Ann Summers Ltd

Annual Report

For the 52 week period ended

29 June 2019

Company registration number: 01034349

Ann Summers Ltd

Report and Financial Statements
for the 52 week period ended 29 June 2019

Contents

Company Information

Directors: Statutory
J Gold CBE
V Gold
J Boyle (resigned 15 June 2019)

Directors: Non-Executive
M Gifford (appointed 1 February 2019)

Company number
01034349

Registered office
Gold Group House
Godstone Road
Whyteleafe
Surrey
CR3 0GG

Auditors
Mazars LLP
Chartered Accountants & Statutory Auditor
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

CEO's Message

Review of the Year Summary

2018/19 was the most challenging and difficult year we have ever experienced at Ann Summers, and as a result we report an operating loss of £14.1m (2017/18: £3.2m) for the 52 weeks to 29 June 2019 on a turnover of £93.7m (2017/18: £110m).

Please note these numbers have been filed unusually late as a result of the operational challenges brought on by Covid-19. Despite the pandemic, the business has made significant progress since the end of the period covered by these results, and we have seen an impressive performance in 2019/20 with an expected return to profit by 2020/21.

The disappointing performance of YE2019 resulted from a combination of self-inflicted issues with a challenging external environment. In particular, we were hampered by the difficult implementation and the poor external support with the launch of a new core ERP system, which significantly impacted business operations and subsequent sales during our peak period.

From July to September 2018 performance was broadly level year-on-year. However, at the point of the system switch-over at the beginning of September 2018, we encountered several unexpected issues that almost halted our key business operations overnight. As a result, there were significant delays to customer orders, and in many cases we were unable to fulfil orders at all. As a result, we switched off digital marketing to deliberately slow down trade so we could minimise the impact to our customers. To rectify the issues, operational and people costs increased significantly.

I am pleased to report that with new and external expertise we were able to identify and fix all of the key issues.

In addition, we encountered issues with our product quality and fit, as well as over-buying leading to a significant level of over stock through the year. All of these problems have since been addressed under a new management team, leading to an improved performance.

The financial outcome was also adversely affected by a £1m increase in dilapidations provision as we continue to reshape our store portfolio.

External Factors and Economic Impact

External factors and the broader economic and political environment compounded an already challenging year.

Business rates continued to burden High Street retailers in a disproportionate way. The current system is outdated and unfair and is in urgent need of reform.

Employment costs continued to escalate driven by a combination of National Living Wage increases, pension contribution ratchets, and the Apprenticeship Levy. Whilst the sentiment of these increases may be right, the impact of them being imposed all at once meant that we were simply burdened by more and more legislative costs.

Key Improvements

Having identified the issues that adversely impacted YE2019 we have made a number of significant changes to support the turnaround of the business. Specifically, we:

- Appointed key new leadership roles, including our first Non-Executive Director, a Joint Managing Director, a Chief Marketing Officer and a Transformation and Technology Director, all of whom have a wealth of retail experience and expertise.
- Rectified all of our operational processes and stabilised our core ERP system, which is now performing at optimum level.
- Defined a clear 3-year growth strategy which we are already delivering.
- Significantly improved product quality, fit, price positioning, promotional activity, and a return to our product handwriting.
- Invested smartly and effectively in brand, marketing, and social driven activity, which has already driven measurable growth, as well as positively changing perceptions of our iconic brand.
- Re-platformed the website delivering technical improvements and enhanced customer experience.
- Focussed on the recruitment and retention of our direct selling ambassadors and driven performance through improved processes and practices.
- Further extended our reach through additional third-party partnerships, with a particular focus on digital pure play retailers.
- Significantly reduced our stockholding.
- Delivered significant cost savings, efficiencies, and procurement benefits across the business.

Events since the end of the period

In December 2020, we successfully implemented a CVA. The CVA followed extensive discussions with our landlords to ensure that our property costs reflect today's much-changed market conditions. Prior to the CVA we had already agreed revised terms with over two-thirds of our landlords and the CVA enabled us to move the remainder of stores onto turnover rents.

There is still a very important place on the British high street for Ann Summers. With our store costs now largely rebased to reflect today's retail environment, we can not only grow our successful online and direct selling channels, but our iconic stores will continue to thrive once conditions return to normal.

Although not impacted by the CVA, we have also worked closely with our partners to improve our terms, and we are extremely thankful to all those suppliers and landlords who gave us their support during this difficult period.

Furthermore, my family will continue to provide additional funding, and up to a further £10m has been made available to the business to continue the development and growth of the business for the long-term.

