

Gold Group International Limited

Registered number: 00856011

Annual Report

For the year ended 30 June 2019



GOLD GROUP INTERNATIONAL LIMITED

COMPANY INFORMATION

| | |
|---------------------------------|--|
| Directors: Statutory | D Gold J Gold V Gold |
| Directors: Non-Executive | M Gifford |
| Registered number | 00856011 |
| Registered office | Gold Group House Godstone Road Whyteleafe Surrey CR3 0GG |
| Independent auditor | Mazars LLP Chartered Accountants & Statutory Auditors Tower Bridge House St Katharine's Way London E1W 1DD |
| Bankers | Royal Bank of Scotland NWB Central Corp. Banking Corporate Banking Centre 5-10 Great Tower Street London EC3P 3HX |

GOLD GROUP INTERNATIONAL LIMITED

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GOLD GROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Registered number: 00856011

The directors present their report and the financial statements for the year ended 30 June 2019.

Principal activities

The company's principal activity during the year continued to be that of a property and investments company.

Future developments

The company continues to monitor its property and investments portfolio, with a view to maximising returns to the shareholders and to deliver growth opportunities and sustained investment where appropriate.

Strategic Report

The company is a small company and therefore has taken exemption from preparing a strategic report.

Results

The profit for the year, after taxation, amounted to £141,357 (2018: profit of £3,382,046).

Directors

The statutory directors who served during the year and to the date of this report were:

D Gold
J Gold
V Gold

In addition, M Gifford was appointed as a non-executive director on 1 February 2019.

The directors held no direct interests in the company at any point during the period.

The impact of uncertainties due to the outbreak of COVID-19

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. The pandemic has resulted in the closure of non-essential retail stores, of which the company is a lessor, on at least three occasions. At the time of writing this report, non-essential retail stores are closed under a third national lockdown and it is uncertain when this may end. In addition, whilst the roll-out of a vaccine provides hope, it is possible that a further future peak of infections could result in the company's tenants once again being forced to close their stores, impacting on their financial position. In addition, the pandemic has resulted in football clubs preventing or significantly restricting attendance at football matches and at the time of writing this report attendance is not permitted at any football matches. Again, it is uncertain when this may end. In the longer term consumer confidence and shopping habits may be affected which may significantly impact our tenants and thereby the company.

The directors have assessed the potential impact on the future performance of the company and believe the most likely impacts to be on the recovery of loans, the carrying values of investment property, investment in subsidiaries and investment in associate, the future rental income from the investment property and the contingent liabilities disclosed in note 19.

As at the date of approval of these financial statements, it is not possible to reliably determine or quantify the impact of Covid-19 on the company's significant estimates relating to the carrying values of investment property, investment in subsidiaries and investment in associate.

The directors will continue to monitor developments and to address any impact on the company's operations.

The impact of uncertainties due to the United Kingdom exiting the European Union

The directors have assessed the impact of Brexit on the future performance of the company. They consider that the impact will be minimal.

GOLD GROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Going concern

The financial statements have been prepared on a going concern basis having given due consideration to current trading, the COVID-19 pandemic and forward looking projections.

The directors have prepared a detailed Group cash flow forecast for a period of twelve months from the date of approval of these financial statements. The directors have also considered a severe but plausible forecast that focuses on the potential impact of the COVID-19 pandemic on the Group's trading performance, and in particular the performance of a fellow group company, Ann Summers Limited. The principal assumptions in the severe but plausible forecast include:

- all Ann Summers stores closed in April and May 2021, a further 10% in Ann Summers retail store sales from significant reduction in footfall from June to November 2021 and then all Ann Summers stores closed from December 2021 to February 2022;
- an uplift in Ann Summers sales from the online and direct selling channels in line with previous experience; and
- the on-going availability of Government support for periods of store closures.

After review of the forecasts for the coming twelve months from the date of signing the financial statements, including the severe but plausible downside scenario, the directors believe that the Group, and thereby the company, will have sufficient funds in order to meet liabilities as they fall due. In addition, the parent company and its shareholders have confirmed that they will provide support if necessary. Accordingly, the directors believe it is appropriate to prepare the accounts on a going concern basis.

As explained below, there have been a number of post balance sheet events that have improved the liquidity position of the company. However, the directors acknowledge that there is significant uncertainty as to the future impact on the company and the wider GGI Holdings Ltd group of the COVID-19 pandemic. Uncertainty remains over what future strategies the Government may put in place and over the broader implications of the COVID-19 pandemic, which the company accepts makes outcomes more difficult to model. As explained above, the directors believe that the most likely impacts could be on the recovery of loans, the carrying values of investment property, investment in subsidiaries and investment in associate and the future rental income from the investment property. The directors acknowledge that there may be an impact from the contingent liabilities relating to other group companies and WH Holding Limited (see note 19).

In addition, on 23 December 2020, a fellow group company, Ann Summers Limited, which is the main trading company in the Group, successfully implemented a Creditors Voluntary Arrangement ("CVA") which resulted in the compromise of certain liabilities including rent, rates and dilapidations payments, as well as the rescheduling of certain payments in respect of these liabilities. The affected creditors had until 20 January 2021 to challenge the outcome of the CVA. As this date has now passed, the CVA has become legally binding on all of Ann Summers Limited's creditors and the expected cash flow benefits are now certain. This is of relevance to the company given the Group's banking arrangements and the company's contingent liabilities under them (see note 19).

GOLD GROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Directors' responsibilities statement

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Auditor

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

GOLD GROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Post balance sheet events

Asset disposals

Since the year end, the aircraft has been disposed of for £0.8m (see note 11) and four investment properties have been disposed of for total proceeds of £18.7m (see note 12 (a)). The funds have been used to provide further capital to the business and to repay in full the outstanding bank loan of £10.4m (see note 16 (b)).

Other assets

Since the year end, a loan made to Equitable Projects Limited has been repaid in full. In addition, a capital repayment of £1.0m was received from WH Holding Limited together with payment of £1.0m accrued interest (see note 14). The company has also taken up a rights issue from WH Holding Limited to the amount of £4.0m (see note 12 (d)).

