

Company Number: 02303538

## **Airwair Property Limited**

**Annual Report and Financial Statements  
For the 52 weeks ended 28 March 2021**



## **Airwair Property Limited**

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## **Airwair Property Limited**

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### **Company Information For the 52 weeks ended 28 March 2021**

**Directors**

Jon Mortimore (CFO)  
Emily Reichwald

**Secretary**

Prism Cosec Limited  
Highdown House  
Yeoman Way  
Worthing  
West Sussex  
BN99 3HH

**Registered office**

Cobbs Lane  
Wollaston  
Northamptonshire  
NN29 7SW

**Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**Bankers**

HSBC Bank plc

Airwair Property Limited is a private company registered in England and Wales, limited by shares.

## **Airwair Property Limited**

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### **Directors' Report For the 52 weeks ended 28 March 2021**

The Directors (the "Directors") present their annual report and financial statements for Airwair Property Limited (the "Company") for the period ended 28 March 2021. The Company has adopted the exemptions available in Section 414(B) and 416(3) of the Companies Act 2006 with regards to small companies which belong to an ineligible group. Accordingly, the Company has elected not to prepare a Strategic Report or as part of the Directors' Report, disclosures relating to the dividends declared and (if any) paid during the period under review.

#### **Directors**

The following Directors have, unless otherwise stated, held office throughout the period and up to the date of approval of this report:

Jon W Mortimore (CFO)  
Emily C Reichwald

#### **Principal activity**

The Company's principal activities during the period continued to be holding of properties for use within the Group.

#### **Results for the period**

The profit for the period ended 28 March 2021 amounted to £106,875 (2020: £157,483).

For further information on group KPIs please refer to the accounts of Dr. Martens plc.

#### **Dividends**

The Directors do not propose the payment of a dividend for the period (2020: £nil).

#### **Going concern**

The Company has made profits in the current period and prior period and has positive reserves which are adequate to support the Company for the foreseeable future. The Directors of Airwair Property Limited therefore consider it appropriate to prepare the financial statements on a going concern basis. The Directors of Dr. Martens plc have confirmed that financial support will be provided should the Company be unable to meet its liabilities as they fall due.

The Company is part of Dr. Martens plc Group and the Group's activities, together with the factors likely to affect future developments, its financial position, and its exposure to risks are described in the Strategic Report of the Group Annual Report and Accounts.

The financial statements have been prepared on a going concern basis. The Directors' assessment is based on detailed Group trading and cash flow forecasts, including forecast liquidity and covenant compliance. The period of management's assessment is from the date of the signing of the financial statements to 30 September 2022 and the going concern basis is dependent on the Company and Group maintaining adequate levels of resources to operate during the period.

The Directors also considered the Group funding arrangements at 28 March 2021 with cash of £113.6m, available undrawn facilities of £195.4m and bullet debt repayment of £300.0m not due until 2026.

The financial period to 28 March 2021 was dominated by Covid-19 and it is highly likely the majority of the going concern period will also be impacted by Covid-19 albeit to a lesser extent but reliant upon vaccination pace and vaccinations success in our core markets. The impact of Covid-19 on the Company during the period to 28 March 2021 is described in the Strategic Report of the Group Annual Report and Accounts.

The Directors prepare their detailed forecasts and plans for the assessment period taking into account their experiences of trading through the financial period to March 2021, including the impact of Covid-19 on profitability, cashflow and covenant compliance. Trading in the period also identified that payments from wholesale customers remained strong throughout with no material increase in bad debts. Our distribution centres ("DC") remained operational throughout the period while operating with appropriate social distancing.

## **Airwair Property Limited**

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### **Directors' Report (continued) For the 52 weeks ended 28 March 2021**

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

The Directors remain vigilant and continue to monitor the effects of Covid-19 in all our core markets and across ecommerce, retail and wholesale channels in these markets and will react appropriately to further developments and associated risks.