Covid-19 has also had a disruptive influence on our business. Despite the inevitable impact to all retailers, we have adapted well and performance from our online and direct selling channels has been strong, despite store closures during lockdown. This unprecedented period has presented us with new opportunities, which has meant some exciting changes to our strategy which will ensure we come out of the pandemic a stronger, more agile business.

As a result, I am confident that Ann Summers is back on track and we expect to see significant year-on-year improvement in our profitability in the years ending June 2020 and June 2021.

Finally, I would like to thank our passionate teams across the business who remained loyal, hard-working and went above and beyond throughout the entire year. I am incredibly proud of every one of you - you are truly the best!

Jacqueline Gold CBE
Chief Executive Officer

Jacqueline Gold

19 March 2021

Business Model

Ann Summers Ltd's principal activity is the retail and wholesale of lingerie, apparel, adult toys and related accessories.

At the end of the year Ann Summers Ltd had a UK High Street presence through its 98 stores (2108: 112) with a further 4 stores (2018: 4) in Eire through its subsidiary company, Ann Summers Ireland (Retail) Ltd. The company continues to distribute to its network of Party Ambassadors, operates a UK based web channel that serves both UK and International customers, and has a growing wholesale and licensing channel.

Future Plans

The business will continue with its plans to profitably grow the business through:

(a) delivering market-leading product;

(b) delivering outstanding customer experience and optimising performance in each sales channel;

(c) brand investment; and

(d) optimising systems and processes to realise efficiencies.

Financial Review

As explained in the Chief Executive's report, turnover decreased from £110m to £94m during the period ended 29 June 2019. The loss for the period, after taxation, amounted to £14.0m (2018 a loss of £3.1m).

Key Performance Indicators

The company constantly monitors a number of key performance indicators to ensure optimal business performance and to track the progression of its strategic goals. KPI's include:

Customer measures: footfall into stores, internet traffic, customer satisfaction, sales per visitor

Product measures: gross profit margins, stock holding, stock turnover, brand rankings

People measures: retention, net promoter scores

Financial measures: profitability, cash flow

Principal Risks and Uncertainties

Risk Management and Internal Controls

The Board has ultimate responsibility for risk management and internal control. For principal risks, sub-committees exist, namely Welfare (Health & Safety), Business Continuity, Steering (change governance).

The Board sets policies to manage risk and maintain internal control. These policies are implemented by the relevant internal department, and compliance is monitored by the Business Risk department.

Payment Card Industry compliance

The company takes card holder data protection seriously and actively manages this risk with the support of relevant partners and our acquirers. The company has retained its compliant status in the Retail and Web channels.

Liquidity and cash flow

The directors review the liquidity and cash flow risk of the company on a very regular basis. The directors consider the company have access to sufficient funds for operations. As set out in note 24 to the accounts, the business benefitted from an additional loan of £8m after the end of the financial year.

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. The principal assumptions in the severe by plausible forecast include:

- all stores closed in April and May 2021, a further 10% in retail store sales from significant reduction in footfall from June to November 2021 and then all stores closed from December 2021 to February 2022;
- an uplift in 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.

As explained in note 24, the directors have already taken a number of actions to improve the future liquidity position of the company, including arranging additional loan facilities if required, successfully implementing a CVA and utilising government support to defer payment of certain taxes. In preparing the forecasts and scenarios referred to above, the directors have also considered other mitigating actions that could be taken to offset the impact on cash.

Principal Risks and Uncertainties (continued)

Going Concern (continued)

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.

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. The directors believe that the most likely impacts could be on the sales revenue and profitability of retail stores, the carrying value of tangible fixed assets and stock, the provision required for onerous leases and the recoverability of amounts owed by group undertakings and the deferred tax asset. The directors acknowledge that there may be an impact from the contingent liabilities relating to other group companies (see note 22).

On 23 December 2020, the company 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 the company's creditors and the expected cash flow benefits are now certain. The CVA will generate significant savings in rent and rates charges during the CVA period to February 2023 as well as other cashflow benefits from the timing of payments in respect of these costs.

Foreign Exchange Risk

The company's operations expose it to exchange rate risk. This risk is managed by entering into forward contracts for up to 12 months in advance, as deemed appropriate by prevailing economic conditions at that time.

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.

Principal Risks and Uncertainties (continued)

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. In complying with COVID-19 restrictions, the company was required to close all of its stores across the U.K. on 23 March 2020, which remained closed throughout April, May and for most of June 2020. Following a short period of re-opening, the company's stores had to again shut in October and November respectively in light of the second national lockdown implemented by the Government and at the date of approval of these financial statements, the stores have once again closed under a third national lockdown and it is uncertain when they may reopen. In addition to the national lockdowns, the company has also been impacted by a number of local lockdowns.