Financing

Since the year end, the amount owed to group undertakings at 30 June 2019 of £26.1 million has been converted into a loan with maximum borrowings under the facility of £28.0 million. The earliest repayment date is 31 December 2024 with the company, Gold Group International Limited, having the option to extend this until 31 December 2030 at its sole discretion. Interest accrues on the loan at 5% per annum and is payable on the repayment date.

As explained above, following the sale of certain investment properties, the bank loan of £10.4m has been repaid in full. In addition, directors' loans including interest have been repaid in full (see note 16 (b)).

On 10 October 2019, a new 3 year loan was agreed with a third party on 10 October 2019 for £10.0 million, with a fixed interest rate of 10% (see note 16 (b)).

Contingent liabilities

The company has provided letters of support to WH Holding Limited.

As at 30 June 2019, a letter of support was in place confirming that the company had agreed to provide funding up to a maximum of £20 million to WH Holding Limited in the event that WH Holding Limited was unable to operate within its borrowing limited. Since the year end, this agreement has expired.

Since the year end, the company has signed two further letters of support, again confirming that the company and another shareholder of WH Holding Limited have agreed to provide funding up to a maximum of £40 million per letter of support on a combined basis in the event that WH Holding Limited was unable to operate within its borrowing limited. Since the year end, one of these agreements has expired such that as at date of approval of the financial statements, a contingent liability for £40m remains in place, expiring on 11 August 2021 (see note 19).

Since the year end, the company has committed to make available a loan facility of £6.0m to fellow group company, Ann Summers Limited. This facility can be drawn at any date prior to 23 February 2023. As at the date of approval of the financial statements, no amounts had been drawn under this facility.

COVID-19

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. The pandemic has resulted in the closure of non-essential retail stores, of which the company is a lessor, on at least three occasions. At the time of writing this report, non-essential retail stores are closed under a third national lockdown and it is uncertain when this may end. In addition, whilst the roll-out of a vaccine provides hope, it is possible that a further future peak of infections could result in the company's tenants once again being forced to close their stores, impacting on their financial position. In addition, the pandemic has resulted in football clubs preventing or significantly restricting attendance at football matches and at the time of writing this report attendance is not permitted at any football matches. Again, it is uncertain when this may end. In the longer term consumer confidence and shopping habits may be affected which may significantly impact our tenants and thereby the company.

GOLD GROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Post balance sheet events (continued)

COVID-19 (continued)

The directors have assessed the potential impact on the future performance of the company and believe the most likely impacts to be on the recovery of loans, the carrying values of investment property, investment in subsidiaries and investment in associate, the future rental income from the investment property and the contingent liabilities disclosed in note 19.

As at the date of approval of these financial statements, it is not possible to reliably determine or quantify the impact of Covid-19 on the company's significant estimates relating to the carrying values of investment property, investment in subsidiaries and investment in associate.

The directors will continue to monitor developments and to address any impact on the company's operations.

Ann Summers Limited CVA

On 23 December 2020, a fellow group company, Ann Summers Limited, which is the main trading company in the Group, successfully implemented a Creditors Voluntary Arrangement ("CVA") which resulted in the compromise of certain liabilities including rent, rates and dilapidations payments, as well as the rescheduling of certain payments in respect of these liabilities. The affected creditors had until 20 January 2021 to challenge the outcome of the CVA. As this date has now passed, the CVA has become legally binding on all of Ann Summers Limited's creditors and the expected cash flow benefits are now certain. This is of relevance to the company given the Group's banking arrangements and the company's contingent liabilities under them (see note 19).

All of the above post balance sheet events are considered to be non-adjusting post balance sheet events for the company.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 19 March 2021 and signed on its behalf.



D Gold
Director

GOLD GROUP INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GOLD GROUP INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Gold Group International Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in 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, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of note 1.3 in the financial statements. This note sets out disclosures in respect of going concern and the impact of the COVID-19 pandemic. This indicates that management have prepared the financial statements on a going concern basis having given due consideration to current trading, projections and the potential impact of the COVID-19 pandemic. The directors acknowledge that there is significant uncertainty as to the future impact on the company and the wider GGI Holdings Limited group (the Group) of the COVID-19 pandemic. However, review of forecasts for the coming twelve months from the date of signing the financial statements, including the downside scenarios, has led the directors to believe that the Group and thereby the company will have sufficient funds in order to meet liabilities as they fall due for a period of a year from the signing of this Annual Report and therefore that the going concern basis is appropriate.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

GOLD GROUP INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GOLD GROUP INTERNATIONAL LIMITED

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- * adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- * the company financial statements are not in agreement with the accounting records and returns; or
- * certain disclosures of directors' remuneration specified by law are not made; or
- * we have not received all the information and explanations we require for our audit; or
- * the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

GOLD GROUP INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GOLD GROUP INTERNATIONAL LIMITED

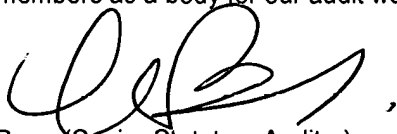
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Jacqueline Berry (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
EW1 1DD

Date: 19 March 2021

GOLD GROUP INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 £ | 2018 £ |
|---|-----------|------------------|------------------|
| Turnover | 3 | 1,248,084 | 1,136,001 |
| Cost of sales | | <u>(387,214)</u> | <u>(441,503)</u> |
| Gross profit | | 860,870 | 694,498 |
| Selling and distribution expenses | | (279,772) | (342,940) |
| Administrative expenses | | (2,120,733) | (1,660,796) |
| Fair value revaluation | 12(a),13 | - | 2,874,739 |
| Other operating income | 4 | 1,476,603 | 1,272,550 |
| Provisions against investments | 12(b)&(c) | (377,098) | (5,126) |
| Loss on sale of assets | 5 | <u>(205,088)</u> | <u>(877)</u> |
| Operating (loss)/profit | 5 | (645,218) | 2,832,048 |
| Interest receivable and similar income | 8 | 1,122,182 | 1,039,677 |
| Interest payable and similar charges | 9 | <u>(913,167)</u> | <u>(422,746)</u> |
| (Loss)/profit on ordinary activities before taxation | | (436,203) | 3,448,979 |
| Tax credit/(charge) on (loss)/profit on ordinary activities | 10 | 577,560 | (66,933) |
| Profit for the financial year and total comprehensive income | | <u>141,357</u> | <u>3,382,046</u> |

All amounts relate to continuing operations.