As part of the going concern assessment, management have modelled, and the Directors have reviewed a number of different scenarios including a severe but plausible downside scenario with no planned cost or working capital mitigation (including the payment of dividends). Given the backdrop of Covid-19 and continued global economic uncertainty the principal risk for modelling purposes relates to the achievement of planned growth in revenue and accordingly we have sensitised our revenue assumptions versus our base case plan. To date we have had minimal experience of bad debts, lower margins or restricted supply.

In the scenarios modelled, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

In addition, we have also modelled a reverse stress test where we calculated the impact on revenue off setting covenant headroom to zero and also zero liquidity and assessed the likelihood of occurrence to be remote.

Should a more extreme downside scenario occur then mitigating actions could be taken including, (but not limited to) cancellation of pay awards, reduction in planned marketing spend, potential extension of payment terms with factories, and delay/cancellation of IT related capex and reduced future dividend payments.

A more extreme downside scenario is not considered plausible.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as well as the principal risks and uncertainties faced by the business. Based on the Group and Company trading and cashflow forecasts, the Directors are satisfied that the Group and Company will maintain an adequate level of resources to be able to continue to operate during the period under review.

#### **Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards (including FRS 101) have been followed, subject to any material departures disclosed and explained in the Company financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

## **Airwair Property Limited**

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### **Directors' Report (continued) For the 52 weeks ended 28 March 2021**

#### **Directors' responsibilities (continued)**

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.

#### **Directors statement of disclosure of information to the auditor**

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/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 Section 418 of the Companies Act 2006.

#### **Auditor**

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with Companies House.

On behalf of the board



Jon Mortimore  
Director  
29 July 2021

# Independent Auditors' Report to the Members of Airwair Property Limited

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## Opinion

We have audited the financial statements of Airwair Property Limited for the 52 week period ended 28 March 2021 which comprise the statement of Profit or Loss, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 19, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 28 March 2021 and of its profit for the 52 week 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.

## Conclusions 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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 14 months from when the financial statements are authorised for issue.

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.

## 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 this 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 there is 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 the 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 52 week financial period 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.

## **Independent Auditors' Report to the Members of Airwair Property Limited (continued)**

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### **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.

### **Responsibilities of directors**

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

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

### **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.

### ***Explanation as to what extent 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, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006.
- We understood how Airwair Property Limited is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Legal Counsel and Company Secretary. We corroborated our enquiries through our review of Board minutes and noted that there was no contradictory evidence.
- We considered performance targets and their influence on fraud risks. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the entity, or that might otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement including complex transactions, performance targets, economic or external pressures and the impact that these have on the control environment. We considered the risk of fraud through management override of controls and, in response, we incorporated data analytics across manual journal entries into our audit approach. These procedures also included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.



## Independent Auditors' Report to the Members of Airwair Property Limited

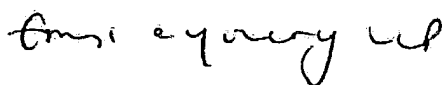
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- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of Board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit and Risk Committee on compliance with regulations and enquiries of legal counsel and management. We additionally performed detailed testing of legal expenditure incurred in the period and noted that there was no contradictory evidence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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.



Julie Carlyle (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP,  
Statutory Auditor  
London

02 August 2021

## Airwair Property Limited

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### Statement of Profit or Loss For the 52 weeks ended 28 March 2021

	Notes	2021 £	2020 £
Revenue	3	120,000	120,000
Other operating charges	4	(13,100)	-
<b>Operating profit</b>		<b>106,900</b>	<b>120,000</b>
Other income		-	17,500
<b>Profit before tax</b>		<b>106,900</b>	<b>137,500</b>
Tax (expense)/ income	8	(25)	19,983
<b>Profit for the period</b>		<b>106,875</b>	<b>157,483</b>

The profit for the period is entirely attributable to the owners of the parent Company.

The notes on pages 11 to 19 form part of these financial statements.

