benefit of the shareholder. Engagement with the shareholder is achieved by the Company's Annual General Meeting, regular executive meetings and presentations with the shareholder & representatives. In addition, the directors have regard to the potential impact of decisions on other key stakeholder groups (for example employees, customers and suppliers). With regard to employees - in order to provide an insight into employee sentiment, 2 pulse surveys were performed by the group (the company and Freemans plc combined) during the financial period, resulting in a number of changes to working practices. For customers - the directors are acutely aware of their responsibility to manage the affordability risk to customers and constantly monitor its policies and procedures in this area. Engagement also takes place via market research groups and social media. The directors are also aware of their responsibilities to consider the impact of the company's operations on the wider community and environment. Further information is available in the following sections of the Strategic Report: Business Model, Principle Risks and Uncertainties, Future Developments. Decisions taken during the financial period included the approval of a budget for 2022/23 and a strategic plan to year end 2027.

**STREAMLINED ENERGY AND CARBON REPORTING**

**Company Information**

Grattan plc is classified as a large unquoted company and is therefore required to comply with requirements of Streamlined Energy and Carbon Reporting under the 2018 Regulations.

**Reporting Period**

28 February 2021 to 26 February 2022

**Total UK energy use (kWh) and associated emissions for Scope 1, Scope 2 and Scope 3**

	<b>Total Volume (kWh)</b>	<b>Calculated Emissions (Tonnes of CO<sub>2</sub>e)</b>	<b>Total Volume (kWh)</b>	<b>Calculated Emissions (Tonnes of CO<sub>2</sub>e)</b>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
<b>Emission Type</b>				
Scope 1 (direct)	2,399,047	440	1,849,889	340
Scope 2 (indirect)	1,506,067	320	1,245,430	292
Scope 3 (indirect)	12,515	3	3,684	1
<b>Total</b>	<b>3,917,629</b>	<b>763</b>	<b>3,099,003</b>	<b>633</b>

**Grattan plc (Registered number: 00249001)**

**Strategic Report**  
**for the Period 28 February 2021 to 26 February 2022**

**Definitions:**

**Scope 1 Emissions (direct).** Emissions from activities owned or controlled by the company, that release emissions into the atmosphere. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.

**Scope 2 Emissions (indirect).** Emissions released into the atmosphere associated with the company's consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of the company's activities, but which occur at sources the company does not own or control.

**Scope 3 Emissions (indirect).** Emissions that are a consequence of the company's actions, which occur at sources which the company does not own or control and which are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by the company (e.g. grey fleet and rental cars). Under SECR it is not mandatory to report rail or air travel

**Intensity Ratio**

	Property Area (m <sup>2</sup> )	Intensity Ratio (tCO <sub>2</sub> e / m <sup>2</sup> )	Property Area (m <sup>2</sup> )	Intensity Ratio (tCO <sub>2</sub> e / m <sup>2</sup> )
	2022	2022	2021	2021
<b>Intensity measurement</b>				
CO <sub>2</sub> e per m <sup>2</sup>	33,894	0.02	33,894	0.02

**Quantification and Reporting Methodology**

The company has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from their energy suppliers and HH/AMR data, where available, for those supplies with HH/AMR meters. For supplies where there was not a complete 12 months energy usage available, flat profile estimation techniques were used to complete the annual consumption. Transport mileage was obtained from expense claims submitted for company cars and grey fleet. CO<sub>2</sub>e emissions were calculated using the appropriate emission factors from the UK Government GHG conversion information.

**Energy Efficiency Action**

During the financial period, the organisation replaced fluorescent lighting with LEDs at Head Office. During the prior financial period, the organisation replaced power factor correction equipment and turned off the replenishment sorter.

**ON BEHALF OF THE BOARD:**



Mr R Hornby - Director

16 August 2022

Grattan plc  
66-70 Vicar Lane  
Little Germany  
Bradford  
West Yorkshire  
BD9 2XG.



**Grattan plc (Registered number: 00249001)**

**Report of the Directors**  
**for the Period 28 February 2021 to 26 February 2022**

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The directors present their report with the financial statements of the company for the Period 28 February 2021 to 26 February 2022.

Grattan plc is registered with company number 00249001.

**DIVIDENDS**

A dividend of £Nil was declared and paid in the year (2021: £762.4m).

**DIRECTORS**

The directors shown below have held office during the period from 28 February 2021 to the date of this report:

Mr R Hornby  
Mrs A Steer

During the period, liability insurance was maintained for the company's directors.

**POLITICAL CONTRIBUTIONS**

The company did not make any political contributions in the period covered by this report.

**OTHER INFORMATION**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 2 to 6.

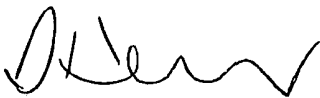
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**ON BEHALF OF THE BOARD:**



Mr R Hornby - Director

16 August 2022

Grattan plc  
66-70 Vicar Lane  
Little Germany  
Bradford  
West Yorkshire  
BD99 2XG.

