

Company number: 03218787

## **Airwair (1996) Limited**

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



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## **Airwair (1996) Limited**

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### **Company Information**

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

#### **Directors**

Jon Mortimore (CFO)

Emily Reichwald

#### **Secretary**

Prism Cossec 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 (1996) Limited is a private company registered in England and Wales, limited by shares.

## **Strategic Report**

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

#### **Introduction**

Airwair (1996) Limited (the “Company”) principally operates as an intermediate holding company within the Group headed up by Dr. Martens plc which, together with its subsidiaries, is referred to as the “Group” within the meaning of section 1162 of the Companies Act 2006. The Company did not trade during the period other than in its capacity as a holding company.

The Group is engaged in the design, development, procurement, marketing, selling and distribution of footwear and accessories under the Dr. Martens brand.

The Company is a wholly owned subsidiary of Airwair Limited and is not required to prepare consolidated accounts under section 400 of the Companies Act 2006.

#### **Business review**

The Company did not trade during the period other than in its capacity as a holding company.

#### **Financial KPI's**

As the Company is an intermediate investment holding company, the Company's Directors believe that analysis using key performance indicators for the Company is neither necessary nor appropriate for an understanding of the development, performance or position of the business of the Company.

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

#### **Principal risks and uncertainty**

The Company's principal risk is diminution in valuation of the investments in group companies. This is mitigated through the close relationship and communication of companies within the Group. The overall principal risks of the company are managed at a Group level by Dr. Martens plc.

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



Jon Mortimore  
Director  
29 July 2021

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

The Directors (the "Directors") present their annual report and financial statements for Airwair (1996) Limited (the "Company") for the period ended 28 March 2021.

### 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 activity is that of an intermediate holding company within the Group headed up by Dr. Martens plc.

### Results for the period

The loss for the period after taxation is £3,353k (2020: £2,260k).

### Dividends

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

### Future developments

The purpose of the Company is primarily to support companies which are part of the Group headed by Dr. Martens plc, no significant changes are planned. A full review of the Group's plans is included within the Dr. Martens plc consolidated accounts.

### Going concern

The Company is reliant on the continued financial support of other group companies. The Directors of the Company's ultimate holding company in the UK, Dr. Martens plc, have confirmed that future liabilities of Airwair (1996) Limited will be met as they fall due by Dr. Martens plc through a letter of support.

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.

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

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

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.

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 Strategic Report, 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.

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

**Directors' responsibilities (continued)**

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.

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 (1996) Limited**

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### **Opinion**

We have audited the financial statements of Airwair (1996) Limited for the 52 weeks 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 15, 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 loss 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 strategic report and the directors' report for the 52 week financial period for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.



## **Independent Auditors' report to the members of Airwair (1996) 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 strategic report and 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 4, 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.

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 (1996) 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 (1996) Limited (continued)**

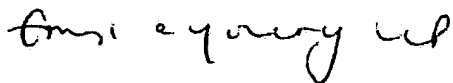
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- ▶ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of Board minutes to identify any non-compliance with laws and regulations, a review of the 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 (1996) Limited

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

	Notes	2021 £000	2020 £000
Other operating charges	3	(3,353)	(2,260)
<b>Operating loss</b>		<b>(3,353)</b>	<b>(2,260)</b>
<b>Loss before tax</b>		<b>(3,353)</b>	<b>(2,260)</b>
Tax expense	7	-	-
<b>Loss for the period</b>		<b>(3,353)</b>	<b>(2,260)</b>

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

The notes on pages 12 to 20 form part of these financial statements.

## Airwair (1996) Limited

### Balance Sheet As at 28 March 2021

Company registration number: 03218787

	Notes	2021 £000	2020 £000
<b>Non-current assets</b>			
Investments	8	715	715
<b>Total non-current assets</b>		<b>715</b>	<b>715</b>
<b>Current assets</b>			
Trade and other receivables	9	-	217
Income tax receivable		-	480
<b>Total current assets</b>		<b>-</b>	<b>697</b>
<b>Total assets</b>		<b>715</b>	<b>1,412</b>
<b>Current liabilities</b>			
Trade and other payables	10	(3,260)	(12,095)
Income tax payable		(591)	-
<b>Total current liabilities</b>		<b>(3,851)</b>	<b>(12,095)</b>
<b>Total liabilities</b>		<b>(3,851)</b>	<b>(12,095)</b>
<b>Net liabilities</b>		<b>(3,136)</b>	<b>(10,683)</b>
<b>Equity attributable to the owners of the parent</b>			
Share capital	12	25	25
Share premium	13	2,104	2,104
Retained earnings	13	(5,265)	(12,812)
<b>Shareholder's deficit</b>		<b>(3,136)</b>	<b>(10,683)</b>