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 12 to 26 form part of these financial statements.

GOLD GROUP INTERNATIONAL LIMITED

Registered number: 00856011

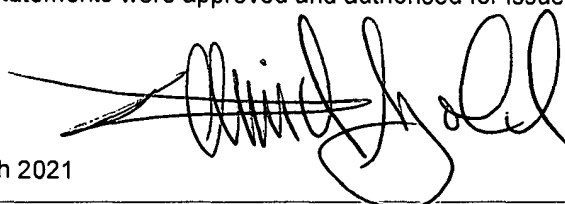
BALANCE SHEET AS AT 30 JUNE 2019

| | Note | £ | 2019 £ | £ | 2018 £ |
|--|--------|---------------------|-------------------|---------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 600,251 | | 626,705 |
| Investments | 12 | | <u>34,776,864</u> | | <u>35,155,217</u> |
| | | | 35,377,115 | | 35,781,922 |
| Current assets | | | | | |
| Investments | 13 | - | | 6,237,785 | |
| Debtors | 14 | <u>38,547,768</u> | | <u>38,875,773</u> | |
| | | 38,547,768 | | 45,113,558 | |
| Creditors: amounts falling due within one year | 16 (a) | <u>(27,826,781)</u> | | <u>(40,802,992)</u> | |
| Net current assets | | | <u>10,720,987</u> | | <u>4,310,566</u> |
| Total assets less current liabilities | | | 46,098,102 | | 40,092,488 |
| Creditors: amounts falling due after more than one year | 16 (b) | | (16,028,336) | | (9,866,667) |
| Provisions for liabilities and charges | 17 | | <u>-</u> | | <u>(297,412)</u> |
| Net assets | | | <u>30,069,766</u> | | <u>29,928,409</u> |
| Capital and reserves | | | | | |
| Share capital | 18 | | 100,032 | | 100,032 |
| Share premium account | | | 1,549,568 | | 1,549,568 |
| Revaluation reserve | | | 1,957,477 | | 1,957,477 |
| Retained earnings | | | <u>26,462,689</u> | | <u>26,321,332</u> |
| Shareholders' funds | | | <u>30,069,766</u> | | <u>29,928,409</u> |

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

David Gold
Director



Date: 19 March 2021

The notes on pages 12 to 26 form part of these financial statements.

GOLD GROUP INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

| | Share Capital £ | Share Premium £ | Revaluation Reserve £ | Retained Earnings £ | Total Equity £ |
|--|-----------------------|-----------------------|-----------------------------|---------------------------|-------------------|
| At 1 July 2018 | 100,032 | 1,549,568 | 1,957,477 | 26,321,332 | 29,928,409 |
| Profit for the year | - | - | - | 141,357 | 141,357 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 141,357 | 141,357 |
| At 30 June 2019 | <u>100,032</u> | <u>1,549,568</u> | <u>1,957,477</u> | <u>26,462,689</u> | <u>30,069,766</u> |

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

| | Share Capital £ | Share Premium £ | Revaluation Reserve £ | Retained Earnings £ | Total Equity £ |
|--|-----------------------|-----------------------|-----------------------------|---------------------------|-------------------|
| At 1 July 2017 | 100,032 | 1,549,568 | 1,957,477 | 22,939,286 | 26,546,363 |
| Profit for the year | - | - | - | 3,382,046 | 3,382,046 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 3,382,046 | 3,382,046 |
| At 30 June 2018 | <u>100,032</u> | <u>1,549,568</u> | <u>1,957,477</u> | <u>26,321,332</u> | <u>29,928,409</u> |

The notes on pages 12 to 26 form part of these financial statements.

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. Accounting policies

1.1 General Information

Gold Group International Limited is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Gold Group House, Godstone Road, Whyteleafe, Surrey, CR3 0GG.

The principal activity of the company is a property and investment company. The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates and rounded to the nearest pound.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified for the revaluation of property and current asset investments, and in accordance with Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2). The following principal accounting policies have been applied.

1.3 Going Concern

The financial statements have been prepared on a going concern basis having given due consideration to current trading, the COVID-19 pandemic and forward looking projections.

The directors have prepared a detailed Group cash flow forecast for a period of twelve months from the date of approval of these financial statements. The directors have also considered a severe but plausible forecast that focuses on the potential impact of the COVID-19 pandemic on the Group's trading performance, and in particular the performance of a fellow group company, Ann Summers Limited. The principal assumptions in the severe but plausible forecast include:

- all Ann Summers stores closed in April and May 2021, a further 10% in Ann Summers retail store sales from significant reduction in footfall from June to November 2021 and then all Ann Summers stores closed from December 2021 to February 2022;
- an uplift in Ann Summers sales from the online and direct selling channels in line with previous experience; and
- the on-going availability of Government support for periods of store closures.

After review of the forecasts for the coming twelve months from the date of signing the financial statements, including the severe but plausible downside scenario, the directors believe that the Group, and thereby the company, will have sufficient funds in order to meet liabilities as they fall due. In addition, the parent company and its shareholders have confirmed that they will provide support if necessary. Accordingly, the directors believe it is appropriate to prepare the accounts on a going concern basis.