**Grattan plc (Registered number: 00249001)**

**Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements for the Period 28 February 2021 to 26 February 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Independent Auditor's Report to the Members of  
Grattan plc**

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**Opinion**

We have audited the financial statements of Grattan plc ("the company") for the year ended 26 February 2022 which comprise the profit and loss account, other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 26 February 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to Grattan Plc's policies and procedures to prevent and detect fraud that apply to this company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud;
- Reading board minutes; and
- Using analytical procedures to identify unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

## **Independent Auditor's Report to the Members of Grattan plc**

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As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, including: the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we have taken into account the results of our evaluation and testing of the operating effectiveness of some of the Company wide fraud risk management controls and we performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included posted to unusual accounts involving revenue and cash.
- For a sample of revenue transactions around the period end, vouching to supporting external documentation to corroborate whether those items were recorded in the correct accounting period.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, general data protection, employment law, and certain aspects of company legislation, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

**Independent Auditor's Report to the Members of  
Grattan plc**

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- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

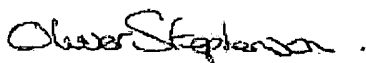
**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Oliver Stephenson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
16 August 2022

**Grattan plc (Registered number: 00249001)**

**Profit and Loss Account  
for the Period 28 February 2021 to 26 February 2022**

	Notes	Period 28.2.21 to 26.2.22		Period 1.3.20 to 27.2.21	
		£'000	£'000	£'000	£'000
<b>TURNOVER</b>	2		95,983		106,112
Cost of Sales			<u>(64,903)</u>		<u>(72,176)</u>
<b>GROSS PROFIT</b>			31,080		33,936
Distribution costs		(19,726)		(19,353)	
Administrative expenses including exceptional charge of £9.4m (2021: exceptional charge of £0.6m)	7	<u>(23,324)</u>	<u>(43,050)</u>	<u>(21,982)</u>	<u>(41,335)</u>
			(11,970)		(7,399)
Other operating income including exceptional credit £0.2m (2021: nil)	3 & 7		<u>2,248</u>		<u>2,632</u>
<b>OPERATING LOSS</b>	6		(9,722)		(4,767)
Other Income	8	-		805,267	
Interest receivable & similar income	9	<u>4</u>	<u>4</u>	<u>6</u>	<u>805,273</u>
			(9,718)		800,506
Interest payable and similar expenses	10	(21)		(63)	
Other finance costs	12	<u>(200)</u>	<u>(221)</u>	<u>(200)</u>	<u>(263)</u>
<b>(LOSS) / PROFIT BEFORE TAXATION</b>			(9,939)		800,243
Tax on (loss) / profit	11		<u>837</u>		<u>939</u>
<b>(LOSS) / PROFIT FOR THE FINANCIAL PERIOD</b>			<u>(9,102)</u>		<u>801,182</u>

The above results were derived wholly from continuing operations.

Grattan plc (Registered number: 00249001)

Other Comprehensive Income

for the Period 28 February 2021 to 26 February 2022

		Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
	Notes		
<b>(LOSS) / PROFIT FOR THE FINANCIAL PERIOD</b>		<b>(9,102)</b>	<b>801,182</b>
<b>OTHER COMPREHENSIVE PROFIT / (LOSS)</b>			
Actuarial gains / (losses) in pension scheme	23	<u>6,500</u>	<u>(15,100)</u>
<b>OTHER COMPREHENSIVE PROFIT / (LOSS) FOR THE FINANCIAL PERIOD, NET OF INCOME TAX</b>		<u>6,500</u>	<u>(15,100)</u>
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL PERIOD</b>		<u><b>(2,602)</b></u>	<u><b>786,082</b></u>

The notes on pages 16 to 38 form part of these financial statements

**Grattan plc (Registered number: 00249001)**

**Balance Sheet**  
**26 February 2022**

	Notes	26.2.22 £'000	27.2.21 £'000
<b>FIXED ASSETS</b>			
Intangible assets	13	19,808	21,745
Tangible assets	14	16,844	17,630
Investments	15	<u>126</u>	<u>126</u>
		36,778	39,501
<b>CURRENT ASSETS</b>			
Stocks	16	11,350	10,119
Debtors	17	86,464	110,314
Cash at bank and in hand		<u>7,194</u>	<u>2,106</u>
		105,008	122,539
<b>CREDITORS</b>			
Amounts falling due within one year	18	<u>(27,179)</u>	<u>(42,173)</u>
<b>NET CURRENT ASSETS</b>		<u>77,829</u>	<u>80,366</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		114,607	119,867
<b>CREDITORS</b>			
Amounts falling due after more than one year	19	(73)	(73)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	20	(1,723)	(2,095)
<b>PENSION ASSET</b>	23	<u>31,651</u>	<u>24,365</u>
<b>NET ASSETS</b>		<u>144,462</u>	<u>142,064</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	92,033	87,033
Share premium	22	39,933	39,933
Other reserves	22	70	70
Retained earnings	22	<u>12,426</u>	<u>15,028</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>144,462</u>	<u>142,064</u>