During the period when the company's stores were trading between lockdowns, there were significant operating restrictions in place. These include increased health and safety measures, social distancing measures limiting the number of customers who can be in stores at any given time, localised lock-downs, as well as fitting room limitations making it more difficult for customers to try and buy products. Footfall was on average 41.5% below the previous year across all stores. Stores in the West End of London have been most heavily impacted, followed by stores in major shopping malls. Despite this, the stores that reopened overall traded better than originally expected by management.

To mitigate the overall COVID-19 Impact, the company took certain immediate and proactive management actions to support sales and reduce costs. This included measures to maximise online sales and to facilitate the continued growth of the party plan business. The company's efforts and investment in developing its online business and infrastructure has enabled it to benefit from increased online sales during lockdown periods.

The Directors also halted all discretionary spend, utilised Government support where possible (including furloughing employees, business rates relief and small store grants), implemented pay-cuts for non-furloughed staff and deferred certain taxes.

Despite these measures, the company expects COVID-19 to have a continuing impact on the business, the overall impact of which remains uncertain. Beyond this, the business is expected to face further challenges from levels of footfall and in-store sales as social distancing measures, and although the roll-out of the vaccine provides hope, there remains the threat of further local lockdowns or other potential national lockdowns. In the longer-term, the pandemic is likely to affect consumer confidence and result in a negative wider economic impact.

The directors have assessed the potential impact on the future performance of the company and believe the most likely impacts to be on the sales revenue and profitability of retail stores, the carrying value of tangible fixed assets and stock, the provision required for onerous leases and the recoverability of amounts owed by group undertakings and the deferred tax asset.

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 value of tangible fixed assets, the terminal stock provision or the onerous lease provision.

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

Approval

This strategic report was approved by order of the Board on 19 March 2021.

Jacqueline Gold

J Gold CBE
Director

Directors

The directors of the company throughout the period were:
J Gold CBE
V Gold
J Boyle (resigned 15 June 2019)

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

Dividends

The company has not paid dividends to shareholders during the current or prior period.

Employees

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. As such the company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by the applicant. Where existing employees become disabled, it is the company's policy to provide continuing employment under normal terms and conditions wherever practicable, and to provide training and career development and promotion wherever appropriate.

Involvement of company employees in relevant company matters is under constant consideration. The company's policy is to consult and discuss with employees at meetings and at forums matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins, the company intranet site and by regular briefings. These seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

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.

Post balance sheet events

Financing

Since the year end, the shareholders of the ultimate parent company, GGI Holdings Limited, have loaned the company £8.1m and repayments of £5.9m have been made. The loan is repayable in February 2023 and interest is accrued at 5% per annum and is payable on a quarterly basis or on repayment of the loan. As at the date of approval of these financial statements, the amount outstanding under the shareholder loan, including accrued interest, was £2.4 million. In addition, following the successful implementation of the CVA (see below), the shareholders have agreed to make a further £4.0m loan available to the company. This loan would also attract interest of 5% and would be repayable in February 2023. As at the date of approval of these financial statements, no amounts have been drawn against this facility.

In addition to the above, Gold Group International Limited, a fellow group undertaking, has agreed to make a loan facility of £6m available to the company if required. The loan can be drawn at any time prior to 23 February 2023. As at the date of approval of these financial statements, no amounts have been drawn against this facility.

Since the year end, a loan of £1.3m has been repaid in full (see note 16). In addition, monthly repayments have been made against the other outstanding loans in accordance with the agreed repayment schedule.

Since the year end, £26.1 million of the amount owed by group undertakings has been converted into a loan. The loan provides a maximum facility of £28.0 million and the earliest repayment date is 31 December 2024 with the borrower, 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.

COVID-19

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. In complying with COVID-19 restrictions, the company was required to close all of its stores across the U.K. on 23 March 2020, which remained closed throughout April, May and for most of June 2020. Following a short period of re-opening, the company's stores had to again shut in October and November respectively in light of the second national lockdown implemented by the Government and at the date of approval of these financial statements, the stores have once again closed under a third national lockdown and it is uncertain when they may reopen. In addition to the national lockdowns, the company has also been impacted by a number of local lockdowns.

During the period when the company's stores were trading between lockdowns, there were significant operating restrictions in place. These include increased health and safety measures, social distancing measures limiting the number of customers who can be in stores at any given time, localised lock-downs, as well as fitting room limitations making it more difficult for customers to try and buy products. Footfall was on average 41.5% below the previous year across all stores. Stores in the West End of London have been most heavily impacted, followed by stores in major shopping malls. Despite this, the stores that reopened overall traded better than originally expected by management.

