

TURNBULL & ASSER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 FEBRUARY 2020

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TURNBULL & ASSER LIMITED

COMPANY INFORMATION

Directors	Ali Fayed James Allie Fayed Steven Jeffrey Quin Neil Charles Clifford Liam Fayed Jonathan Baker Mark Turner
Registered number	01066321
Registered office	14 South Street London W1K 1DF
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

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**STRATEGIC REPORT
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

Introduction

The directors present their strategic report of the company for the period 01 February 2020

Principal activities and business review

The principal activity of the company is the retail of bespoke shirts and ready to wear premium quality gentleman's clothing from multiple London premises in Mayfair and through its online e-commerce site. The company also wholesales garments to customers throughout the UK and abroad. Aside from its selling activities the company is also engaged in the manufacture of shirts and ties from its own factories based in the UK.

The period to February 2020 was a challenging one. Total revenues declined slightly on the year mainly driven by a reduced wholesale business. However, the core direct-to-consumer channels, Bury Street, Jermyn Street and eCommerce all grew slightly.

Progress has been made on modernising the factory with investment in a new automated cutting machine, production IT systems and streamlined operations.

Principal risks and uncertainties

The management of the business and the execution of the company's business strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from global, national and independent retailers, employee retention, product quality and continuing delivery of high levels of customer service. As a number of the company's customers are high net worth individuals the financial health of the global economy is also an important factor. COVID-19 has had a material impact on sales and the business has taken mitigating action including the right-sizing of head office, retail and production headcounts and the cancellation of all non-business critical expenditures.

Key performance indicators

The company's directors are of the opinion that the use of sales and margin measures are sufficient to monitor the ongoing performance of the business and can be used to facilitate short term planning. Overheads are managed through the setting of financial forecasts with regular budget holder reviews to assess performance against these targets. Any short term adverse events are mitigated by the control of costs, and a longer term forecast which is provided on a quarterly basis which is used to consider any longer term strategic challenges.

Future development and performance of the business

Performance for the first half of the financial period ending 31 January 2021 started strongly but was severely impacted by the COVID-19 shutdown and subsequent impact on consumer demand. Management have implemented a cost control and restructuring program to offset the impact on revenues and to also right size the business.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

COVID-19

The company has taken mitigating actions to work around the impacts of COVID-19 both operationally and commercially. Head Office staff are all able to work remotely and structures have been set up to ensure continuity of management decision making and processes, including weekly management video conference calls and regular conference calls on key strategic matters. The retail stores and factories have carried out risk assessments and are operating under Government coronavirus guidance. This includes social distancing where possible and enhanced cleaning regimes with face masks provided for all staff.

Sourcing of finished goods and raw materials is mostly from the UK and Italy and there has been no significant impact on either lead times or the reliability of the supply chain. Discussions have taken place with key suppliers to understand any risk to their ability to provide goods. Stock holding of key raw materials had already been increased to mitigate and Brexit impacts and this will provide an additional buffer should supply chains slow.

BREXIT

Brexit remains another uncertainty but management has taken various mitigating actions, especially around supply chain, to help offset any adverse changes to the free movement of goods from EU based suppliers.

This report was approved by the board on 28th January 2021 and signed on its behalf.


Jonathan Baker
Director

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

The directors present their report and the financial statements for the period ended 1 February 2020.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Position of the company at the period end

The loss for the period, after taxation, amounted to £596 thousand (2019 - loss £576 thousand).

Net assets amounted to £4,427 thousand (2019 - £5,023 thousand)

Directors

The directors who served during the period were:

Ali Fayed
James Allie Fayed
Steven Jeffrey Quin
Neil Charles Clifford
Liam Fayed
Jonathan Baker
Mark Turner

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The worldwide outbreak of the COVID-19 virus represents a significant event since the end of the financial period. In light of the impact of the virus upon consumer demand, the Group has reviewed its cash flow forecasts and considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact of operations 12 months from the date of signing this report. Please refer to note 2.2 for further detail on the company's going concern basis of preparation. COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the statement of financial position as at 01 February 2020.