The financial statements were approved by the Board of Directors on 16 August 2022 and were signed on its behalf by:



Mr R Hornby - Director

The notes on pages 16 to 38 form part of these financial statements



**Grattan plc (Registered number: 00249001)**

**Statement of Changes in Equity**  
**for the Period 28 February 2021 to 26 February 2022**

		Called up share capital	Share premium	Other reserves	Retained earnings	Total equity
	Note	£'000	£'000	£'000	£'000	£'000
<b>Balance at 29 February 2020</b>		<u>87,033</u>	<u>39,933</u>	<u>70</u>	<u>(8,669)</u>	<u>118,367</u>
Dividends paid		-	-	-	(762,385)	(762,385)
Total comprehensive income		-	-	-	<u>786,082</u>	<u>786,082</u>
<b>Balance at 27 February 2021</b>		<u>87,033</u>	<u>39,933</u>	<u>70</u>	<u>15,028</u>	<u>142,064</u>
Share Issue	21	5,000	-	-	-	5,000
Total comprehensive income		-	-	-	(2,602)	(2,602)
<b>Balance at 26 February 2022</b>		<u>92,033</u>	<u>39,933</u>	<u>70</u>	<u>12,426</u>	<u>144,462</u>

The notes on pages 16 to 38 form part of these financial statements

**Grattan plc (Registered number: 00249001)**

**Notes to the Financial Statements**  
**for the Period 28 February 2021 to 26 February 2022**

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**1. ACCOUNTING POLICIES**

**General information**

Grattan plc ("the company") is a private company limited by shares. It is incorporated, domiciled and registered in England in the UK. The registered number is 00249001 and the registered address is 66-70 Vicar Lane, Little Germany, Bradford, BD99 2XG.

**Basis of preparing the financial statements**

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting period is for the 52 week period ended 26 February 2022. The comparative period being the 52 weeks ended 27 February 2021.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company's ultimate parent undertaking, OTTO Aktiengesellschaft fuer Beteiligungen includes the company in its consolidated financial statements. The consolidated financial statements of OTTO Aktiengesellschaft fuer Beteiligungen are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Werner-Otto Str. 1-7, 22179 Hamburg, Germany. 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:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the ultimate parent undertaking include the disclosures equivalent to those required by FRS 102, the company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**Measurement convention**

The company has applied historical cost accounting, except where noted below.

**1. ACCOUNTING POLICIES - continued**

**Going concern**

The company has made an operating loss of £9.7m (FY21: operating loss of £4.8m) and has net current assets of £77.8m as at 26 February 2022 (FY21: £80.4m).

The company has considered its cashflows alongside those of Freemans plc, a sister company with whom Grattan plc operates, and how it is financed and managed for the 12 months from signing the Financial Statements. Grattan plc and Freemans plc are both owned by Freemans Grattan Holdings Limited and managed on a day to day basis as one operation with the same management team and Board of Directors. These cashflows have been stress tested based on trading being severely impacted. The forecasts indicate the need for ongoing working capital funding through a combination of group loan facility and further share capital funding. The funding requirement has been considered on a group level (the company, Freemans Grattan Holdings Limited and Freemans plc combined). The group (the company, Freemans Grattan Holdings Limited and Freemans plc combined) have a loan facility of £30m with Otto (GmbH & Co KG), a group company, which extends to 31 August 2023. The group (the company and Freemans plc) also have the ability to call on £44.9m of committed share capital funding and further equity funding for future defined benefit pension contributions.

The directors acknowledge that there is uncertainty in any forecast, and in particular related to the trading. The directors have satisfied themselves that appropriate contingency plans are available to manage supply, operational support and working capital under various downside scenarios. The contingency plans include a range of mitigating actions that could be enacted to ensure that the company can meet its financial obligations. The company's forecasts show that it, alongside Freemans plc, is able to operate within the levels of their existing facilities and therefore have adequate resources to continue in operational existence for at least the 12 months from the signing of the Financial Statements. Accordingly, the Directors continue to adopt the going concern basis in the preparation of the Financial Statements.

Consequently, the directors are confident that the company will have sufficient funds available to enable it to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Turnover**

Turnover consists of the sale of goods, provision of services and interest income exclusive of sales taxes, to external customers. Turnover is recognised at the point of despatch and the provision of the service, net of any returns or provision for returns. Interest income is recognised on customers' outstanding debtor balances, in the profit and loss account as they accrue, using the effective interest rate method.

**Other operating income**

Other operating income includes late payment fees. It also consists of cash payments from HMRC in relation to the Coronavirus Job Retention Scheme (CJRS) in order to compensate the company for part of the wages, associated National Insurance Contributions (NICs) and company pension contributions of employees who were placed on furlough. It also includes other income not relating to the principle activities of the company.