Post balance sheet events (continued)

To mitigate the overall COVID-19 Impact, the company took certain immediate and proactive management actions to support sales and reduce costs. This included measures to maximise online sales and to facilitate the continued growth of the party plan business. The company's efforts and investment in developing its online business and infrastructure has enabled it to benefit from increased online sales during lockdown periods.

The Directors also halted all discretionary spend, utilised Government support where possible (including furloughing employees, business rates relief and small store grants), implemented pay-cuts for non-furloughed staff and deferred certain taxes.

Despite these measures, the company expects COVID-19 to have a continuing impact on the business, the overall impact of which remains uncertain. Beyond this, the business is expected to face further challenges from levels of footfall and in-store sales as social distancing measures, and although the roll-out of the vaccine provides hope, there remains the threat of further local lockdowns or other potential national lockdowns. In the longer-term, the pandemic is likely to affect consumer confidence and result in a negative wider economic impact.

The directors have assessed the potential impact on the future performance of the company and believe the most likely impacts to be on the sales revenue and profitability of retail stores, the carrying value of tangible fixed assets and stock, the provision required for onerous leases and the recoverability of amounts owed by group undertakings and the deferred tax asset.

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 value of tangible fixed assets, the terminal stock provision or the onerous lease provision.

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

CVA

On 23 December 2020, the company 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 the company's creditors and the expected cash flow benefits are now certain. The CVA will generate significant savings in rent and rates charges during the CVA period to February 2023 as well as other cashflow benefits from the timing of payments in respect of these costs.

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

Approval

This Directors' Report was approved on 19 March 2021 and signed on its behalf.

Jacqueline Gold

J Gold CBE
Director

Directors' responsibilities statement

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 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.

Independent auditor's report to the members of Ann Summers Ltd

Opinion

We have audited the financial statements of Ann Summers Ltd (the 'company') for the 52-week period ended 29 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 29 June 2019 and of its loss for the period 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.

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

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 Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 14, 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.

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

Ann Summers Ltd

Statement of Comprehensive Income
for the 52 week period ended 29 June 2019

	Note	2019 £	2018 £
Turnover	3	93,719,559	109,960,191
Cost of sales		(35,387,824)	(43,711,330)
Gross profit		58,331,735	66,248,861
Selling and distribution expenses		(38,797,540)	(34,999,121)
Administrative expenses		(35,422,264)	(36,757,791)
Other operating income	4	1,816,510	2,342,188
Operating loss	5	(14,071,559)	(3,165,863)
Interest receivable and similar income	7	177,113	137,518
Interest payable and similar charges	8	(568,674)	(316,941)
Loss on ordinary activities before taxation		(14,463,120)	(3,345,286)
Tax credit on loss on ordinary activities	9	483,742	240,820
Loss for the financial period		(13,979,378)	(3,104,466)
Other comprehensive income		-	-
Total comprehensive income		(13,979,378)	(3,104,466)

All amounts relate to continuing operations.

There were no recognised changes in equity for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

The notes on pages 21 to 38 form part of these financial statements.

Ann Summers Ltd

Balance Sheet as at 29 June 2019
Company Number 01034349

		2019		2018	
	Note	**£**	**£**	**£**	**£**
Fixed assets					
Intangible assets	10		9,021,936		7,522,687
Tangible assets	11		6,007,746		6,724,109
Investments	12		2,639		2,639
			15,032,321		14,249,435
Current assets					
Stocks	13	13,782,706		15,414,989	
Debtors	14	37,555,990		40,425,769	
Cash at bank and in hand		1,237,444		12,266,809	
		52,576,140		68,107,567	
Creditors: amounts falling due within one year	16	(24,365,061)		(28,220,522)	
Net current assets			28,211,079		39,887,045
Total assets less current liabilities			43,243,400		54,136,480
Creditors: amounts falling due after more than one year	17		(5,982,266)		(4,136,345)
Provisions for liabilities and charges					
Other provisions	18		(3,147,301)		(1,906,914)
Net assets			34,113,833		48,093,221
Capital and reserves					
Called up share capital	19		500,000		500,000
Profit and loss account			33,613,833		47,593,221
Equity shareholders' funds			34,113,833		48,093,221

The financial statements were approved and authorised for issue by the Board of Directors on 19 March 2021.

Jacqueline Gold

J Gold CBE
Director

The notes on pages 21 to 38 form part of these financial statements.

For the 52 week period ended 30 June 2018

	Called up share capital £	Profit and loss account £	Total £
Balance at 24 June 2017	500,000	50,697,687	51,197,687
Loss for the period	-	(3,104,466)	(3,104,466)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(3,104,466)	(3,104,466)
At 30 June 2018	500,000	47,593,211	48,093,211

For the 52 week period ended 29 June 2019

	Called up share capital £	Profit and loss account £	Total £
Balance at 30 June 2018	500,000	47,593,211	48,093,211
Loss for the period	-	(13,979,378)	(13,979,378)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(13,979,378)	(13,979,378)
At 29 June 2019	500,000	33,613,833	34,113,833

Reserves

Profit and loss account

This reserve represents cumulative profits and losses of the company.

