

**Company Registration No. 01781095**

**Mothercare Services Limited**

**Annual Report and Financial Statements**

**For the 52 weeks ended 25 March 2023**

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## **Mothercare Services Limited**

### **Annual report and financial statements For the 52 weeks ended 25 March 2023**

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## **Mothercare Services Limited**

### **Annual report and financial statements For the 52 weeks ended 25 March 2023**

#### **Officers and professional advisers**

##### **Directors**

A Cook  
K Rusling (Resigned 17 April 2023)  
L Medini

##### **Company Secretary**

L S Medini

##### **Registered Office**

Westside 1, London Road  
Hemel Hempstead  
Hertfordshire  
United Kingdom  
HP3 9TD

##### **Bankers**

Barclays Bank PLC  
1 Churchill Place  
Canary Wharf  
London

Gordon Brothers  
Lilly House, 13 Hanover Square,  
Mayfair,  
London  
W1S 1HN

##### **Auditor**

Gravita Audit Ltd  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

## **Mothercare Services Limited**

### **Directors' report**

The Directors present their annual report together with the audited financial statements and auditor's report for the 52 weeks ended 25 March 2023. This Directors' report has been prepared in accordance with the special provisions relating to small companies under s415A of the Companies Act 2006. Accordingly, no Strategic Report has been prepared.

#### **Directors**

The Directors of the Company who served during the year are shown on page 1.

#### **Directors' indemnities**

Directors' and officers' indemnities insurance has been purchased by the ultimate parent Company during the period.

#### **Dividends**

During the reporting period a dividend of £nil was paid.

#### **Future activities**

The Company is not expected to trade for the foreseeable future.

#### **Events after the balance sheet date**

There were no events after the balance sheet date.

#### **Financial risk objectives and policies**

Due to the size and nature of the Company the Directors have considered that the Company is not exposed to any significant financial risks including credit, liquidity and cash flow risks.

#### **Going concern**

As this entity is a non-trading company, the Directors' assessment on whether this entity is a going concern, is linked to the overall going concern assessment of the Mothercare plc group.

The Group's business activities and the factors likely to affect its future development are set out in the principal risks and uncertainties section of the Group financial statements. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the financial review.

With recent increases in interest rates, the interest rate on this loan is currently approximately 19.2%, which coupled with the extended time to return to pre-pandemic retail sales levels, particularly in our Middle Eastern markets, means the Board's current forecasts for continuing operations show the Group may require waivers to future periods' covenant tests. Our current lender remains supportive, whilst we complete our financing activities to repay all or part of the facility. The consolidated and Company financial information has been prepared on a going concern basis. When considering the going concern assumption, the Directors of the Group have reviewed a number of factors, including the Group's trading results and its continued access to sufficient borrowing facilities against the Group's latest forecasts and projections, comprising.

- A Base Case forecast; and
- A Sensitised forecast, which applies sensitivities against the Base Case for reasonably possible adverse variations in performance, reflecting the ongoing volatility in our key markets.

## Mothercare Services Limited

### Directors' report

#### Going concern (continued)

In making the assessment on going concern the Directors have assumed that the Group is able to mitigate the material uncertainty surrounding the Group's ability to successfully complete its financing activities to repay all or part of the existing facility and that our current lenders would continue to support us in the event we required waivers to future period's covenant test, whilst doing so.

#### The Sensitised scenario assumes the following additional key assumption:

- A significant reduction in global retail sales, which may result from subdued, consumer confidence or disposable income or through store closures or weaker trading in our markets, throughout the remainder of FY24 and FY25.

The Board's confidence in the Group's Base Case forecast, which indicates the Group will operate with sufficient cash balances, provided appropriate covenant waivers on our current facility were agreed, if required prior to the completion of our funding activities, and the Group's proven cash management capability, supports our preparation of the financial statements on a going concern basis.

However, if trading conditions were to deteriorate beyond the level of risk applied in the Sensitised forecast, or the Group was unable to execute further cost or cash management programmes, the Group would at certain points of the working capital cycle require covenant waivers based on its current facilities agreement. If this scenario were to crystallise, the Group would need to renegotiate with its lender in order to secure waivers to potential covenant breaches and consequential cash remedies or have completed the current negotiations to amend the covenants or secure additional funding. Therefore, we have concluded that, in this situation, there is a material uncertainty in relation to the continued support of our existing lender, if required, that casts significant doubt that the Group will be able to operate as a going concern without potential waivers or revised/ new financing facilities.