As explained in note 22, there have been a number of post balance sheet events that have improved the liquidity position of the company. However, the directors acknowledge that there is significant uncertainty as to the future impact on the company and the wider GGI Holdings Ltd group of the COVID-19 pandemic. Uncertainty remains over what future strategies the Government may put in place and over the broader implications of the COVID-19 pandemic, which the company accepts makes outcomes more difficult to model. As explained above, the directors believe that the most likely impacts could be on the recovery of loans, the carrying values of investment property, investment in subsidiaries and investment in associate and the future rental income from the investment property. The directors acknowledge that there may be an impact from the contingent liabilities relating to other group companies and WH Holding Limited (see note 19).

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. Accounting policies (continued)

1.3 Going Concern (continued)

In addition, on 23 December 2020, a fellow group company, Ann Summers Limited, which is the main trading company in the Group, successfully implemented a Creditors Voluntary Arrangement ("CVA") which resulted in the compromise of certain liabilities including rent, rates and dilapidations payments, as well as the rescheduling of certain payments in respect of these liabilities. The affected creditors had until 20 January 2021 to challenge the outcome of the CVA. As this date has now passed, the CVA has become legally binding on all of Ann Summers Limited's creditors and the expected cash flow benefits are now certain. This is of relevance to the company given the Group's banking arrangements and the company's contingent liabilities under them (see note 19).

The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of rental income. This revenue is recognised on a straight line basis over the respective lease terms.

1.5 Investment properties

Investment properties are included in the Balance Sheet at their open market value in accordance with FRS 102 and are not depreciated.

1.6 Fixed asset investments

Investments in subsidiary and associate undertakings are held at cost less any impairment. Other fixed asset investments are held at open market value in accordance with FRS 102.

1.7 Current asset investments

Current asset investments are held at open market value in accordance with FRS102.

1.8 Tangible fixed assets

Depreciation is not provided on freehold land. On other assets it is provided at the following rates, which are considered adequate to write off the cost less estimated residual value of the assets over their estimated useful lives.

| | |
|-----------------------------------|---------------------|
| Freehold buildings | 2% reducing balance |
| Fixtures, furniture and equipment | 25% straight line |
| Motor vehicles | 25% straight line |
| Aircraft | 5% straight line |

1.9 Disclosure exemptions

In preparing these financial statements, the company has taken advantage of the disclosure exemptions, as permitted by FRS 102 paragraph 1.12.

The company has taken advantage of the following exemptions in preparing the company financial statements:

- (i) from preparing a Cash Flow Statement in accordance with Section 7 'Cash Flow Statements'; and
- (ii) Key management personnel compensation.

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Key sources of estimation uncertainty

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

Assessing indicators of impairment of investments in subsidiaries

In assessing whether there have been any indicators of impairment of subsidiaries, the directors have considered the results of the subsidiaries and the group. As a result of a review the directors considered an impairment was necessary.

Assessing indicators of impairment of investments and fair value of investment properties

In assessing whether there have been any indicators of impairment of the fair value of investment properties, the directors have considered the market value of the property as well as any other recent local property sales, discounted cash flows of current rentals and any external factors which may impact the property valuation since the last external valuation. In determining the market value of the properties, the directors have referenced valuations performed at 22 June 2018 and 28 June 2019, where available, by Cushman & Wakefield, Chartered Surveyors who are independent of the Company and have experience of valuing similar properties.

As a result of a review as at 30 June 2019 the directors considered that no fair value adjustment was required. External valuation of investments resulted in a fair value uplift in the previous year.

In assessing whether there have been any indicators of impairment of other investments, the directors have considered the market value of the other investments. As a result of a review the directors considered an impairment was necessary.

3. Turnover

All turnover arose within the United Kingdom.

4. Other operating income

| | 2019 | 2018 |
|---------------------|-------------------------|-------------------------|
| | £ | £ |
| Dividend receivable | 33,767 | 52,876 |
| Management fees | 1,090,000 | 840,000 |
| Sundry income | 16 | 7,516 |
| Other recharges | <u>352,820</u> | <u>372,158</u> |
| | <u>1,476,603</u> | <u>1,272,550</u> |

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

| | 2019 | 2018 |
|---|----------------|-------------|
| | £ | £ |
| Depreciation (note 11) | 29,575 | 26,422 |
| Auditor's remuneration | 45,186 | (4,545) |
| Auditor's remuneration – tax | 18,438 | 21,992 |
| Auditor's remuneration – non audit | 20,000 | 2,370 |
| Fair value revaluation uplift (note 12(a),13) | - | (2,874,739) |
| Provisions against investments (note 12(b),12(c)) | 377,098 | 5,126 |
| Loss on sale of assets: | | |
| Loss on disposal of current asset investments | 206,411 | - |
| (Profit)/loss on disposal of fixed assets investments | (1,323) | 1 |
| Loss on disposal of fixed assets | - | 876 |
| | <u>205,088</u> | <u>877</u> |

6. Staff costs

Staff costs were as follows:

| | 2019 | 2018 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,227,420 | 966,234 |
| Social security costs | 185,394 | 218,313 |
| Other pension costs | 73 | - |
| | <u>1,412,887</u> | <u>1,184,547</u> |

| | 2019 | 2018 |
|---|-----------|----------|
| | No. | No. |
| Average number of employees including directors | | |
| Administration staff | <u>10</u> | <u>8</u> |

7. Directors' emoluments

| | 2019 | 2018 |
|------------|------------------|----------------|
| | £ | £ |
| Emoluments | <u>1,027,650</u> | <u>895,539</u> |

During the year, retirement benefits were accruing to no directors (2018: no) in respect of money purchase pension schemes.