The notes on pages 21 to 38 form part of these financial statements.

1 Accounting policies

1.1 General Information

Ann Summers 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 the retail and wholesale of lingerie, apparel, adult toys and related accessories. The financial statements have been presented in Pound Sterling as this is the currently 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 and in accordance with Financial Reporting Standard 102 'the Financial Reporting Standard applicable in the United Kingdom and the 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 company 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. The principal assumptions in the severe by plausible forecast include:

- all stores closed in April and May 2021, a further 10% in retail store sales from significant reduction in footfall from June to November 2021 and then all stores closed from December 2021 to February 2022;
- an uplift in 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.

As explained in note 24, the directors have already taken a number of actions to improve the future liquidity position of the company, including arranging additional loan facilities if required, successfully implementing a CVA and utilising government support to defer payment of certain taxes. In preparing the forecasts and scenarios referred to above, the directors have also considered other mitigating actions that could be taken to offset the impact on cash.

1 Accounting policies (continued)

1.3 Going concern

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.

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. The directors believe that the most likely impacts could be on the sales revenue and profitability of retail stores, the carrying value of tangible fixed assets and stock, the provision required for onerous leases and the recoverability of amounts owed by group undertakings and the deferred tax asset. The directors acknowledge that there may be an impact from the contingent liabilities relating to other group companies (see note 22).

On 23 December 2020, the company 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 the company's creditors and the expected cash flow benefits are now certain. The CVA will generate significant savings in rent and rates charges during the CVA period to February 2023 as well as other cashflow benefits from the timing of payments in respect of these costs.

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

1.4 Turnover

Turnover is recognised by the company when goods have been sold and despatched and is stated exclusive of VAT and trade discounts. The buyer's right to return is recognised by reducing turnover by an amount that is based on returns rate trends for the relevant sales channel.

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to Statement of Comprehensive Income during the period in which they are incurred.

1 Accounting policies (continued)

1.6 Intangible fixed assets

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

1.7 Depreciation and amortisation

Depreciation on other assets is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method, to their residual value. The estimated useful lives range as follows:

Website development costs	-	4 years
Computer software costs	-	4 to 8 years
Short leasehold land and buildings	-	4 years
Motor vehicles	-	4 years
Fixtures, fittings and equipment	-	4 to 9 years

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

Depreciation and amortisation are both disclosed within administrative expenses in Statement of Comprehensive Income.

1.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.9 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1 Accounting policies (continued)

1.10 Stocks

Stock is held at the lower of cost and net realisable value. The cost is based on the weighted average cost comprising the purchase price, transport and handling costs, and the net realisable value is the estimated selling price less costs incurred to sell.

At each reporting date, stocks are assessed on this basis, and the carrying value is reduced as appropriate. The difference is recognised in the Statement of Comprehensive Income.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into the company's functional currency (sterling) at the rate of exchange prevailing at the balance sheet date.

Foreign currency transactions are translated into the company's functional currency (sterling) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

1.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.13 Leased assets

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Incentives received to enter into operating lease agreements are released to the Statement of Comprehensive Income over the term of the lease.

1.14 Pension costs

Contributions to the company's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the period in which they become payable.

1 Accounting policies (continued)

1.15 Holiday pay accrual

In the unusual event that there is any unused holiday pay entitlement accrued at the balance sheet date, a liability is recognised measured and accrued at the undiscounted salary cost of the future holiday entitlement at the balance sheet date.

1.16 Group overhead expenditure

Overhead expenditure incurred by the company on behalf of other group companies is recharged to each of these companies in the period in which is it incurred.

1.17 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';
(ii) Key management personnel compensation; and
(iii) Related party transactions for wholly owned subsidiaries of GGI Holdings Limited.

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

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

2.1 Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives which are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

2.2 Intangible fixed assets

Intangible fixed assets are depreciated over their useful lives which are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, and enhancement programmes are taken into account.

2.3 Onerous leases

Loss making stores are assessed annually in line with the company's property portfolio strategy to determine whether the lease is onerous. Provision is made when it is considered that the unavoidable costs of meeting the lease contracts for these stores will exceed the expected future economic benefits. The balance reflects the net present value of future cash flows over the life of the respective leases.

2.4 Dilapidations provision

This provision is made for the present value of the expected obligation to landlords at the end of a lease term. It is calculated using a dilapidations cost per square foot which is based upon historic dilapidation settlements with landlords at the end of a lease term. Where management are aware of other factors that alter this cost per square foot (for example known damages or exemption clauses), the provision will be adjusted for this.