**1. ACCOUNTING POLICIES - continued**

**Value added tax**

The accounting policy is to account for the liability on output VAT at the point at which a sale is recognised. Input VAT is accounted for upon receipt of an invoice.

**Intangible fixed assets and amortisation**

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

- Computer Software is amortised at 12% - 33% per annum.

The basis for choosing useful lives is the length of time by which the company expects to consume an asset's future economic benefits.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated.

- Plant and machinery is depreciated at 4% - 17% per annum

- Freehold properties are depreciated at 2% per annum

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

**Stocks**

Stocks, which consist of goods for resale, are valued at the lower of purchase price and estimated net realisable value.

**Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**1. ACCOUNTING POLICIES - continued**

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at a standard rate. The difference between actual or contracted rate versus standard rate is recognised in the profit and loss account.

**Investments**

Investments are stated at cost less provision for any impairment.

**Debtors**

Bad debts are written off as incurred and a specific provision is made against all debts outstanding from customers where recovery is considered doubtful.

**1. ACCOUNTING POLICIES - continued**

**Operating leases**

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Post retirement benefits**

The company operates a defined contribution and a defined benefit pension scheme.

**Defined contribution pension scheme**

The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**Defined benefit pension scheme**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Company's obligations. A formal valuation was performed on 6 April 2021 by a qualified actuary and was updated for the period ended 26 February 2022 using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

**Basic financial instruments**

**- Trade and other debtors / creditors:**

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

**- Interest-bearing borrowings classified as basic financial instruments:**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**1. ACCOUNTING POLICIES – continued**

**Classification of financial instruments issued by the company**

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

**Derivative financial instruments and hedging**

The company uses forward foreign currency contracts to hedge against currency exchange risk on future foreign currency expenditure.

The fair value of the forward contracts are held on balance sheet. Any gain or loss on the forward currency contracts is recognised directly in the profit or loss of the company.

**Goodwill**

Purchased goodwill (representing the excess of the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of the company's goodwill is 20 years.

**Provisions**

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

**Interest receivable and payable**

Interest receivable on deposits is credited to the profit and loss account as it accrues. Interest payable on loans is charged to the profit and loss account as it accrues.

**I. ACCOUNTING POLICIES - continued**

**Accounting estimates and judgements**

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key area requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

**- Recoverability of trade debtors:**

An assessment as to the ability of the company to recover trade debtors is made at each financial period end. A provision is made for any amounts that are not considered to be recoverable. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgement based on knowledge of the customer and the level of uncertainty as to whether the customer has sufficient funds to pay these amounts.

**- Consumer redress:**

Consumer redress provisions require a high degree of estimation and judgement. An assessment of consumer redress obligations is recognised based upon the best estimate and judgement of amounts required to settle obligations at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The quantity and value of claims is constantly monitored which leads to the assumptions the provision is based upon, being adjusted on an on-going basis.

**- Pensions:**

The company has obligations to pay pension benefits to members of its defined benefit pension scheme. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, asset valuations and the discount rate on corporate bonds. Advice is taken from a qualified independent actuary in estimating these factors and determining the net pension obligation as at the balance sheet date. The assumptions reflect historical experience and current trends.

**- Stock Provision:**

Provision is made for stock items where the net realisable value is estimated to be lower than cost. Net realisable value is based on historical experience and assumptions regarding future disposal channels, leading to estimation uncertainty.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.



Grattan plc (Registered number: 00249001)

Notes to the Financial Statements - continued  
for the Period 28 February 2021 to 26 February 2022

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2. **TURNOVER**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
Sale of goods and provision of services	79,944	89,049
Interest Income	16,039	17,063
	<u>95,983</u>	<u>106,112</u>

All revenues are generated in the UK.

3. **OTHER OPERATING INCOME**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
Late payment fees	1,980	2,151
CJRS Furlough Income	21	481
Card Interchange Fee Compensation	247	-
	<u>2,248</u>	<u>2,632</u>

**Grattan plc (Registered number: 00249001)**

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

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**4. EMPLOYEES AND DIRECTORS**

All employees are contracted by and remunerated through Freemans plc, a fellow subsidiary. The directors have reviewed the allocation of payroll costs and headcount between Grattan plc and Freemans plc and have allocated the employee numbers and associated payroll costs by brand, as this is deemed to be the most appropriate method by which to allocate cost according to where the benefit of service arises.