## Airwair Property Limited

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### Balance Sheet

As at 28 March 2021

Company registration number: 02303538

	Notes	2021 £	2020 £
<b>Non-current assets</b>			
Investment property	9	1,307,500	1,307,500
Deferred tax asset	13	190,161	190,186
<b>Total non-current assets</b>		<b>1,497,661</b>	<b>1,497,686</b>
<b>Current assets</b>			
Trade and other receivables	10	656,787	646,787
Cash and cash equivalents	11	201,000	91,000
<b>Total current assets</b>		<b>857,787</b>	<b>737,787</b>
<b>Total assets</b>		<b>2,355,448</b>	<b>2,235,473</b>
<b>Current liabilities</b>			
Trade and other payables	12	(13,100)	-
<b>Total liabilities</b>		<b>(13,100)</b>	<b>-</b>
<b>Net assets</b>		<b>2,342,348</b>	<b>2,325,473</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	15	2	2
Retained earnings	16	2,342,346	2,235,471
<b>Shareholder funds</b>		<b>2,342,348</b>	<b>2,235,473</b>

The Company's financial statements have been prepared in accordance with provisions applicable to companies subject to the small companies regime. The notes on pages 11 to 19 form part of these financial statements.

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



Jon Mortimore  
Director  
29 July 2021

## Airwair Property Limited

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### Statement of Changes in Equity For the 52 weeks ended 28 March 2021

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2019	2	2,077,988	2,077,990
<i>Comprehensive income:</i>			
Profit for the period	-	157,483	157,483
Total comprehensive profit for the period	-	157,483	157,483
At 29 March 2020	2	2,235,471	2,235,473
<i>Comprehensive income:</i>			
Profit for the period	-	106,875	106,875
Total comprehensive profit for the period	-	106,875	106,875
At 28 March 2021	2	2,342,346	2,342,348

The notes on pages 11 to 19 form part of these financial statements.

# Airwair Property Limited

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## Notes to financial statements

### For the 52 weeks ended 28 March 2021

#### 1 General information

Airwair Property Limited (the “Company”) is a limited company and is incorporated and domiciled in England and Wales. The Company’s registered office is Cobbs Lane, Wollaston, Northamptonshire, NN29 7SW.

The Company is a wholly owned subsidiary of Dr Martens Airwair Group Limited and is principally a property holding company.

#### 2 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the periods presented, unless otherwise stated. Amounts are presented in GBP and to the nearest pound unless otherwise noted.

##### 2.1 Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (FRS 101), the Companies Act 2006 and applicable accounting standards. The preparation of financial statements in compliance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (FRS 101) requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

##### 2.2 Disclosure exemptions

In preparing its individual financial statements under FRS 101, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101:

- IFRS 7, ‘Financial Instruments: Disclosures’;
- Paragraphs 91 to 99 of IFRS 13 ‘Fair value measurement’ (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The following paragraphs of IAS 1, ‘Presentation of financial statements’:
  - 10(d), (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, ‘Statement of cash flows’;
- Paragraph 30 and 31 of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’;
- Paragraph 17 of IAS 24, ‘Related party disclosures’ (key management compensation); and
- The requirements in IAS 24, ‘Related party disclosures’ to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- Paragraph 45(b) and 46 to 52 of IFRS 2 ‘Share-based payment’ (details of the number of weighted average exercise price of share options, and how the fair value of goods or services received was determined).

##### 2.3 Adoption of new and revised standards

The Company has applied the following standards, amendments and interpretations for the first time for the annual reporting period commencing 1 April 2020:

- Interest Rate Benchmark Reform – Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7).
- Definition of a Business – (Amendments to IFRS 3).
- Definition of Material – (Amendments to IAS 1 and IAS 8).
- Amendments to References to the Conceptual Framework in IFRS Standards.

### Notes to financial statements (continued)

#### For the 52 weeks ended 28 March 2021

#### **2 Accounting policies (continued)**

##### **2.3 Adoption of new and revised standards (continued)**

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

##### **2.4 New standards and interpretations not yet applied**

At the date of authorisation of these financial statements, there were no standards and interpretations that are relevant to the Company, in issue but not yet effective.