Emoluments disclosed above include the following amounts paid to the highest paid director:

| | 2019 | 2018 |
|------------|----------------|----------------|
| | £ | £ |
| Emoluments | <u>498,898</u> | <u>397,794</u> |

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8. Interest receivable and similar income

| | 2019 | 2018 |
|--|------------------|------------------|
| | £ | £ |
| Loan interest receivable | 1,013,856 | 937,788 |
| Interest receivable from other group companies | 92,104 | 74,471 |
| Bank and other interest receivable | 16,222 | 27,418 |
| | <u>1,122,182</u> | <u>1,039,677</u> |

9. Interest payable and similar charges

| | 2019 | 2018 |
|---|----------------|----------------|
| | £ | £ |
| Loan interest payable | 728,429 | 221,945 |
| Interest payable to other group companies | 149,958 | 86,145 |
| Bank interest payable | 34,777 | 57,484 |
| Other interest payable | 3 | 57,172 |
| | <u>913,167</u> | <u>422,746</u> |

10. Taxation

| | 2019 | 2018 |
|--|------------------|---------------|
| | £ | £ |
| Analysis of tax (credit)/charge in the year | | |
| UK corporation tax charge on (loss)/profit for the year | - | - |
| Adjustments in respect of prior periods | (221,857) | 9,180 |
| Group taxation relief | 3,516 | 3,170 |
| Current tax (credit)/charge | <u>(218,341)</u> | <u>12,350</u> |
| Deferred taxation | | |
| (Release)/charge for the year | <u>(359,219)</u> | <u>54,583</u> |
| Total deferred tax (release)/charge (note 17) | <u>(359,219)</u> | <u>54,583</u> |
| Tax (credit)/charge on (loss)/profit on ordinary activities | <u>(577,560)</u> | <u>66,933</u> |

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from (2018: differs from) the effective rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

| | 2019 £ | 2018 £ |
|---|-------------------------|----------------------|
| (Loss)/profit on ordinary activities before tax | <u>(436,203)</u> | <u>3,448,979</u> |
| (Loss)/profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 19% (2018: 19%) | (82,879) | 655,306 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 26,651 | 33,203 |
| Depreciation added back | 16 | 17 |
| Chargeable gain | 245,096 | (1,119) |
| Impairment to investments | 71,648 | - |
| Fair value adjustments | - | (546,200) |
| Dividends received | (6,416) | (10,046) |
| Group relief not paid for | (311,301) | (115,045) |
| Adjustment to tax charge in respect of prior periods | (221,857) | 9,180 |
| Accounting loss/(profit) on disposal | 38,966 | (4,560) |
| Other | 21,735 | (8,386) |
| Current tax (credit)/charge for the year (see note above) | <u><u>(218,341)</u></u> | <u><u>12,350</u></u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11. Tangible fixed assets

| | Land & Buildings £ | Furniture fixtures & equipment £ | Motor Vehicles £ | Aircraft £ | Total £ |
|--------------------------|--------------------------|---|------------------------|----------------|----------------|
| Cost or Valuation | | | | | |
| At 1 July 2018 | 9,050 | 146,751 | 61,896 | 593,000 | 810,697 |
| Additions | - | 3,121 | - | - | 3,121 |
| At 30 June 2019 | <u>9,050</u> | <u>149,872</u> | <u>61,896</u> | <u>593,000</u> | <u>813,818</u> |
| Depreciation | | | | | |
| At 1 July 2018 | 1,924 | 140,903 | 17,452 | 23,713 | 183,992 |
| Charge for year | 82 | 2,595 | 15,041 | 11,857 | 29,575 |
| At 30 June 2019 | <u>2,006</u> | <u>143,498</u> | <u>32,493</u> | <u>35,570</u> | <u>213,567</u> |
| Net Book Value | | | | | |
| At 30 June 2019 | <u>7,044</u> | <u>6,374</u> | <u>29,403</u> | <u>557,430</u> | <u>600,251</u> |
| At 30 June 2018 | <u>7,126</u> | <u>5,848</u> | <u>44,444</u> | <u>569,287</u> | <u>626,705</u> |

Since the year end, the aircraft has been disposed of for £0.8m (see note 22).

12 (a). Fixed asset investment property

| | 2019 £ | 2018 £ |
|-------------------------|-------------------|-------------------|
| Valuation | | |
| Balance brought forward | 18,038,000 | 15,407,000 |
| Revaluation | - | 2,878,000 |
| Impairment | - | (247,000) |
| Balance carried forward | <u>18,038,000</u> | <u>18,038,000</u> |

As at 30 June 2019, the directors have determined the fair value of the investment property with reference to the market value of the property as well as any other recent local property sales, discounted cash flows of current rentals and any external factors which may impact the property valuation since the last external valuation. In determining the market value of the properties, the directors have referenced valuations performed at 22 June 2018 and 28 June 2019, where available, by Cushman & Wakefield, Chartered Surveyors who are independent of the Company and have experience of valuing similar properties. As a result of a review, the directors considered that no fair value adjustment was required as at 30 June 2019.

Since the year end, four investment properties, with a carrying value of £17.6m at 30 June 2019, have been disposed of for total proceeds of £18.7m (see note 22). The funds have been used to provide further capital to the business and to repay a bank loan of £10.4m in full (see note 16 (b)).

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

12 (b). Fixed asset investment in subsidiary undertakings

| | 2019 £ | 2018 £ |
|-------------------------|-----------|-----------|
| Net book value | | |
| Balance brought forward | 5,953,940 | 5,953,941 |
| Disposals | - | (1) |
| Impairment | (368,474) | - |
| | <hr/> | <hr/> |
| Balance carried forward | 5,585,466 | 5,953,940 |

As a result of a review the directors considered an impairment was necessary.

Details of the investments in principal subsidiary undertakings are as follows:

| Company | Country of registration or incorporation | Class | Effective proportion Held |
|--------------------------------------|--|----------|---------------------------|
| Gold Group Properties Limited | England and Wales | Ordinary | 100% |
| GHP Holdings Limited | England and Wales | Ordinary | 100% |
| Greenwich House Properties Limited * | England and Wales | Ordinary | 66% |
| York Place Investments Limited * | England and Wales | Ordinary | 66% |

* Held through subsidiary undertaking GHP Holdings Limited.

| Name | Principle Activity | Aggregate of share capital and reserve £ | Profit/(Loss) for the year £ |
|-------------------------------------|-------------------------------------|---|---------------------------------|
| Gold Group Properties | Property and other Investments | 8,910,174 | 230,263 |
| GHP Holdings Limited | Holding company | 262,856 | (389,988) |
| Greenwich House Properties Limited* | Property investment and development | 1,707,587 | (63,420) |
| York Place Investments Limited* | Property investment and letting | <u>(1,063,937)</u> | <u>(595,135)</u> |

The registered office for all companies listed above is Gold Group House, Godstone Road, Whyteleafe, Surrey, CR3 0GG.