The notes on pages 12 to 20 are an integral 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 (1996) Limited

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### Statement of Changes in Equity As at 28 March 2021

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
At 31 March 2019	25	2,104	(10,552)	(8,423)
Loss for the period	-	-	(2,260)	(2,260)
Total comprehensive loss for the period	-	-	(2,260)	(2,260)
At 29 March 2020	25	2,104	(12,812)	(10,683)
Loss for the period	-	-	(3,353)	(3,353)
Total comprehensive loss for the period	-	-	(3,353)	(3,353)
Capital contribution in the year	-	-	10,900	10,900
At 28 March 2021	25	2,104	(5,265)	(3,136)

The notes on pages 12 to 20 are an integral part of these financial statements.

# Airwair (1996) Limited

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## Notes to the Financial Statements For the 52 weeks ending 28 March 2021

### 1 General information

Airwair (1996) Limited is a private company limited by shares 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 Airwair Limited and is principally an investment holding and financing 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 thousand pounds 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', the Companies Act 2006 and applicable accounting standards.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary within the group headed by Dr. Martens plc (a company incorporated in the UK). The results of Airwair (1996) Limited and its subsidiaries are included in the consolidated financial statements of Dr. Martens plc which are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. .

#### 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);
- 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; and
- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment' (details of the number and weight average exercise prices 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.

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.

### Notes to the Financial Statements (continued) For the 52 weeks ending 28 March 2021

#### 2 Accounting policies (continued)

##### 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 Non-UK currency translation

The functional currency of the Company is that of the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in non-UK currencies are translated into sterling at the rates of exchange ruling at the period-end. Transactions in non-UK currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Profit or Loss.

##### 2.6 Going concern

The Company is reliant on the continued financial support of other group companies. The Directors of the Company's ultimate holding company in the UK, Dr. Martens plc, have confirmed that future liabilities of Airwair (1996) Limited will be met as they fall due by Dr. Martens plc through a letter of support.

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.

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 the Financial Statements (continued)**  
**For the 52 weeks ending 28 March 2021**

**2 Accounting policies (continued)**

**2.6 Going concern (continued)**

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.

**2.7 Other operating income and charges**

Other income and charges are recognised in the Statement of Profit or Loss as incurred.

**2.8 Exceptional costs**

Exceptional costs consist of material non-recurring items and items arising outside of the normal trading of the Company.

**2.9 Taxation**

The tax expense would represent the sum of the tax currently payable and deferred tax movement recognised in the period. There is no tax currently payable based on results 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. 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.



**Notes to the Financial Statements (continued)**  
**For the 52 weeks ending 28 March 2021**

**2 Accounting policies (continued)**

**2.10 Investments**

Investments are stated at cost less provision for impairment.

**2.11 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.

**2.12 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.

**2.13 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 12.

***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 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. Trade payables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method.

**Notes to the Financial Statements (continued)**  
**For the 52 weeks ending 28 March 2021**

**2 Accounting policies (continued)**

**2.14 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.15 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 condition

**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 7).

**Investments**

The Company assesses, at each reporting date, whether there is an indication that any investment may be impaired. If any indication exists, or when annual impairment testing for an investment is required, the Company estimates the investments' recoverable amount. In assessing an investments' recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment.

**3 Expenses analysis**

Operating profit/(loss) is stated after charging:

	2021	2020
	£000	£000
Foreign exchange gains/(losses)	489	(66)
Tax payable on US subsidiary <sup>1</sup>	(3,837)	(2,194)
Audit fee	(5)	-
	(3,353)	(2,260)

<sup>1</sup>The tax payable relates to various Federal and State taxes incurred by the Company as a result of their investment in, and the activities of, their sole US subsidiary Dr Martens Airwair USA LLC.