Other standards and interpretations or amendments thereto which have been issued, but are not yet effective, are not expected to have a material impact on the Company's financial statements.

##### **2.5 Going concern**

The Company has made profits in the current and prior period and has positive reserves which are adequate to support the Company for the foreseeable future. The Directors of Airwair Property Limited therefore consider it appropriate to prepare the financial statements on a going concern basis. The Directors of Dr. Martens plc have confirmed that financial support will be provided should the Company be unable to meet its liabilities as they fall due.

The company is part of Dr. Martens plc Group and the Group's activities, together with the factors likely to affect future developments, its financial position, and its exposure to risks are described in the Strategic Report of the Group Annual Report and Accounts.

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The Directors also considered the Group funding arrangements at 28 March 2021 with cash of £113.6m, available undrawn facilities of £195.4m and bullet debt repayment of £300.0m not due until 2026.

The financial period to 28 March 2021 was dominated by Covid-19 and it is highly likely the majority of the going concern period will also be impacted by Covid-19 albeit to a lesser extent but reliant upon vaccination pace and vaccinations success in our core markets. The impact of Covid-19 on the Company during the period to 28 March 2021 is described in the Strategic Report of the Group Annual Report and Accounts.

The Directors prepare their detailed forecasts and plans for the assessment period taking into account their experiences of trading through the financial period to March 2021, including the impact of Covid-19 on profitability, cashflow and covenant compliance. Trading in the period also identified that payments from wholesale customers remained strong throughout with no material increase in bad debts. Our distribution centres ("DC") remained operational throughout the period while operating with appropriate social distancing.

The Directors remain vigilant and continue to monitor the effects of Covid-19 in all our core markets and across ecommerce, retail and wholesale channels in these markets and will react appropriately to further developments and associated risks.

As part of the going concern assessment, management have modelled, and the Directors have reviewed a number of different scenarios including a severe but plausible downside scenario with no planned cost or working capital mitigation (including the payment of dividends). Given the backdrop of Covid-19 and continued global economic uncertainty the principal risk for modelling purposes relates to the achievement of planned growth in revenue and accordingly we have sensitised our revenue assumptions versus our base case plan. To date we have had minimal experience of bad debts, lower margins or restricted supply.

### Notes to financial statements (continued)

#### For the 52 weeks ended 28 March 2021

##### **2 Accounting policies (continued)**

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

In the scenarios modelled, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

In the scenarios modelled, the Group continues to have satisfactory liquidity and covenant headroom throughout the period under review.

In addition, we have also modelled a reverse stress test where we calculated the impact on revenue off setting covenant headroom to zero and also zero liquidity and assessed the likelihood of occurrence to be remote.

Should a more extreme downside scenario occur then mitigating actions could be taken including, (but not limited to) cancellation of pay awards, reduction in planned marketing spend, potential extension of payment terms with factories, and delay/cancellation of IT related capex and reduced future dividend payments.

A more extreme downside scenario is not considered plausible.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as well as the principal risks and uncertainties faced by the business. Based on the Group and Company trading and cashflow forecasts, the Directors are satisfied that the Group and Company will maintain an adequate level of resources to be able to continue to operate during the period under review.

##### **2.6 Revenue recognition**

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for providing the rental property. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

##### **2.7 Investment property**

Investment property is carried at fair value determined on an ad-hoc basis, historically every 3 years, by external valuers (who hold a recognised and relevant professional qualification) and is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Profit or Loss.

##### **2.8 Leases – Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

##### **2.9 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax movement recognised in the period. The tax currently payable based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Profit or Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount 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.

**Notes to financial statements (continued)**

**For the 52 weeks ended 28 March 2021**

**2 Accounting policies (continued)**

**2.9 Taxation (continued)**

Deferred tax liabilities are recognised for all taxable temporary differences and 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising in investments in subsidiaries 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. The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Profit or Loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. 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.