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

12.(c) Other fixed asset investments

| | 2019 £ | 2018 £ |
|--------------------------|---------------|---------------|
| Cost or valuation | | |
| Balance brought forward | 58,029 | 63,155 |
| Disposals | (1,255) | - |
| Impairment | (8,624) | (5,126) |
| | <hr/> | <hr/> |
| Balance carried forward | <u>48,150</u> | <u>58,029</u> |

Other investments include listed securities, the book value of which at 30 June 2019 amounted to £33,750 (2018: £43,629). The market value of these assets at the year end amounted to £33,750 (2018: £43,629).

12.(d) Investments in associate undertakings

| | |
|---------------------------------|-------------------|
| | £ |
| Cost or valuation | |
| At 1 July 2018 and 30 June 2019 | <u>11,105,248</u> |

The investment in associated undertaking for the company represents a 13.45% interest in the shares of W H Holding Limited, a related party company registered in England and Wales. W H Holding Limited has a year end date of 31 May. Since the year end the company has participated in a rights issue, investing a further £4.0m in W H Holding Ltd.

13. Current assets investments

| | 2019 £ | 2018 £ |
|-------------------------|-------------|------------------|
| Valuation | | |
| Balance brought forward | 6,237,785 | 5,986,030 |
| Additions | 12,904 | 8,016 |
| Fair value uplift | - | 257,487 |
| Disposals | (6,250,689) | - |
| Impairment | - | (13,748) |
| | <hr/> | <hr/> |
| Balance carried forward | <u>-</u> | <u>6,237,785</u> |

Other investments include listed securities, the market value of which at 30 June 2019 amounted to £nil (2018: £6,237,785).

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14. Debtors

| | 2019 £ | 2018 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 47,602 | 45,372 |
| Amounts owed by group undertakings | 13,802,021 | 13,677,745 |
| Corporation tax | 253,912 | 18,323 |
| Other debtors | 24,354,018 | 25,132,952 |
| Prepayments and accrued income | 28,408 | 1,381 |
| Deferred tax asset (see note 15) | 61,807 | - |
| | <u>38,547,768</u> | <u>38,875,773</u> |

Included in other debtors are loans to WH Holdings Limited of £23,534,845 (2018: £24,870,058) including accrued interest. The loans to WH Holdings Limited are unsecured and are subordinated to both WH Holdings Limited's secured bank loans and facilities, and the other unsecured loans provided by WHU LLC. The loans had interest accruing at 6-7% per annum until 1 April 2017, when the interest rate was reduced to 4% per annum. On 1 November 2017 the interest rate was increased to 4.25% and on 13 March 2019 it was changed again to 3.5% plus base rate. During the year accrued interest of £2.3m was repaid. After the year end £1.0m capital repayment was received plus £1.0m accrued interest. The remaining loans and any unpaid accrued interest shall be repayable on 1 January 2024.

The amounts owed by group undertakings of £13,802,021 (2018: £13,675,573) are long standing in nature. No amounts were repaid in the year ended 30 June 2020.

15. Deferred tax asset

| | 2019 £ | 2018 £ |
|----------------------------|---------------|-----------|
| At the beginning of period | - | - |
| Credit during the period | 61,807 | - |
| | <u>61,807</u> | <u>-</u> |

The deferred taxation asset (included in debtors note 14) is made up as follows:

| | 2019 £ | 2018 £ |
|--------------------------------|---------------|-----------|
| Accelerated capital allowances | 61,807 | - |
| | <u>61,807</u> | <u>-</u> |

The net reversal of deferred tax assets expected in 2020 is £nil. This is expected because depreciation is anticipated to be higher than the available capital allowances. However, other reversals or increases may arise as a result of other timing differences.

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16.(a) Creditors:

Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|-------------------|-------------------|
| Bank overdrafts | 342,206 | 11,604,857 |
| Bank loans | - | 533,333 |
| Trade creditors | 118,123 | 60,019 |
| Amounts owed to group undertakings | 26,093,426 | 27,534,785 |
| Other creditors | 455,632 | 350,000 |
| Other taxation and social security | 184,474 | 130,269 |
| Accruals and deferred income | 632,920 | 589,729 |
| | <u>27,826,781</u> | <u>40,802,992</u> |

Since the year end, the amount owed to group undertakings of £26.1m has been converted into a loan. The earliest repayment date is 31 December 2024 with the company, Gold Group International Limited, having the option to extend this until 31 December 2030 at its sole discretion. Interest accrues on the loan at 5% per annum and is payable on the repayment date.

16.(b) Creditors:

Amounts falling due after more than one year

| | 2019 £ | 2018 £ |
|-------------|-------------------|------------------|
| Bank loans | 10,437,000 | 9,866,667 |
| Other loans | 5,591,336 | - |
| | <u>16,028,336</u> | <u>9,866,667</u> |

During a prior year a revolving loan facility agreement for £4.0m was entered into with the Royal Bank of Scotland, the interest on which was fixed at LIBOR plus 2.25% per year. The amount outstanding at 30 June 2018 under this agreement was £4.0m. A property term loan was also entered into for £8.0m, the interest on which was fixed at LIBOR plus 2% per year. At 30 June 2018, the amount outstanding under this agreement was £6.4m. During the year, both the revolving credit facility and the term loan were repaid.