Since the Company is reliant on the wider Group for financial support, we have therefore concluded that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

#### Disclosure of information to auditor


Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

Gravita Audit Ltd have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:  
  
7F5279AB5FD8406...  
L S Medini  
Company Secretary  
16 November 2023

## **Mothercare Services Limited**

### **Directors' responsibilities statement**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 FRS 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

## **Independent auditor's report to the members of Mothercare Services Limited**

### **Opinion**

We have audited the financial statements of Mothercare Services Limited (the 'company') for the 52 weeks ended 25 March 2023, which comprise the Income Statement, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 25 March 2023 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.

### **Material uncertainty relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to note 1 in the financial statements, which indicates that the Company is reliant on support from its ultimate parent, Mothercare plc. Note 1 explains the board's considerations over going concern, including factors that may affect the future prospects and trading activities of the wider group.

The Group's forecasts indicate that waivers may be required in respect of future periods' covenant tests. The cause of this is largely to do with high interest rates coupled with extended time needed to return to pre-pandemic retail sales levels. As a result, the Board is considering financing activities to repay all or part of the current facility. These events or conditions, along with other matters as set out in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **Independent auditor's report to the members of Mothercare Services Limited**

### **Our responsibilities**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosure in financial statements or, if such disclosures are inadequate, to modify the auditor's opinion.

Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for financial statements' section of this report.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.



## **Independent auditor's report to the members of Mothercare Services Limited**

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, 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.

### **The extent to which the audit was considered capable of detecting irregularities including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the digital marketing and advertising sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
  - making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
  - considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

## **Independent auditor's report to the members of Mothercare Services Limited**

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 of the financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisor

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

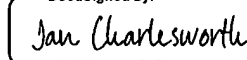
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our 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.

DocuSigned by:



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Jan Charlesworth (Senior Statutory Auditor)  
For and on behalf of Gravita Audit Limited  
Finsgate 5-7 Cranwood Street  
London  
EC1V 9EE  
16 November 2023

## Mothercare Services Limited

### Income Statement For the 52 weeks ended 25 March 2023

	Notes	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Impairment charge of amounts due from group undertakings	3	-	(101)
Other operating expenses		1	(3)
<b>Profit/(loss) on ordinary activities before taxation</b>	3	1	(104)
Tax on profit/(loss) on ordinary activities	5	-	-
<b>Profit/(loss) for the year</b>		1	(104)

The accompanying notes form an integral part of these financial statements.

There are no recognised gains or losses in either period other than the above. Accordingly, no statement of total comprehensive income is presented.

## Mothercare Services Limited


### Balance Sheet As at 25 March 2023

	Notes	As at 25 March 2023 £'000	As at 26 March 2022 £'000
<b>Current assets</b>			
Cash at bank and in hand		—	108
		<u>—</u>	<u>108</u>
<b>Current liabilities</b>			
Trade and other payables	6	(39,613)	(39,722)
		<u>(39,613)</u>	<u>(39,614)</u>
<b>Net current liabilities</b>			
		(39,613)	(39,614)
<b>Total assets less current liabilities</b>		<u>(39,613)</u>	<u>(39,614)</u>
<b>Net liabilities</b>		<u>(39,613)</u>	<u>(39,614)</u>
<b>Capital and reserves</b>			
Called-up share capital	7	—	—
Profit and loss account		(39,613)	(39,614)
		<u>(39,613)</u>	<u>(39,614)</u>
<b>Shareholders' deficit</b>		<u>(39,613)</u>	<u>(39,614)</u>

The financial statements of Mothercare Services Limited (registered number 01781095) were approved by the Board of Directors and authorised for issue on 16 November 2023.

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

Signed on behalf of the Board of Directors:

DocuSigned by:  
  
 76ABCC13E07F4C0...  
 A Cook  
 Director

## Mothercare Services Limited

### Statement of changes in equity For the 52 weeks ended 25 March 2023

	Called up share capital £'000	Profit and loss account £'000	Total £'000
<b>Balance at 27 March 2021</b>	-	(39,510)	(39,510)
Profit for the period	-	(104)	(104)
Total comprehensive expense for the period	-	-	-
<b>Balance at 26 March 2022</b>	-	(39,614)	(39,614)
Profit for the period	-	1	1
Total comprehensive income for the period	-	1	1
<b>Balance at 25 March 2023</b>	-	(39,613)	(39,613)

## **Mothercare Services Limited**

### **Notes to the financial statements For the 52 weeks ended 25 March 2023**

#### **1. Accounting policies**

Mothercare Services Limited is a Company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

These financial statements are presented in thousands of UK pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The accounting policies have been applied consistently throughout the 52 weeks ended 25 March 2023 and the preceding 52 weeks ended 26 March 2022.