**2.10 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets, and to settle the liabilities simultaneously.

**2.11 Financial assets**

Trade receivables are measured at amortised cost.

***Trade and other receivables***

Trade receivables are classified under IFRS 9 and measured at amortised cost using the effective interest rate method. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. The most significant financial assets of the Company are its trade receivables, which are referred to as "customer and other receivables". ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and on 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 changes in value.

**2.12 Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

***Initial recognition***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Details of the Company's equity are included in note 11.



**Notes to financial statements (continued)**

**For the 52 weeks ended 28 March 2021**

**2 Accounting policies (continued)**

**2.12 Financial liabilities (continued)**

***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

***Trade and other payables***

Trade and other payables are obligations to pay for goods or services that have been acquired in the course of ordinary business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**2.13 Significant judgements and estimates**

The preparation of the Company's financial statements in conforming with IFRS requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates. Information about such judgements and estimation is contained in the accounting policies and / or notes to the financial statements and the key areas are summarised below:

***Key judgements***

The following judgements have had the most significant effect on amounts recognised in the financial statements:

***Provisions for expected credit losses of trade receivables***

Expected credit losses are calculated based on a combination of factors, including the ageing of the receivable balances, historical experience of groupings customer segments that have similar loss patterns, current credit status of the customer and forward looking information such as current economic conditions.

***Corporation tax***

There is significant judgement involved in determining the Company's corporation tax provision. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates to whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which the determination is made. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies (see note 6).

***Investment property***

A 3 yearly valuation is performed by a 3rd party Chartered Surveyor in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Professional Standards (January 2014 edition). A judgement is made using their knowledge of the market and locality of the property.

**3 Revenue**

Revenue represents the total amount receivable by the Company for services provided, net of value added tax and trade discounts. Revenue is attributable to one continuing UK activity, the holding of properties for use within the Dr. Martens plc Group.

## Airwair Property Limited

### Notes to financial statements (continued)

For the 52 weeks ended 28 March 2021

4	Expenses analysis	2021	2020
		£	£
	Audit fees	13,100	-

5	Auditors' remuneration	2021	2020
		£	£
	Auditors' remuneration	13,100	12,752

During FY20, the audit fee was borne by Airwair International Limited, a fellow group company.

#### 6 Staff costs

No salaries or wages have been paid to employees during the period (2020: £nil).

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

	2021	2020
	No.	No.
Directors	2	2

#### 7 Director's remuneration

The remuneration of Executive Directors of the Company is set out below:

	2021	2020
	£	£
Salaries and benefits	1,399,736	1,037,000
Pension costs	11,841	10,000
	1,411,577	1,047,000
Exceptionals:		
IPO bonus	4,275,713	-
IFRS2 (non-cash)	4,569,846	-
	10,257,136	1,047,000

The Directors of the Company are also Directors or officers of a number of the companies within the Dr. Martens Group. Directors' emoluments have been borne by other group companies.

The remuneration of the highest paid Director was:

	2021	2020
	£	£
Salaries and benefits	898,348	642,000
IFRS2 (non-cash)	4,569,846	-
Pension costs	-	-
	5,468,194	642,000

Due to Airwair Property Limited income all relating to the property and the balance sheet assets predominantly comprising of the property the Directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the holding and fellow subsidiary companies.

## Airwair Property Limited

### Notes to financial statements (continued) For the 52 weeks ended 28 March 2021

#### 8 Taxation

	2021 £	2020 £
<b>Current tax</b>		
Current tax on UK profit for the period ended 28 March 2021	-	-
	-	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	25	-
Effect of changes in the tax rate	-	(19,983)
	25	(19,983)
<b>Total tax expense/ (income) in the Statement of Profit or Loss</b>	<b>25</b>	<b>(19,983)</b>
	2021 £	2020 £
<b>Factors affecting the tax expense for the period:</b>		
Profit on ordinary activities before taxation	106,900	137,500
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	20,311	26,125
<i>Effects of:</i>		
Effect of changes in tax rate	-	(19,983)
Utilisation of tax losses brought forward	(20,286)	(26,125)
<b>Total taxation expense/ (income)</b>	<b>25</b>	<b>(19,983)</b>