On 14 September 2018, the company entered into a new term loan of £10.4m with Cambridge and Counties Bank; the interest on which is fixed at base rate plus 6.2% per year. Repayments are interest only for the first two years followed by interest and capital repayments for 23 years. Security for this loan attaches to certain freehold properties held by the group as well as a guarantee from GGI Holdings Limited. As at 30 June 2019, the outstanding amount under this agreement was £10.4m. Since the year end, the loan has been repaid in full following the sale of certain of the company's assets (see note 22).

During the year, the directors loaned £5.5m to the company, the interest on which was fixed at 3.5% per annum. As at 30 June 2019, the interest outstanding was £0.1m such that the total amount outstanding under this agreement was £5.6m. Since the year end, the loan and interest have been repaid (see note 22).

Since the year, the company has entered into a new 3 year loan with a third party for £10 million, at a fixed interest rate of 10%. (see note 22). The loan is secured upon the shares in WH Holding Limited.

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

17. Provisions for liabilities and charges

| | 2019 £ | 2018 £ |
|------------------------|-----------|-----------|
| Deferred tax liability | - | 297,412 |

Accelerated capital allowances

| | 2019 £ | 2018 £ |
|-------------------------------|-----------|-----------|
| Balance carried forward | 297,412 | 242,829 |
| Current year (release)/charge | (297,412) | 54,583 |
| Deferred tax liability | - | 297,412 |

No deferred taxation has been provided for in respect of the revaluation of properties where no contract to dispose of these properties had been entered into at 30 June 2019. The total amount of unprovided deferred taxation at 30 June 2019 amounted to £0.8m (2018: £0.8m) in respect of the company's assets.

18. Share capital

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 100,032 Ordinary shares of £1 each | 100,032 | 100,032 |

19. Contingent liabilities

The company has provided letters of support to WH Holding Limited.

As at 30 June 2019, a letter of support was in place confirming that the company had agreed to provide funding up to a maximum of £20 million to WH Holding Limited in the event that WH Holding Limited was unable to operate within its borrowing limited. Since the year end, this agreement has expired.

Since the year end, the company has signed two further letters of support, again confirming that the company and another shareholder of WH Holding Limited have agreed to provide funding up to a maximum of £40 million per letter of support on a combined basis in the event that WH Holding Limited was unable to operate within its borrowing limited.

As at the date of approval of the financial statements, one letter of support remains in place, expiring on 11 August 2021. Under the terms of the letter of support, the company and another shareholder of WH Holding Limited have agreed to provide funding up to a maximum of £40 million on a combined basis only in the event that the initiatives in relation to cash flow generation and liquidity risk set out in the WH Holding Limited financial statements for the year ended 31 May 2019 do not generate the necessary cash flows to allow WH Holding Limited and its group to operate within its borrowing limits. To the date of approval of these financial statements, WH Holding Limited has not called upon the funding documented in the letter of support and on the basis of discussions with WH Holding Limited, the directors believe that there are sufficient mitigation actions available to WH Holding Limited, such that it is not probable that the funding offered under the letter of support will be need to be called upon in the future.

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

19. Contingent liabilities (continued)

The company has given a cross guarantee to secure the bank overdraft arrangements of the group. The group benefits from an overdraft facility such that individual company accounts may be overdrawn so long as the group position is in funds. At the balance sheet date the group's indebtedness to its bankers under these arrangements was £nil.

The company has given a cross guarantee to secure the loan arrangements of another group undertaking, York Place Investments Limited. At the balance sheet date York Place Investment Limited's indebtedness to its bankers under these arrangements was £1.3 million.

The company has given a parent company guarantee within the property leases of certain stores leased by Ann Summers Limited and Ann Summers Ireland (Retail) Limited.

Since the year end, the company has committed to make available a loan facility of £6.0m to fellow group company, Ann Summers Limited. This facility can be drawn at any date prior to 23 February 2023. As at the date of approval of the financial statements, no amounts had been drawn under this facility.

20. Related party transactions

The company is a wholly owned subsidiary of GGI Holdings Limited and utilises the exemption contained in FRS 102 not to disclose any transactions with entities which are part of the GGI Holdings group. The consolidated financial statements are publicly available at Gold Group House, Godstone Road, Whyteleafe, Surrey CR3 0GG.

The company acquired, from D Gold, 179 of the issued equity shares (8.95%) of WH Holding Limited on 30 March 2011. WH Holding Limited is a company registered in England and Wales and one in which D Gold has a significant beneficial interest in the issued equity share capital. On 3 October 2013, the company acquired a further 90 equity shares, totalling an investment of 13.45% of the share capital of WH Holding Limited. Since the year end, the company has participated in a rights issue and invested a further £4.0m in WH Holding Ltd to maintain its 13.45% interest.

During prior years, the company advanced working capital loans to West Ham United Football Club Limited, a company registered in England and Wales and a subsidiary of WH Holding Limited. Amounts due from West Ham United Football Club Limited at 30 June 2019 amounted to £22,500,000 (2018: £22,500,000). These loans were subject to interest at Bank of England base rate plus 5% per annum subject to a minimum rate of 6% per annum until 1 April 2017 when the rate was reduced to 4% per annum. On 1 November 2017 the interest rate was increased to 4.25% and on 13 March 2019 it was changed again to 3.5% plus base rate. During the year accrued interest of £2.3m has been repaid. At 30 June 2019, the interest that remained unpaid amounted to £1,034,845 (2018: £2,370,059). After the year end £1m capital repayment was received plus £1m accrued interest. The loans shall be repayable on 1 January 2024.

In addition, the company has provided letters of support to WH Holding Limited. As at 30 June 2019, a letter of support was in place confirming that the company had agreed to provide funding up to a maximum of £20 million to WH Holding Limited in the event that WH Holding Limited was unable to operate within its borrowing limited. Since the year end, this agreement has expired.

Since the year end, the company has signed two further letters of support, again confirming that the company and another shareholder of WH Holding Limited have agreed to provide funding up to a maximum of £40 million per letter of support on a combined basis in the event that WH Holding Limited was unable to operate within its borrowing limited. Since the year end, one of these agreements has expired such that as at date of approval of the financial statements, a contingent liability for £40m remains in place, expiring on 11 August 2021 (see note 19).