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards.

#### **Basis of accounting**

The Company is a qualifying entity and these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The financial statements have been prepared on a going concern basis and on the historical cost basis.

The Company ceased trading on 10 October 2020 and is not expected to trade for the foreseeable future. Given the business ceased trading in a previous period and given this entity is being held by the Group for possible future use, the going concern assessment for this Company, as made by the Directors, is linked to the wider going concern assessment for the Mothercare plc group as a whole.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Group financial statements of Mothercare plc. The Group financial statements of Mothercare plc are available to the public and can be obtained as set out in Note 8.

#### **Going concern**

The Company did not trade during the financial period. The Company is not expected to trade in the foreseeable future.

Given the business ceased trading in a previous period and given this entity is being held by the Group for possible future use, the going concern assessment for this Company, as made by the Directors, is linked to the wider going concern assessment for the Mothercare plc group as a whole.

The Group's business activities and the factors likely to affect its future development are set out in the principal risks and uncertainties section of the Group financial statements. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the financial review.

With recent increases in interest rates, the interest rate on this loan is currently approximately 19.2%, which coupled with the extended time to return to pre-pandemic retail sales levels, particularly in our Middle Eastern markets, means the Board's current forecasts for continuing operations show the Group may require waivers to future periods' covenant tests. Our current lender remains supportive, whilst we complete our financing activities to repay all or part of the facility. The consolidated and Company financial information has been prepared on a going concern basis. When considering the going concern assumption, the Directors of the Group have reviewed a number of factors, including the Group's trading results and its continued access to sufficient borrowing facilities against the Group's latest forecasts and projections, comprising.

- A Base Case forecast; and
- A Sensitised forecast, which applies sensitivities against the Base Case for reasonably possible adverse variations in performance, reflecting the ongoing volatility in our key markets.

## **Mothercare Services Limited**

### **Notes to the financial statements For the 52 weeks ended 25 March 2023**

#### **1. Accounting policies (continued)**

##### **Going concern (continued)**

In making the assessment on going concern the Directors have assumed that the Group is able to mitigate the material uncertainty surrounding the Group's ability to successfully complete its financing activities to repay all or part of the existing facility and that our current lenders would continue to support us in the event we required waivers to future period's covenant test, whilst doing so.

##### **The Sensitised scenario assumes the following additional key assumption:**

- A significant reduction in global retail sales, which may result from subdued, consumer confidence or disposable income or through store closures or weaker trading in our markets, throughout the remainder of FY24 and FY25.

The Board's confidence in the Group's Base Case forecast, which indicates the Group will operate with sufficient cash balances, provided appropriate covenant waivers on our current facility were agreed, if required prior to the completion of our funding activities, and the Group's proven cash management capability, supports our preparation of the financial statements on a going concern basis.

However, if trading conditions were to deteriorate beyond the level of risk applied in the Sensitised forecast, or the Group was unable to execute further cost or cash management programmes, the Group would at certain points of the working capital cycle require covenant waivers based on its current facilities agreement. If this scenario were to crystallise, the Group would need to renegotiate with its lender in order to secure waivers to potential covenant breaches and consequential cash remedies or have completed the current negotiations to amend the covenants or secure additional funding. Therefore, we have concluded that, in this situation, there is a material uncertainty in relation to the continued support of our existing lender, if required, that casts significant doubt that the Group will be able to operate as a going concern without potential waivers or revised/ new financing facilities.

Since the Company is reliant on the wider Group for financial support, we have therefore concluded that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

## **Mothercare Services Limited**

### **Notes to the financial statements For the 52 weeks ended 25 March 2023**

#### **1. Accounting policies (continued)**

##### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### **Financial instruments**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### *Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### *Foreign currencies*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement.



## **Mothercare Services Limited**

### **Notes to the financial statements For the 52 weeks ended 25 March 2023**

#### **1. Accounting policies (continued)**

##### *Amounts owed by group undertakings*

Amounts owed by group undertakings are initially measured at fair value and subsequently measured at amortised cost less provision or impairment. The Company recognises a loss allowance for expected credit losses on amounts owed by group undertakings, which is updated at each financial reporting date to reflect changes in credit risk since initial recognition. Amounts owed by group undertakings are derecognised when the rights to receive cash flows from the asset have expired.

##### *Amounts owed to group undertakings*

Amounts owed to group undertakings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Amounts owed to group undertakings are derecognised when the obligation under the liability is discharged, cancelled or expires.

#### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the Company's accounting policies, which are described in Note 1, management has made the following judgements that have an effect on the application of policies and reported amounts.