The directors consider the company's exposure to credit risk, liquidity risk and currency risk to be minimal and consider the disclosure of their financial risk management objectives and policies not to be significant in the assessment of the assets, liabilities, financial position and profit and loss of the company.

Auditors

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

This report was approved by the board on 28th January 2021 and signed on its behalf.



Jonathan Baker
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURNBULL & ASSER LIMITED

Opinion

We have audited the financial statements of Turnbull & Asser Limited (the 'Company') for the period ended 1 February 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 February 2020 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the financial statements have been prepared on a going concern basis based on the Director's expectations of future support being made available by the shareholders. This and other matters set forth in note 2.2 indicate that a material uncertainty exists that may cast significant doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Auditors' 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURNBULL & ASSER LIMITED
(CONTINUED)**

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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.

Auditors' 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 Auditors' 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 Auditors' Report.

TURNBULL & ASSER LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TURNBULL & ASSER LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.



Anastasia Frangos (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG
Date: 28 January 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

	Note	2020 £000	As restated 2019 £000
Turnover	4	9,703	10,110
Cost of sales		(4,218)	(4,259)
Gross profit		5,485	5,851
Distribution costs		(363)	(364)
Administrative expenses		(6,336)	(6,234)
Other operating income	5	660	244
Exceptional other operating charges		(26)	(49)
Operating loss	6	(580)	(552)
Interest receivable and similar income	9	-	1
Interest payable and expenses	10	(6)	(8)
Loss before tax		(586)	(559)
Tax on loss	11	(10)	(17)
Loss for the financial period		(596)	(576)
Other comprehensive income for the period			
Total comprehensive income for the period		(596)	(576)

The notes on pages 12 to 27 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 1 FEBRUARY 2020

	Note	1 February 2020 £000	As restated 2 February 2019 £000
Fixed assets			
Tangible fixed assets		4,339	4,210
		<u>4,339</u>	<u>4,210</u>
Current assets			
Stocks	14	2,444	1,825
Debtors due within 1 year	15	1,136	1,145
Bank and cash balances		475	1,122
		<u>4,055</u>	<u>4,092</u>
Creditors: Amounts Falling Due Within One Year	17	(3,834)	(3,202)
		<u>221</u>	<u>890</u>
Net current assets		<u>221</u>	<u>890</u>
Total assets less current liabilities		<u>4,560</u>	<u>5,100</u>
Provisions for liabilities			
Deferred tax	20	(133)	(77)
		<u>(133)</u>	<u>(77)</u>
Net assets		<u>4,427</u>	<u>5,023</u>
Capital and reserves			
Called up share capital	21	3,850	3,850
Capital redemption reserve		30	30
Profit and Loss Account		547	1,143
		<u>4,427</u>	<u>5,023</u>

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



Jonathan Baker
Director

28 January 2021

The notes on pages 12 to 27 form part of these financial statements.

TURNBULL & ASSER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 February 2018	3,850	30	1,719	5,599
Comprehensive income for the period				
Loss for the period	-	-	(576)	(576)
Shares issued during the period	1,000	-	-	1,000
Prior year adjustment	(1,000)	-	-	(1,000)
At 3 February 2019	3,850	30	1,143	5,023
Comprehensive income for the period				
Loss for the period	-	-	(596)	(596)
At 1 February 2020	3,850	30	547	4,427

The notes on pages 12 to 27 form part of these financial statements.

TURNBULL & ASSER LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

	1 February 2020 £000	As restated 2 February 2019 £000
Cash flows from operating activities		
Loss for the financial period	(596)	(576)
Adjustments for:		
Depreciation of tangible assets	405	379
Interest paid	6	8
Interest received	-	(1)
Taxation charge	10	17
(Increase)/decrease in stocks	(618)	696
Decrease in debtors	19	82
(Increase) in amounts owed by groups	(10)	(227)
Increase in creditors	630	595
Corporation tax received	47	-
Net cash generated from operating activities	(107)	973
Cash flows from investing activities		
Purchase of tangible fixed assets	(535)	(270)
Interest received	-	1
Net cash from investing activities	(535)	(269)
Cash flows from financing activities		
Interest paid	(6)	(2)
Net cash used in financing activities	(6)	(2)
Net (decrease)/increase in cash and cash equivalents	(648)	702
Cash and cash equivalents at beginning of period	1,123	421
Cash and cash equivalents at the end of period	475	1,123
Cash and cash equivalents at the end of period comprise:		
Bank and cash balances	475	1,123
	475	1,123

The notes on pages 12 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

1. General information

Turnbull & Asser is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 14 South Street, London, W1K 1DF.