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

20. Related party transactions (continued)

During the prior year the company advanced a loan of £250,000 to Equitable Projects Limited, a company registered in England and Wales and one in which D Gold has a 33.33% interest in the form of shares. This funding loan was subject to interest at 4% over the Bank of England base rate. During the year a further £500,000 has been advanced. At 30 June 2019, the interest accrued amounted to £33,546 (2018: £493). The loans and accrued interest have been repaid in full following the year end.

On 16 September 2008, the company advanced a loan £2.0m to York Place Investments Limited, of which £1.1m was subsequently repaid. The balance outstanding at 30 June 2019 was £0.9m (2018: £0.9m). The remaining loan becomes repayable upon sale of York Place Investment Limited's investment property. During the year, the company was paid £24,553 (2018: £21,736) by way of interest on the above loan, at an interest rate of 2% over base.

During the year directors loaned £5.5million to the company, the interest on which was fixed at 3.5% per annum. Interest outstanding at 30 June 2019 was £91,336. Since the year end the loan and interest have been repaid (see note 22).

Included within debtors are amounts owed by directors. As at 30 June 2019, £28,805 (2018: £7,669) was owed to the company by D Gold and £3,732 (2018: £2,733) was owed by R Gold.

21. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking is GGI Holdings Limited, a company registered in England and Wales, which is the smallest and largest group to consolidate the company's financial statements. Copies of the group financial statements of GGI Holdings Limited are available from Gold Group House, Godstone Road, Whyteleafe, Surrey, CR3 0GG.

The company's ultimate controlling party is D Gold, by virtue of his beneficial interest in the entire issued share capital of the ultimate parent undertaking.

22. Post balance sheet events

Asset disposals

Since the year end, the aircraft has been disposed of for £0.8m (see note 11) and four investment properties have been disposed of for total proceeds of £18.7m (see note 12 (a)). The funds have been used to provide further capital to the business and to repay in full the outstanding bank loan of £10.4m (see note 16 (b)).

Other assets

Since the year end, a loan made to Equitable Projects Limited has been repaid in full. In addition, a capital repayment of £1.0m was received from WH Holding Limited together with payment of £1.0m accrued interest (see note 14). The company has also taken up a rights issue from WH Holding Limited to the amount of £4.0m (see note 12 (d)).

Financing

Since the year end, the amount owed to group undertakings at 30 June 2019 of £26.1 million has been converted into a loan with maximum borrowings under the facility of £28.0 million. The earliest repayment date is 31 December 2024 with the company, Gold Group International Limited, having the option to extend this until 31 December 2030 at its sole discretion. Interest accrues on the loan at 5% per annum and is payable on the repayment date.

As explained above, following the sale of certain investment properties, the bank loan of £10.4m has been repaid in full. In addition, directors' loans including interest have been repaid in full (see note 16 (b)).

On 10 October 2019, a new 3 year loan was agreed with a third party on 10 October 2019 for £10.0 million, with a fixed interest rate of 10% (see note 16 (b)).

GOLD GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

22. Post balance sheet events (continued)

Contingent liabilities

The company has provided letters of support to WH Holding Limited.

As at 30 June 2019, a letter of support was in place confirming that the company had agreed to provide funding up to a maximum of £20 million to WH Holding Limited in the event that WH Holding Limited was unable to operate within its borrowing limited. Since the year end, this agreement has expired.

Since the year end, the company has signed two further letters of support, again confirming that the company and another shareholder of WH Holding Limited have agreed to provide funding up to a maximum of £40 million per letter of support on a combined basis in the event that WH Holding Limited was unable to operate within its borrowing limited. Since the year end, one of these agreements has expired such that as at date of approval of the financial statements, a contingent liability for £40m remains in place, expiring on 11 August 2021 (see note 19).

Since the year end, the company has committed to make available a loan facility of £6.0m to fellow group company, Ann Summers Limited. This facility can be drawn at any date prior to 23 February 2023. As at the date of approval of the financial statements, no amounts had been drawn under this facility.

COVID-19

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. The pandemic has resulted in the closure of non-essential retail stores, of which the company is a lessor, on at least three occasions. At the time of writing this report, non-essential retail stores are closed under a third national lockdown and it is uncertain when this may end. In addition, whilst the roll-out of a vaccine provides hope, it is possible that a further future peak of infections could result in the company's tenants once again being forced to close their stores, impacting on their financial position. In addition, the pandemic has resulted in football clubs preventing or significantly restricting attendance at football matches and at the time of writing this report attendance is not permitted at any football matches. Again, it is uncertain when this may end. In the longer term consumer confidence and shopping habits may be affected which may significantly impact our tenants and thereby the company.

The directors have assessed the potential impact on the future performance of the company and believe the most likely impacts to be on the recovery of loans, the carrying values of investment property, investment in subsidiaries and investment in associate, the future rental income from the investment property and the contingent liabilities disclosed in note 19.

As at the date of approval of these financial statements, it is not possible to reliably determine or quantify the impact of Covid-19 on the company's significant estimates relating to the carrying values of investment property, investment in subsidiaries and investment in associate.

The directors will continue to monitor developments and to address any impact on the company's operations.

Ann Summers Limited CVA

On 23 December 2020, a fellow group company, Ann Summers Limited, which is the main trading company in the Group, successfully implemented a Creditors Voluntary Arrangement ("CVA") which resulted in the compromise of certain liabilities including rent, rates and dilapidations payments, as well as the rescheduling of certain payments in respect of these liabilities. The affected creditors had until 20 January 2021 to challenge the outcome of the CVA. As this date has now passed, the CVA has become legally binding on all of Ann Summers Limited's creditors and the expected cash flow benefits are now certain. This is of relevance to the company given the Group's banking arrangements and the company's contingent liabilities under them (see note 19).

All of the above post balance sheet events are considered to be non-adjusting post balance sheet events for the company.