The average number of employees during the period, analysed by category, was as follows:

	Number of employees	
	Period	Period
	28.2.21	1.3.20
	to	to
	26.2.22	27.2.21
Sales	32	35
Distribution	89	96
Administration	350	377
	<u>471</u>	<u>508</u>

The aggregate payroll costs were as follows:

	Period	Period
	28.2.21	1.3.20
	to	to
	26.2.22	27.2.21
	£'000	£'000
Wages and salaries	17,767	17,841
Social security costs	1,502	1,494
Other pension costs	1,547	1,616
	<u>20,816</u>	<u>20,951</u>

**5. REMUNERATION OF DIRECTORS**

	Period	Period
	28.2.21	1.3.20
	to	to
	26.2.22	27.2.21
	£'000	£'000
Directors' emoluments	<u>387</u>	<u>464</u>

The directors of Grattan plc are also directors of Freemans plc (a fellow subsidiary undertaking). The remuneration above comprises payments made to directors in respect of their duties as directors of Grattan plc.

No directors had retirement benefits accruing under the group defined benefit pension scheme at the period end (2021: nil). The aggregate of emoluments, excluding pension contributions, of the highest paid director were £218,078 (2021: £267,989). The highest paid director is not a member of the Grattan defined benefit pension scheme or the Grattan defined contribution scheme.

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

**6. OPERATING LOSS**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
Operating loss is stated after charging/(crediting):		
Auditor's remuneration in respect of:		
Audit of these financial statements	62	52
Services relating to taxation	5	38
Amortisation of goodwill	2,267	2,267
Amortisation of other intangible fixed assets	493	416
Depreciation and other amounts written off tangible fixed assets	1,192	1,165
(Profit)/Loss on disposal of tangible and intangible fixed assets	(161)	(137)
Foreign exchange gains	(279)	(474)

**7. EXCEPTIONAL ITEMS**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
<b>Administrative Expenses</b>		
Charged to consumer redress obligations	19	538
Released from redundancy and other restructuring provisions	(364)	(113)
Charged to redundancy and other restructuring provisions	150	189
Historic Pension Settlement (see Report of the Directors)	7,047	-
Tax liability on legacy share option scheme (see below)	2,551	-
	<u>9,403</u>	<u>614</u>
<b>Other Operating Income</b>		
Card Interchange Fee Compensation	(247)	-
	<u>(247)</u>	<u>-</u>

In January 2022, a tribunal found that payments made to employees under a Growth Securities Ownership Plan ("GSOP") gives rise to an obligation to account for national insurance contributions and to pay income tax. The company was not party to this tribunal, but having participated in a similar scheme historically the company has accrued £2.6m as an estimate of the potential liability arising. See note 20 for details on other items.

**8. OTHER INCOME**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
Pension Contribution	-	25,720
Profit on disposal of subsidiary undertaking	-	779,547
	<u>-</u>	<u>805,267</u>

In the prior year, the company disposed of its investment in Hermes Parcelnet Limited for a consideration of £781.1m, generating a £779.5m gain on disposal. The pension contribution related to Hermes Parcelnet Limited making a Section 75 contribution into the Grattan section of the Otto UK pension scheme.

**Grattan plc (Registered number: 00249001)**

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

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**9. INTEREST RECEIVABLE & SIMILAR  
INCOME**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
Interest receivable on deposits	<u>4</u>	<u>6</u>

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
Interest payable on loans and overdrafts	<u>21</u>	<u>63</u>

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

**11. TAXATION**

**Analysis of credit in period:**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
UK corporation tax:		
Current tax on loss / profit for the period	-	(551)
Adjustments in respect of prior periods	(837)	(388)
Tax on loss / profit	<u>(837)</u>	<u>(939)</u>

**Factors affecting the tax credit for the current period:**

The current tax credit (2021: credit) for the period is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The difference is analysed below:

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
Current tax reconciliation: (Loss) / Profit before tax	<u>(9,939)</u>	<u>800,243</u>
Current tax at 19% (2021: 19%)	(1,888)	152,046
Effects of:		
Expenses not deductible for tax purposes	1,886	47
Depreciation for period in excess of capital allowances	63	(44)
Impairment of investments and goodwill	430	430
Adjustment to tax charge in respect of previous periods	(837)	(388)
Current year tax credit from subsidiary	-	(116)
Profit on disposal of subsidiary	-	(153,001)
Pension contributions	(187)	(2,580)
Taxable profits utilised against brought forward losses	(576)	-
Trading losses carried forward	272	2,676
Amounts surrendered as group relief	-	(9)
Total current tax credit	<u>(837)</u>	<u>(939)</u>

The UK Budget on 3 March 2021 included an announcement that the corporation tax rate will increase to 25% from 1 April 2023 for certain companies. This increase has been substantively enacted on 24 May 2021. Under IAS 12 and FRS 102, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. Consequently, deferred tax has been calculated at 25% tax rate.