2.5 Refund provision

The customer's right to return goods is recognised through the refund provision which is calculated based upon current return rates multiplied by the value of sales in the relevant trading period. The provision is applied on a trading channel basis. Any change in the carrying value of the provision in the period is charged to the Statement of Comprehensive Income.

2.6 Stock provision

It is expected that a small proportion of stock purchased will be sold at below cost or will never be sold because of stock loss, damage or line fragmentation. The stock provision is reassessed at each balance sheet date and is calculated based on a comparison of cost and net realisable value. Selling prices are estimated to determine the net realisable value and are based on the most recent selling price for each product as well as the seasonality of the stock and historic trading patterns.

3 Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination was:

	2019	2018
	£	£
United Kingdom	92,783,817	109,815,635
Rest of Europe	250,731	102,793
Rest of the world	685,011	41,763
	93,719,559	109,960,191

4 Other operating income

	2019	2018
	£	£
Sundry income	333,107	544,191
Rents and service charges	31,562	25,500
Postage and courier income	1,451,841	1,772,497
	1,816,510	2,342,188

5 Operating loss

The operating loss is stated after charging:

	2019	2018
	£	£
Amortisation of intangible fixed assets	1,191,892	394,679
Depreciation of tangible fixed assets	1,587,654	1,210,584
Fees payable to the company's auditor for audit services	162,185	35,700
Fees payable to the company's auditor for other services:		
Tax compliance	21,194	14,300
Other	17,600	11,434
Loss on disposal of tangible fixed assets	-	307
Operating lease rentals	17,067,822	18,611,658
Charge in relation to onerous lease provision	141,448	432,259
Stock recognised as an expense for losses and write-offs	816,268	812,769

6 Employees

Staff costs consist of:

	2019	2018
	£	£
Wages and salaries	20,352,064	21,771,419
Social security costs	1,548,327	1,543,061
Other pension costs	367,788	258,680
	22,268,179	23,573,160

The average monthly number of employees, including directors, during the period was as follows:

	2019	2018
	Number	Number
Distribution and retail staff	1,001	1,038
Administration staff	191	204
	1,192	1,242

A defined contribution pension scheme is operated by the company on behalf of the employees of the company. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £367,788 (2018: £258,680). The amount outstanding at the period end and included within other creditors was £183,774 (2018: £86,421).

In both the current and prior years, the directors were paid by a fellow group company, Gold Group International Limited, and their costs were not recharged to the company.

7 Interest receivable and similar income

	2019	2018
	£	£
Interest receivable from group companies	144,903	92,945
Interest receivable from bank	32,210	44,503
Other	-	70
	177,113	137,518

8 Interest payable and similar charges

	2019	2018
	£	£
Bank loans and overdrafts	1,601	1,437
Net foreign exchange loss	-	33,158
Other interest payable	567,073	282,346
	568,674	316,941

9 Taxation on loss on ordinary activities

	2019	2018
	£	£
UK Corporation Tax		
Current tax charge on loss for the period	105	1,125
Adjustments in respect of previous periods	(230,531)	(9,248)
	(230,426)	(8,123)
Deferred tax		
Origination and reversal of timing differences	(253,316)	(232,697)
Tax credit on loss on ordinary activities	(483,742)	(240,820)

The tax assessed for the period differs from (2018: differs from) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019	2018
	£	£
Loss on ordinary activities before tax	(14,463,120)	(3,345,286)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2018 – 19.00%)	(2,747,993)	(635,604)
Effects of:		
Expenses not deductible for tax purposes	18,646	70,627
Capital allowances less than depreciation	407,956	267,000
Capitalised revenue	(10,454)	(9,069)
Reverse lease premium adjustment	(19,305)	(28,015)
Lease premium adjustment	-	(43)
Losses carried forward	2,239,130	352,992
Accounting loss on disposals	-	58
Group relief claimed but unpaid for	93,628	-
Adjustments to prior periods	(230,531)	(9,248)
Provisions tax adjustment	18,497	(16,821)
Total tax credit for the period	(230,426)	(8,123)

10 Intangible fixed assets

	Website development £	Software £	Total £
Cost			
At 30 June 2018	2,742,823	7,576,913	10,319,736
Additions	262,097	2,457,207	2,719,304
At 29 June 2019	3,004,920	10,034,120	13,039,040
Amortisation			
At 30 June 2018	2,392,785	404,273	2,797,058
Charge for the period	285,290	906,602	1,191,892
Transfers	22,648	5,506	28,154
At 29 June 2019	2,700,723	1,316,381	4,017,104
Net book value			
At 29 June 2019	304,197	8,717,739	9,021,936
At 30 June 2018	350,038	7,172,640	7,522,687