## Airwair (1996) Limited

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### Notes to the Financial Statements (continued) For the 52 weeks ending 28 March 2021

#### 4 Auditor's remuneration

	2021 £000	2020 £000
Auditor's remuneration	5	5

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

#### 5 Staff costs

No salaries or wages have been paid to employees during the period.

The monthly average number of employees during the period was:

	2021 No.	2020 No.
Directors	2	2

#### 6 Director's remuneration

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

	2021 £000	2020 £000
Salaries and benefits	1,400	1,037
Pension costs	12	10
	1,412	1,047
Exceptionals:		
IPO bonus	4,276	-
IFRS2 (non-cash)	4,569	-
	10,257	1,047

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 £000	2020 £000
Salaries and benefits	898	642
IFRS2 (non-cash)	4,569	-
Pension costs	-	-
	5,467	642

Due to Airwair (1996) Limited not having any turnover and the Company having net liabilities, 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 (1996) Limited

### Notes to the Financial Statements (continued) For the 52 weeks ending 28 March 2021

#### 7 Income tax

	2021 £000	2020 £000
<b>Current tax</b>		
Current tax on UK profit for the period	-	-
	-	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	-
<b>Total tax expense in the Statement of Profit or Loss</b>	-	-

	2021 £000	2020 £000
<b>Factors affecting the tax expense for the period:</b>		
Profit/(Loss) on ordinary activities before taxation	(3,353)	(2,260)
Profit/(Loss) on ordinary activities before taxation multiplied by standard rate UK corporation tax of 19% (2020: 19%)	(637)	(429)
<i>Effects of:</i>		
Non-deductible expenses	-	417
Group relief	637	12
<b>Total taxation expense</b>	-	-

#### Deferred tax

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

	2021 £000	2020 £000
Tax losses available	508	511

Net tax losses not recognised relate to capital losses and other 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.

#### *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.

## Airwair (1996) Limited

### Notes to the Financial Statements (continued) For the 52 weeks ending 28 March 2021

#### 8 Investments

	Subsidiary undertakings £000
Cost:	
At 29 March 2020	715
At 28 March 2021	715
Amounts provided:	
At 29 March 2020	-
At 28 March 2021	-
Net Book Value:	
At 28 March 2021	715
At 29 March 2020	715

Companies Act 2006 requires the registered address and principal place of business of each subsidiary undertaking to be disclosed. These are shown in the table below. The subsidiary undertakings of the Company are as follows:

Name	Country of registration	Class of share capital held	Nature of investment		Nature of business
			Direct	Indirect	
Dr Martens Airwair USA LLC <sup>1</sup>	USA	Ordinary	100%	-	Footwear retail and distribution

<sup>1</sup> 10 Northwest, 10th Avenue, Portland, Oregon, USA, 97209

#### 9 Trade and other receivables

	2021 £000	2020 £000
Amounts owed by group undertakings	-	217

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

#### 10 Trade and other payables

	2021 £000	2020 £000
Amounts owed to group undertakings	3,255	12,095
Accruals	5	-
	3,260	12,095

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

## Airwair (1996) Limited

### Notes to the Financial Statements (continued) For the 52 weeks ending 28 March 2021

#### 11 Financial instruments

	2021 £000	2020 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	-	217
<b>Financial liabilities</b>		
Financial liabilities that are debt instruments measured at amortised cost	(3,255)	(12,095)

Financial assets measured at amortised cost comprise amounts owed by Group undertakings. Financial liabilities measured at amortised cost comprise amounts owed to Group undertakings.

#### 12 Share capital

	2021 £000	2020 £000
<i>Authorised, issued and fully paid</i>		
25,100 ordinary shares of £1 each	25	25

#### 13 Reserves

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

Reserve	Description and purpose
Share capital	Nominal value of subscribed shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	Retained earnings represent the profits of the Company made in current and preceding years, net of distributions. Included in retained earnings are distributable reserves

The exceptional items relate to intercompany waivers from refinancing completed during the year.

#### 14 Related party transactions

There were no transactions with related parties which require disclosure.

#### 15 Ultimate parent undertaking and controlling party

The Company's immediate parent company is Airwair 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 (1996) 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.