**Grattan plc (Registered number: 00249001)**

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

**12. OTHER FINANCE COSTS**

	Period 28.2.21 to 26.2.22 £'000	Period 1.3.20 to 27.2.21 £'000
Expected return on pension scheme assets	(5,300)	(4,500)
Interest on pension scheme liabilities	5,500	4,700
	<u>200</u>	<u>200</u>

**13. INTANGIBLE FIXED ASSETS**

	Goodwill £'000	Computer software £'000	Totals £'000
<b>COST</b>			
At 28 February 2021	58,428	6,379	64,807
Additions	-	823	823
At 26 February 2022	<u>58,428</u>	<u>7,202</u>	<u>65,630</u>
<b>AMORTISATION</b>			
At 28 February 2021	38,598	4,464	43,062
Amortisation for period	2,267	493	2,760
At 26 February 2022	<u>40,865</u>	<u>4,957</u>	<u>45,822</u>
<b>NET BOOK VALUE</b>			
At 26 February 2022	<u>17,563</u>	<u>2,245</u>	<u>19,808</u>
At 27 February 2021	<u>19,830</u>	<u>1,915</u>	<u>21,745</u>

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

**13. INTANGIBLE FIXED ASSETS - continued**

**Goodwill**

**Direct Home Shopping Brands Limited**

During the year ended 27 February 2010, the trade and assets of Direct Home Shopping Brands Limited (a wholly owned subsidiary) were hived up into the company. As a result of this transfer, the value of the company's investment in that subsidiary fell below the amount at which it was stated in the company's accounting records. Companies Act 2006 requires that the investment be written down accordingly and that amount be charged as a loss in the company's profit and loss account. However, the directors considered that as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the year and it should instead be re-allocated to goodwill.

Goodwill is amortised over 20 years, which the directors estimate to be its useful life. The goodwill relates to the acquisition of the business of Direct Home Shopping Brands Limited (DHSB) in the year ended 27 February 2010. The recoverable amount of DHSB has been calculated with reference to its value in use. The key assumptions of this calculation are shown below:

	2022	2021
Growth rate used to extrapolate cash flows *	1.0%	1.0%
Discount rate (pre-tax)	6.0%	6.0%

\* The period before a steady or declining long-term growth rate has been assumed is 3 years. Cash flows after 3 years have been extrapolated using the growth rate in the table above, to perpetuity.

**14. TANGIBLE FIXED ASSETS**

	Freehold property £'000	Plant and machinery £'000	Totals £'000
<b>COST</b>			
At 28 February 2021	31,941	38,232	70,173
Additions	-	626	626
Disposals	-	(298)	(298)
At 26 February 2022	<u>31,941</u>	<u>38,560</u>	<u>70,501</u>
<b>DEPRECIATION</b>			
At 28 February 2021	17,906	34,637	52,543
Charge for period	629	563	1,192
Eliminated on disposal	-	(78)	(78)
At 26 February 2022	<u>18,535</u>	<u>35,122</u>	<u>53,657</u>
<b>NET BOOK VALUE</b>			
At 26 February 2022	<u>13,406</u>	<u>3,438</u>	<u>16,844</u>
At 27 February 2021	<u>14,035</u>	<u>3,595</u>	<u>17,630</u>

**Grattan plc (Registered number: 00249001)**

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

**15. FIXED ASSET INVESTMENTS**

	Shares in subsidiaries
	£'000
<b>COST</b>	
At beginning of year and end of year	<u>34,782</u>
<b>IMPAIRMENT</b>	
At beginning and end of year	<u>34,656</u>
<b>NET BOOK VALUE</b>	
At 26 February 2022	<u>126</u>
At 27 February 2021	<u>126</u>
Details of subsidiaries are set out in note 27.	

**16. STOCKS**

	26.2.22	27.2.21
	£'000	£'000
Finished goods and goods for resale	<u>11,350</u>	<u>10,119</u>

**17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	26.2.22	27.2.21
	£'000	£'000
Trade debtors	51,887	55,400
Amounts owed by group undertakings *	33,130	52,131
Other debtors	65	1,255
Prepayments and accrued income	<u>1,382</u>	<u>1,528</u>
	<u>86,464</u>	<u>110,314</u>

\* Included within amounts owed by group undertakings is £3.0m (2021: £22.0m) loan to Otto (GmbH & Co KG) which is repayable on demand with an interest rate of 0.05%. The remainder of the amounts owed by group undertakings are interest free and repayable on demand.



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Notes to the Financial Statements - continued  
for the Period 28 February 2021 to 26 February 2022

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18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	26.2.22	27.2.21
	£'000	£'000
Trade creditors	437	422
Amounts owed to group undertakings *	4,292	3,974
VAT	540	22,009
Forward currency contracts at fair value	-	1,653
Accruals and deferred income	14,863	14,115
Other creditor **	<u>7,047</u>	<u>-</u>
	<u>27,179</u>	<u>42,173</u>

\* The amounts owed to group undertakings are interest free and repayable on demand.