11 Tangible fixed assets

	Short leasehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 30 June 2018	269,923	384,340	25,070,275	25,724,538
Additions	-	-	847,661	847,661
Disposals	(119,846)	-	(61,600)	(181,446)
At 29 June 2019	150,077	384,340	25,856,336	26,390,753
Depreciation				
At 30 June 2018	269,923	184,325	18,546,181	19,000,429
Charge for the period	-	93,353	1,494,301	1,587,654
Eliminated on disposal	(119,846)	-	(61,600)	(181,446)
Transfers	-	-	(23,630)	(23,630)
At 29 June 2019	150,077	277,678	19,955,252	20,383,007
Net book value				
At 29 June 2019	-	106,662	5,901,084	6,007,746
At 30 June 2018	-	200,015	6,524,094	6,724,109

12 Fixed asset investments

	Investments in subsidiary companies
	£
At 30 June 2018 and 29 June 2019	2,639

Subsidiary undertakings, associated undertakings and other investments

Name	**Country of registration or incorporation**	**Proportion of voting rights and ordinary share capital held**	**Nature of Business**
Subsidiary undertakings			
Ann Summers (Ireland) Limited	Republic of Ireland	100%	Party plan
Ann Summers Ireland (Retail) Ltd	Republic of Ireland	100%	Retail
Ann Summers S.L.	Spain	100%	Non-trading

The registered office for Ann Summers (Ireland) Limited and Ann Summers Ireland (Retail) Ltd is 40 Upper Mount Street, Dublin 2, Ireland.

The registered office for Ann Summers S.L is Madrid, Paseo de la Castellana num. 35, Spain.

13 Stocks

	2019	2018
	£	£
Finished goods and goods for resale	13,782,706	15,414,989

14 Debtors

	2019	2018
	£	£
Trade debtors	673,517	1,235,674
Amounts owed by group undertakings	26,750,310	28,448,890
Other debtors	625,759	11,974
Prepayments and accrued income	7,963,969	9,522,007
Corporation tax	223,388	141,493
Deferred tax asset (note 15)	1,319,047	1,065,731
	37,555,990	40,425,769

Included within other debtors are amounts due from directors (see note 23). All amounts shown under debtors fall due within one year except the deferred tax asset.

Since the year end, £26.1 million of the amount owed by group undertakings has been converted into a loan. The loan provides a maximum facility of £28.0 million and the earliest repayment date is 31 December 2024 with the borrower, 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.

15 Deferred tax asset

	2019	2018
	£	£
At 30 June 2018	1,065,731	833,034
Credited to statement of comprehensive income	253,316	232,697
At 29 June 2019	1,319,047	1,065,731

The deferred tax asset is made up as follows:

Accelerated capital allowances	1,306,783	1,040,065
Other timing differences	12,264	25,666
Accelerated capital allowances	1,319,047	1,065,731

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. In addition, refer to note 24 in respect of the potential impact of COVID-19 on the deferred tax asset

16 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	15,620,052	14,780,691
Amounts owed to group undertakings	-	4,099,134
Social security and other taxes	2,047,559	2,718,548
Other creditors	1,028,749	1,867,010
Accruals and deferred income	3,892,802	3,209,330
Loans due in one year	1,775,899	1,545,809
	24,365,061	28,220,522

Loans are secured against certain assets of the company. The loans are repayable in monthly instalments over the period until December 2019 and have an effective interest rate of 9.8%. Since the year end, a loan of £1.3m has been repaid in full. In addition, monthly repayments have been made against the other outstanding loans in accordance with the agreed repayment schedule.

17 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Amounts owed to group undertakings	3,090,769	-
Other creditors	1,790,942	1,774,507
Loans due in more one year	1,100,555	2,361,838
	5,982,266	4,136,345

Loans are secured against certain assets of the company. The loans are repayable in monthly instalments over the period until December 2019 and have an effective interest rate of 9.8%. Since the year end, monthly repayments have been made against the other outstanding loans in accordance with the agreed repayment schedule.

18 Provisions for liabilities

	Dilapidations	Onerous leases	Total
	£	£	£
At 30 June 2018	1,058,781	848,133	1,906,914
Additions	13,350	-	13,350
Utilised in the period	(208,326)	-	(208,326)
Charged to statement of comprehensive income	1,293,915	141,448	1,435,363
At 29 June 2019	2,157,720	989,581	3,147,301

19 Share capital

	2019	2018
	£	£
Authorised		
500,010 – ordinary shares of £1 each	500,010	500,010
Allotted, called up and fully paid		
500,000 – ordinary shares of £1 each	500,000	500,000

20 Commitments under operating leases

At 29 June 2019 the company had minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	13,366,474	14,371,702
Later than 1 year and not later than 5 years	37,037,810	37,318,069
Later than 5 years	22,600,369	18,190,496
	73,004,653	69,880,267

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 Contingent liabilities

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 (2018: £nil).