#### *Factors that may affect future tax charges*

On 3 March 2021, the 2021 UK Budget announced an increase to the corporation tax rate from 19% to 25% effective from April 2023. This was substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021, hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

#### 9 Investment property

	Freehold investment property £
At 29 March 2020	1,307,500
Increase in fair value during the period	-
<b>At 28 March 2021</b>	<b>1,307,500</b>

The Company's investment properties were revalued on the 12 February 2020 by Harwoods Chartered Surveyors & Estate Agents, a firm of independent qualified surveyors who have experience in the local property market where the offices are located. This method of obtaining the fair value which is based on the use of estimates and unobservable inputs is classed as Level 3 in the fair value hierarchy as set out by IFRS 13.

The basis of valuation used was the open market value with vacant possession in its existing condition which equates to the highest and best use in line with the RICS Valuation Professional Standards (January 2014 edition) and IFRS 13. When considering the highest and best use the valuers consider its actual and potential use which are legally and financially viable.

## Airwair Property Limited

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### Notes to financial statements (continued)

#### For the 52 weeks ended 28 March 2021

**10 Trade and other receivables**

	2021	2020
	£	£
Amounts owed by group undertakings	656,787	646,787

All trade and other receivables are expected to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying values shown above.

**11 Cash and cash equivalents**

	2021	2020
	£	£
Cash and cash equivalents	201,000	91,000

**12 Trade and other payables**

	2021	2020
	£	£
Accruals and deferred income	13,100	-

All trade and other payables are expected to be settled within 12 months of the balance sheet date. The fair value of trade and other payables is the same as the carrying values shown above.

**13 Deferred taxation**

	2021	2020
	£	£
At 29 March 2020	190,186	170,203
Income statement income / (charge)	(25)	19,983
<b>At 28 March 2021</b>	<b>190,161</b>	<b>190,186</b>

The deferred tax asset of £190,161 (2020: £190,186) relates to recognised trade losses carried forward.

Net tax losses not recognised relate to non-trade losses. A deferred tax asset has not been recognised as the availability of future profits against which these may be used is uncertain.

The major deferred tax asset not recognised in the financial statements is as follows:

	2021	2020
	£	£
Tax losses carried forward	1,257,025	1,277,311

**14 Financial instruments**

	2021	2020
	£	£
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	857,787	646,787

Financial assets measured at amortised cost comprise cash and amounts due from group undertakings.

## Airwair Property Limited

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### Notes to financial statements (continued)

For the 52 weeks ended 28 March 2021

**15 Share capital**

	2021	2020
	£	£
<i>Authorised, issued and fully paid</i>		
2 ordinary shares of £1 each	2	2

**16 Reserves**

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of subscribed shares.
Retained earnings	Retained earnings represent the profits of the Company made in current and preceding years, net of distributions.

**17 Financial commitments**

Total future minimum lease income under non-cancellable operating lease rentals are receivable as follows:

	2021	2020
	£	£
Not later than one year	120,000	120,000
<b>Total</b>	<b>120,000</b>	<b>120,000</b>

Airwair Property Limited leases property to a fellow group company on an arm's length basis.

**18 Related party transactions**

There were no transactions with related parties which require disclosure.

**19 Ultimate parent undertaking and controlling party**

The Company's immediate parent company is Dr. Martens Airwair Group Limited; its ultimate parent company and controlling party is Dr. Martens plc. Both companies are registered in England & Wales. The Directors consider Dr. Martens plc to be the smallest group for which group financial statements including Airwair Property Limited are drawn up. Copies of its Group financial statements are available from its Company Secretary at its registered office, 28 Jamestown Road, Camden, London, United Kingdom, NW1 7BY.