Critical judgements represent key decisions made by management in the application of the Company's accounting policies. Where a significant risk of materially different outcomes exists due to management assumptions or sources of estimation uncertainty, this will represent a critical accounting estimate. 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. Actual results may differ from these estimates.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

##### **Critical accounting adjustments:**

No critical accounting adjustments were identified as applicable to this Company.

##### **Key sources of estimation uncertainty:**

##### *Allowances against the carrying value of amounts due from group undertakings*

Amounts due from group undertakings are recognised at fair value. The Company reviews the carrying value of assets on a periodic basis, and whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Indications that a debt requires a provision against it are where the fellow subsidiary company has net liabilities, insufficient cash or liquid resources to immediately repay the debt, or insufficient forecast cashflows to repay the debt which involves the exercise of a significant amount of judgement.

A review of the carrying value of amounts due from group undertakings was performed in the current and prior year and no impairment charges/reversals were made.

## Mothercare Services Limited

### Notes to the financial statements For the 52 weeks ended 25 March 2023

#### 3. Profit/(loss) on ordinary activities before tax

	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
<b>Profit/(loss) on ordinary activities before tax is stated after charging:</b>		
Impairment charge of amounts due from group undertakings	—	101

Amounts due from group undertakings are recognised at fair value. The Company reviews the carrying value of assets on a periodic basis, and whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Indications that a debt requires a provision against it are where the fellow subsidiary company has net liabilities, insufficient cash or liquid resources to immediately repay the debt, or insufficient forecast cashflows to repay the debt which involves the exercise of a significant amount of judgement. During the current financial year total impairment charges was £Nil (2022: £101k)

The audit fee due to Gravita Audit Ltd for the audit of the annual financial statements was borne by Mothercare Plc.

#### 4. Staff costs

The average monthly number of employees (including executive directors) in the period was Nil (2022: Nil).

	52 weeks ended 25 March 2023 £'000	52 weeks ended 26 March 2022 £'000
Wages and salaries	—	3
	—	3

No emoluments were paid to the directors in respect of their services to the Company in either period. Directors were remunerated by another Group Company.

## Mothercare Services Limited

### Notes to the financial statements For the 52 weeks ended 25 March 2023

#### 5. Tax on profit/(loss) on ordinary activities

There was current income tax expense or deferred income tax expense in the current or prior year

The tax assessed for the period differs from the result from applying the standard rate of corporation tax in the UK of 19% (2022: 19%).

	<b>52 weeks ended 25 March 2023 £'000</b>	<b>52 weeks ended 26 March 2022 £'000</b>
Profit/(loss) on ordinary activities before tax	<u>1</u>	<u>(104)</u>
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	–	(20)
Effects of:		
Expenses not deductible	–	19
Deferred tax not recognised	–	1
Group relief claimed free of charge from other group members	<u>–</u>	<u>–</u>
<b>Tax charge for the year</b>	<u><u>–</u></u>	<u><u>–</u></u>

At the balance sheet date, the Company has unrecognised deferred tax asset of £nil million (2022: £nil) available for offset against future profits. No deferred tax asset has been recognised for any losses (2022: £nil).

#### 6. Trade and other payables

	<b>As at 25 March 2023 £'000</b>	<b>As at 26 March 2022 £'000</b>
Amounts due to other group undertakings	38,696	38,804
Accruals and deferred income	<u>917</u>	<u>918</u>
	<u><u>39,613</u></u>	<u><u>39,722</u></u>

Amounts due to group undertakings are repayable on demand. No interest is payable on outstanding balances.

## Mothercare Services Limited

### Notes to the financial statements For the 52 weeks ended 25 March 2023

#### 7. Called-up share capital

	As at 25 March 2023 £	As at 26 March 2022 £
<b>Authorised, called-up, allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

#### 8. Ultimate controlling party

The Company's immediate parent company is Mothercare Global Brand Limited. The Company's ultimate parent company and controlling entity is Mothercare plc.

The largest and smallest group in which the results of the Company are consolidated is that headed by Mothercare plc, a Company incorporated in the United Kingdom and registered in England and Wales, with registered office address: Westside 1, London Road, Hemel Hempstead, Hertfordshire, HP3 9TD. Copies of these consolidated financial statements may be obtained from: [www.mothercareplc.com/financial-reports](http://www.mothercareplc.com/financial-reports).

#### 9. Related party transactions

No related party transactions were noted in the current or prior period which requires additional disclosure.

#### 10. Events after the balance sheet date

There were no events after the balance sheet date.