The principal activity of the company is the retail of bespoke shirts and ready to wear premium quality gentleman's clothing from London premises in Jermyn Street, Bury Street and Davies Street and through its online e-commerce site. The company also wholesales garments to customers throughout the UK and abroad. Aside from its selling activities the company is also engaged in the manufacture of shirts and ties from its own factories based in the UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Directors have reviewed the cash flow forecasts for a period of not less than 12 months from the date of signing these financial statements. The cash flow forecast takes into account reasonably possible changes in trading performance.

The £500,000 working capital facility received from the bank has been secured until October 2021. The company has a loan from a related company, T&A Holdings LLC, originally for a period to December 2015 and amounting to £600,000 plus accrued interest renewable for more than one year at the option of either party and which has not been recalled and will be converted to equity. In addition, \$305,992 of funding has been received from the shareholders in January 2021. The Directors have also obtained a letter of support from a company controlled by the ultimate controlling party. The shareholders have owned the business for over 25 years and during this time have provided financial support whenever necessary. The Directors have concluded that there is an expectation the shareholders will continue to provide the funding required to support the business, but if this is not available, there is a material risk of uncertainty relating to the ability of the Company to continue as a going concern and, therefore, its ability to realise its assets and discharge its liabilities in the normal course of business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

2.5 Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Employee Benefits

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

ii) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

iii) Defined contribution pension plans

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period. The assets of the scheme are held separately from those of the company in an independently administered fund.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold Land	- No depreciation charge
Freehold Property	- Straight line over 75 years
Leasehold Property	- Straight line over 1 - 100 years (length of lease)
Fixtures and fittings	- Straight line over 2 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or 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 in profit or loss.

2.13 Foreign currency

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

ii) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

iii) Lease incentives

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight line basis over the period of the lease.

The company has taken advantage of the exemption under Section 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 (2 February 2014) and continues to credit such lease incentives to the income statement over the period to the first review date on which the rent is adjusted to market rates.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

2. Accounting policies (continued)

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

3. Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgement, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, vary to the actual results. The estimates and assumptions that are most likely to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

Stock valuation

The company designs, manufactures and sells clothing and accessories and is subject to changing consumer demands and fashion trends. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considered the nature and condition of the inventory, as well as applying assumptions around the anticipated saleability of finished good and future usage of raw materials.

Impairment of non-financial assets

The company is operated from leasehold stores and online. Each store is considered to be a cash generating unit. At each balance sheet date non financial assets not carried at fair value are assessed to determine whether there is an indication that the asset's cash generating unit may be impaired. Management considers forecast sales and cash generation for each store and applies assumptions with respect to future growth.

Bad debt provision

Management will review all outstanding debts and provide for those it considers to be no longer recoverable. This is based on the length of time the debt has been outstanding for and the customer history.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020****4. Turnover**

An analysis of turnover by class of business is as follows:

	2020 £000	2019 £000
Sale of goods	9,609	9,695
Concession Commission	94	415
	<u>9,703</u>	<u>10,110</u>

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	6,487	7,261
United States	1,658	1,468
Continental Europe	753	601
Japan	318	312
Other	487	468
	<u>9,703</u>	<u>10,110</u>

5. Other operating income

	2020 £000	2019 £000
Other operating income	660	244
	<u>660</u>	<u>244</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020****6. Operating loss**

The operating loss is stated after charging:

	2020 £000	2019 £000
Other operating lease rentals	870	862
Share based payment	-	379
Fees payable for the audit	17	15
Fees payable for other services - tax compliance and company secretarial	3	3
Net gain on foreign currency	(1)	1
Loss on disposal of tangibles	-	1
	<u> </u>	<u> </u>

7. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	4,053	3,935
Social security costs	371	358
Cost of defined contribution scheme	178	164
	<u> </u>	<u> </u>
	<u>4,602</u>	<u>4,457</u>

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

	2020 No.	2019 No.
Production Staff	72	83
Retail Staff	14	14
Administrative Staff	47	42
	<u> </u>	<u> </u>
	<u>133</u>	<u>139</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

8. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	1 February 2020 £000	2 February 2019 £000
Emoluments receivable	386	377
Value of company pension contributions to money purchase schemes	26	24
	<u>412</u>	<u>401</u>
Emoluments of highest paid director		
Emolument excluding pension contributions	201	195
Value of company pension contributions to money purchase schemes	11	11
	<u>212</u>	<u>206</u>
Key Management Compensation		
Salaries and other short-term benefits	427	423
Post employment benefits	26	24
	<u>453</u>	<u>447</u>

The number of directors accruing benefits under defined benefit company pension schemes was nil (2019: nil).

Key management includes the directors and members of senior management.

9. Interest receivable

	2020 £000	2019 £000
Other interest receivable	-	1
	<u>-</u>	<u>1</u>

10. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	6	8
	<u>6</u>	<u>8</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

11. Taxation

	2020 £000	2019 £000
Corporation tax		
R&D tax credit	(47)	-
	<u>(47)</u>	<u>-</u>
Total current tax	<u>(47)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	57	17
Total deferred tax	<u>57</u>	<u>17</u>
Taxation on profit on ordinary activities	<u>10</u>	<u>17</u>

Factors affecting tax charge for the period

The tax assessed for the period is the same as (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	<u>(586)</u>	<u>(559)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(111)	(106)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2	1
Capital allowances for period in excess of depreciation	26	42
Adjustments to tax charge in respect of prior periods	(47)	-
Losses not recognised	140	74
Tax rate changes	-	6
Total tax charge for the period	<u>10</u>	<u>17</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

11. Taxation (continued)

Factors that may affect future tax charges

The chancellor set out measures in the recent March 2020 budget to maintain the Corporation Tax main rate at 19% for the financial year beginning 1 April 2020. This maintains the rate at 19% rather than reducing it to 17% from 1 April 2020 as was formerly planned.

12. Exceptional items

	2020 £000	2019 £000
Company restructuring costs	26	49
	<u>26</u>	<u>49</u>

13. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation					
At 3 February 2019	967	3,084	4,116	68	8,235
Additions	-	4	400	128	532
Transfers between classes	-	(20)	-	20	-
At 1 February 2020	<u>967</u>	<u>3,068</u>	<u>4,516</u>	<u>216</u>	<u>8,767</u>
Depreciation					
At 3 February 2019	166	694	3,165	-	4,025
Charge for the period on owned assets	10	84	309	-	403
At 1 February 2020	<u>176</u>	<u>778</u>	<u>3,474</u>	<u>-</u>	<u>4,428</u>
Net book value					
At 1 February 2020	<u>791</u>	<u>2,290</u>	<u>1,042</u>	<u>216</u>	<u>4,339</u>
At 2 February 2019	<u>801</u>	<u>2,390</u>	<u>951</u>	<u>68</u>	<u>4,210</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020****14. Stocks**

	1 February 2020 £000	2 February 2019 £000
Raw materials and consumables	746	580
Work in progress (goods to be sold)	132	104
Finished goods and goods for resale	1,566	1,141
	<u>2,444</u>	<u>1,825</u>

15. Debtors

	1 February 2020 £000	2 February 2019 £000
Trade debtors	233	197
Amounts owed by related parties	493	483
Other debtors	191	191
Prepayments and accrued income	218	274
	<u>1,135</u>	<u>1,145</u>

16. Cash and cash equivalents

	1 February 2020 £000	2 February 2019 £000
Cash at bank and in hand	474	1,123
	<u>474</u>	<u>1,123</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020****17. Creditors: Amounts falling due within one year**