The company has given a cross guarantee to secure the loan arrangements of a fellow group company, 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.

23 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 address at which the consolidated financial statements are publicly available is Gold Group House, Godstone Road, Whyteleafe, Surrey, CR3 0GG.

Included within debtors are amounts owed by directors. As at 29 June 2019, £3,048 (2018: £5,609) was owed to the company by V Gold and £5,964 (2018: £6,365) was owed by J Gold.

24 Post balance sheet events

Financing

Since the year end, the shareholders of the ultimate parent company, GGI Holdings Limited, have loaned the company £8.1m and repayments of £5.9m have been made. The loan is repayable in February 2023 and interest is accrued at 5% per annum and is payable on a quarterly basis or on repayment of the loan. As at the date of approval of these financial statements, the amount outstanding under the shareholder loan, including accrued interest, was £2.4 million. In addition, following the successful implementation of the CVA (see below), the shareholders have agreed to make a further £4.0m loan available to the company. This loan would also attract interest of 5% and would be repayable in February 2023. As at the date of approval of these financial statements, no amounts have been drawn against this facility.

In addition to the above, Gold Group International Limited, a fellow group undertaking, has agreed to make a loan facility of £6m available to the company if required. The loan can be drawn at any time prior to 23 February 2023. As at the date of approval of these financial statements, no amounts have been drawn against this facility.

Since the year end, a loan of £1.3m has been repaid in full (see note 16). In addition, monthly repayments have been made against the other outstanding loans in accordance with the agreed repayment schedule.

Since the year end, £26.1 million of the amount owed by group undertakings has been converted into a loan. The loan provides a maximum facility of £28.0 million and the earliest repayment date is 31 December 2024 with the borrower, 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.

24 Post balance sheet events (continued)

COVID-19

Since the year end, the outbreak of the COVID-19 virus has given rise to material economic and financial uncertainties. In complying with COVID-19 restrictions, the company was required to close all of its stores across the U.K. on 23 March 2020, which remained closed throughout April, May and for most of June 2020. Following a short period of re-opening, the company's stores had to again shut in October and November respectively in light of the second national lockdown implemented by the Government and at the date of approval of these financial statements, the stores have once again closed under a third national lockdown and it is uncertain when they may reopen. In addition to the national lockdowns, the company has also been impacted by a number of local lockdowns.

During the period when the company's stores were trading between lockdowns, there were significant operating restrictions in place. These include increased health and safety measures, social distancing measures limiting the number of customers who can be in stores at any given time, localised lock-downs, as well as fitting room limitations making it more difficult for customers to try and buy products. Footfall was on average 41.5% below the previous year across all stores. Stores in the West End of London have been most heavily impacted, followed by stores in major shopping malls. Despite this, the stores that reopened overall traded better than originally expected by management.

To mitigate the overall COVID-19 Impact, the company took certain immediate and proactive management actions to support sales and reduce costs. This included measures to maximise online sales and to facilitate the continued growth of the party plan business. The company's efforts and investment in developing its online business and infrastructure has enabled it to benefit from increased online sales during lockdown periods.

The Directors also halted all discretionary spend, utilised Government support where possible (including furloughing employees, business rates relief and small store grants), implemented pay-cuts for non-furloughed staff and deferred certain taxes.

Despite these measures, the company expects COVID-19 to have a continuing impact on the business, the overall impact of which remains uncertain. Beyond this, the business is expected to face further challenges from levels of footfall and in-store sales as social distancing measures, and although the roll-out of the vaccine provides hope, there remains the threat of further local lockdowns or other potential national lockdowns. In the longer-term, the pandemic is likely to affect consumer confidence and result in a negative wider economic impact.

The directors have assessed the potential impact on the future performance of the company and believe the most likely impacts to be on the sales revenue and profitability of retail stores, the carrying value of tangible fixed assets and stock, the provision required for onerous leases and the recoverability of amounts owed by group undertakings and the deferred tax asset.

24 Post balance sheet events (continued)

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 value of tangible fixed assets, the terminal stock provision or the onerous lease provision.

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

CVA

On 23 December 2020, the company 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 the company's creditors and the expected cash flow benefits are now certain. The CVA will generate significant savings in rent and rates charges during the CVA period to February 2023 as well as other cashflow benefits from the timing of payments in respect of these costs.

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