\*\* Other creditor relates to amounts payable in respect of pension obligations of a former Subsidiary undertaking.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	26.2.22	27.2.21
	£'000	£'000
Amounts owed to group undertakings	<u>73</u>	<u>73</u>

## 20. PROVISIONS FOR LIABILITIES

### Deferred taxation

The full deferred tax assets have not been recognised as it is not certain that all the differences will reverse in the foreseeable future. The full potential asset at 25% (2021: 25%) is as follows:

	26.2.22 Potential asset £'000	27.2.21 Potential asset £'000
Difference between accumulated depreciation and capital allowances	174	298
Tax losses - continuing operations	27,356	28,752
Pension asset / (liability)	(7,913)	(6,075)
Deferred tax asset	<u>19,617</u>	<u>22,975</u>

### Provision for other liabilities

	Consumer redress obligations £'000	Property Provisions £'000	Redundancy and other restructuring provisions £'000	Total £'000
At beginning of period	1,507	52	536	2,095
Utilised	-	-	(177)	(177)
Released	-	-	(364)	(364)
Charged	<u>19</u>	<u>-</u>	<u>150</u>	<u>169</u>
At end of period	<u>1,526</u>	<u>52</u>	<u>145</u>	<u>1,723</u>

Consumer redress obligations relate to historical mis-selling of payment protection and stand alone product cover insurance. Consumer redress obligations are recognised based upon the best estimate of amounts required to settle obligations at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The quantity and value of claims is constantly monitored which leads to the provision being adjusted on an on-going basis.

The property provisions relate to onerous leases where the company has exited the property before the period end. These are expected to fully unwind over the next year, they will be released if this is not the case.

The redundancy and restructuring provisions related to a restructuring program and are expected to fully unwind over the next year.

Grattan plc (Registered number: 00249001)

Notes to the Financial Statements - continued  
for the Period 28 February 2021 to 26 February 2022

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21. CALLED UP SHARE CAPITAL

	26.2.22	27.2.21
	£'000	£'000
Allotted, called up and fully paid:		
368,132,954 (2021: 348,132,954) ordinary shares at 25p each	<u>92,033</u>	<u>87,033</u>

During the financial period the company issued 20.0m ordinary 25p shares to its parent company as part of group funding arrangements. All ordinary shares have the voting rights of 1 vote per share.

22. RESERVES

	Share Premium account	Other reserves	Retained Earnings
	£'000	£'000	£'000
At beginning of period	39,933	70	15,028
Loss for the financial period	-	-	(9,102)
Other Comprehensive Income	-	-	6,500
At end of period	<u>39,933</u>	<u>70</u>	<u>12,426</u>

**23. EMPLOYEE BENEFIT OBLIGATIONS**

The company operates a defined contribution and a defined benefit pension scheme. The defined benefit scheme was closed to future accrual on 1 March 2009.

**Defined contribution scheme**

The pension costs for the period represent amounts payable by the company to the scheme and amounted to £1,547,509 (2021: £1,616,328).

At the period end contributions amounting to £89,751 (2021: £93,068) were payable to the scheme and are included in creditors.

**Defined benefit scheme**

The assets of the scheme are held in a separate trustee administered fund. The pension contributions are in line with the recommendations of a professionally qualified independent actuary. A full actuarial valuation was carried out at 6 April 2021 and was updated for FRS 102 purposes for the period ended 26 February 2022 by a qualified independent actuary.

In accordance with the Statement of Funding Principles it was agreed with the pension scheme trustees that with effect from 6 April 2021 the company will pay:

- Contributions of £5.9 million each year (rising by CPI annually). From 14 January 2022 until 30 April 2025 to eliminate the deficit and cover the administrative costs of running the scheme; and
- Pension protection fund levies as and when required.

**a) The major assumptions used for the FRS 102 updated valuations are as follows:**

	26.2.22	27.2.21	29.2.20
Rate of increase in pensionable salaries	n/a	n/a	n/a
Rate of increase of pensions in payment:			
Pre 6 April 1997 service	3.1%	2.8%	2.5%
Post 6 April 1997 service	3.4%	3.0%	2.8%
Discount rate applied to scheme liabilities	2.6%	2.1%	1.8%
Inflation assumption			
- RPI	3.7%	3.1%	2.9%
- CPI	<u>3.1%</u>	<u>2.5%</u>	<u>2.1%</u>

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 19.8 years (male), 22.9 years (female)
- Future retiree upon reaching 65: 21.2 years (male), 24.4 years (female)

The assumptions used by the actuary, and chosen by the directors, are the best estimate chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

**23. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The fair value of the scheme's assets which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities which are derived from cash flow projections over long periods and thus inherently uncertain were:

	Value at 26.2.22 £m	Value at 27.2.21 £m
Securities	210.0	198.2
Loans	0.5	1.4
Cash	1.1	1.1
Property	3.1	5.4
Other	<u>78.9</u>	<u>83.3</u>
Total market value of scheme assets	293.6	289.4
Present value of scheme liabilities	<u>(261.9)</u>	<u>(265.1)</u>
	<u>31.7</u>	<u>24.3</u>

**b) Movement in fund assets during the period:**

	26.2.22 £m	27.2.21 £m
Fund assets at start of the period	289.4	275.6
Expected return on fund assets	5.3	4.5
Company contributions	1.1	39.3
Benefits paid	(9.1)	(9.4)
Actuarial gains / (loss) recognised in OCI	<u>6.9</u>	<u>(20.6)</u>
Fund assets at end of period	<u>293.6</u>	<u>289.4</u>

In the prior period additional contributions (in addition to the normal schedule of contributions) of £32.1m were made into the pension scheme.