	1 February 2020 £000	2 February 2019 £000
Bank loans	627	621
Trade creditors	457	729
Other taxation and social security	304	332
Other creditors	2,045	1,043
Accruals and deferred income	401	477
	<u>3,834</u>	<u>3,202</u>

18. Loans

Analysis of the maturity of loans is given below:

	1 February 2020 £000	2 February 2019 £000
Amounts falling due within one year		
Bank loans	627	621
	<u>627</u>	<u>621</u>
	<u>627</u>	<u>621</u>

On 15 August 2015, Turnbull & Asser Limited took out a loan with its related company T&A Holdings LLC for £400,000 bearing interest at 1% to finance the opening of the new Mayfair store. Additional advances have been made totalling £200,000. Extension of repayment beyond the original date of 31 December 2015 has been permitted.

The balance of this loan at 1 February 2020 was £600,000 plus accrued interest.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

19. Financial instruments

	1 February 2020 £000	2 February 2019 £000
Financial assets		
Trade Debtors	232	197
Amounts due from related parties	493	483
Other debtors	192	191
	<u>917</u>	<u>871</u>
Financial liabilities		
Trade Creditors	457	729
Loans and Other Borrowings	627	621
Accruals	401	477
Other Creditors	30	43
	<u>1,515</u>	<u>1,870</u>

20. Deferred taxation

	2020 £000
At beginning of year	(77)
Charged to profit or loss	(56)
At end of year	<u>(133)</u>

The provision for deferred taxation is made up as follows:

	1 February 2020 £000	2 February 2019 £000
Accelerated capital allowances	(138)	(81)
Short term timing differences	5	4
	<u>(133)</u>	<u>(77)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

21. Share capital

	1 February 2020 £000	2 February 2019 £000
Allotted, called up and fully paid		
38,500,000 (2019 - 38,500,000) 38,500,000 Ordinary Shares of £0.10 each shares of £0.10 each	3,850	3,850
55 (2019 - 55) US \$0.00001 shares shares of £1.00 each	-	-
	<u>3,850</u>	<u>3,850</u>

22. Prior year adjustment

On 14th June 2018, the directors allotted £1,000,000 of shares when there was not appropriate and sufficient authority to do so. As a result, both share allotments have since been treat as void and a prior year adjustment has been made to reduce the share capital by £1,000,000 and increase other creditors by the same amount.

Post year end, the directors have allotted a further 20,000,000 shares at £0.10 per share on 6th February 2020.

23. Commitments under operating leases

At 1 February 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	1 February 2020 £000	2 February 2019 £000
Not later than 1 year	790	790
Later than 1 year and not later than 5 years	1,099	1,889
Later than 5 years	542	704
	<u>2,431</u>	<u>3,383</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 FEBRUARY 2020**

24. Related party transactions

The company has traded with the following companies in which Mr A Fayed, a director, has a beneficial interest.

During the period the company made sales of £1,134,567 (2019: £928,326) and licence income of £630,515 (2019: £211,839) was made from Turnbull & Asser LLC. At the period end the company was owed £493,040 (2019: £483,227) by Turnbull & Asser LLC.

At the period end the company owed £627k (2019: £621k) to T&A Holdings LLC, a company related by directors.

During the period, the company was charged operating expenses of £21,054 (2019: £23,753) by Hyde Park Residence Limited. At the period end, the company owed £1,013 (2019: £5,850).

25. Post balance sheet events

The worldwide outbreak of the COVID-19 virus represents a significant event since the end of the financial period. In light of the impact of the virus upon consumer demand, the Group has reviewed its cash flow forecasts and considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact of operations 12 months from the date of signing this report. Please refer to note 2.2 for further detail on the Group's going concern basis of preparation. COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the statement of financial position as at 01 February 2020.

The directors consider the company's exposure to credit risk, liquidity risk and currency risk to be minimal and consider the disclosure of their financial risk management objectives and policies not to be significant in the assessment of the assets, liabilities, financial position and profit and loss of the company.

26. Controlling party

The ultimate controlling party is the Fayed family.