**c) Movement in liabilities during the period:**

	26.2.22 £m	27.2.21 £m
Fund liabilities at start of the period	265.1	275.3
Interest cost	5.5	4.7
Benefits paid	(9.1)	(9.4)
Actuarial loss/(gain) recognised in OCI	<u>0.4</u>	<u>(5.5)</u>
Fund liabilities at end of period	<u>261.9</u>	<u>265.1</u>

**Grattan plc (Registered number: 00249001)**

**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

**23. EMPLOYEE BENEFIT OBLIGATIONS - continued**

**d) Amounts charged to the Profit and Loss account:**

	26.2.22	27.2.21
	£m	£m
Net charge to other finance costs	<u>0.2</u>	<u>0.2</u>
	<u>0.2</u>	<u>0.2</u>

**e) Analysis of amounts recognised in OCI:**

	26.2.22	27.2.21
	£m	£m
Actuarial (gain)/loss on assets	(6.9)	20.6
Experience loss/(gain) on liabilities	5.1	(3.3)
Actuarial gain on change of assumptions	<u>(4.7)</u>	<u>(2.2)</u>
Total (gain)/ loss recognised in OCI	<u>(6.5)</u>	<u>15.1</u>

**f) Analysis of pension scheme deficit history:**

	2022	2021	2020	2019	2018
	£m	£m	£m	£m	£m
Market value of scheme assets	293.6	289.4	275.6	246.3	252.7
Present value of scheme liabilities	<u>(261.9)</u>	<u>(265.1)</u>	<u>(275.3)</u>	<u>(248.4)</u>	<u>(242.7)</u>
Surplus/(Deficit)	<u>31.7</u>	<u>24.3</u>	<u>0.3</u>	<u>(2.1)</u>	<u>10.0</u>

**24. CONTINGENT LIABILITIES**

Under the group election for payment of VAT, the company is responsible for the discharge of any liability arising in the UK group and it also has joint bank facilities with Freemans plc (a fellow subsidiary undertaking).

**25. CAPITAL COMMITMENTS**

	26.2.22	27.2.21
	£'000	£'000
Contracted but not provided for in the financial statements	<u>130</u>	<u>430</u>

**Grattan plc (Registered number: 00249001)**

**Notes to the Financial Statements - continued  
for the Period 28 February 2021 to 26 February 2022**

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**26. ULTIMATE PARENT COMPANY**

The company is a subsidiary undertaking of Freemans Grattan Holdings Limited. Freemans Grattan Holdings Limited is a subsidiary of OTTO-EUROPE Beteiligungs-Verwaltungs GmbH. The ultimate parent undertaking is OTTO Aktiengesellschaft fuer Beteiligungen, Werner-Otto Str. 1-7, 22179 Hamburg, Germany.

The largest group in which the results of the company are consolidated is that headed by OTTO Aktiengesellschaft fuer Beteiligungen.

The consolidated accounts of the ultimate undertaking are available to the public and may be obtained from [www.bundesanzeiger.de](http://www.bundesanzeiger.de).

**27. GROUP UNDERTAKINGS**

The subsidiary undertakings of Grattan plc are as follows:

Subsidiary	Business	Holding %	Type of Share	Registered Office
AE Allitt Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Benton Grup S.A.	Property	50	Normal	Angel Guimera 48, 08260 Suija, Barcelona, Spain
Bon Prix Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Direct Home Shopping Brands Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Grattan Home Shopping Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Grattan International Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Grattan (Leicester) Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Grattan Logistics Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Kaleidoscope Limited *	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Learoyd and Calverley Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Look Again Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Oli Limited *	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Rainbow Home Shopping Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Scoops (Bradford) Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Witt (UK) Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
You and Yours Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG

\* - Subsidiary indirectly owned by Grattan plc

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**Notes to the Financial Statements - continued**  
**for the Period 28 February 2021 to 26 February 2022**

**28. NON-ADJUSTING POST BALANCE SHEET EVENT**

After the date of this report, but before the signing of this report, the directors took the decision to voluntarily strike off the following dormant subsidiary entities:

Subsidiary	Business	Holding %	Type of Share	Registered Office
AE Allitt Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Direct Home Shopping Brands Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Grattan Home Shopping Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Grattan International Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Learoyd and Calverley Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Oli Limited *	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Rainbow Home Shopping Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
Scoops (Bradford) Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG
You and Yours Limited	Dormant	100	Normal	66-70 Vicar Lane, Bradford, BD99 2XG

\* - Subsidiary indirectly owned by Grattan plc