

Registered number: 03692285

**REISS (HOLDINGS) LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**



**REISS (HOLDINGS) LIMITED**  
**COMPANY INFORMATION**

<b>DIRECTORS</b>	J. N. Blanchard C. Angelides
<b>REGISTERED NUMBER</b>	03692285
<b>REGISTERED OFFICE</b>	Reiss Building 12 Picton Place London W1U 1BW
<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 1 Embankment Place London WC2N 6RH
<b>BANKERS</b>	Lloyds Bank PLC 10 Gresham Street London EC2V 7AE

**REISS (HOLDINGS) LIMITED**

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**REISS (HOLDINGS) LIMITED**  
**GROUP STRATEGIC REPORT**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

The directors present the strategic report of the group for the 52 week period ended 30 January 2021.

**Business Review**

Reiss designs and retails high quality women's and men's fashion clothing and accessories. These are sold exclusively under the Reiss brand in the UK and overseas. The Reiss promise of "affordable luxury" positions it between mainstream high street retailers and international luxury designer brands. Established in the UK as a menswear retailer in 1971 and first entering the womenswear market in 2000, Reiss is one of the UK's best-known fashion brands and has an established global presence.

The 52 weeks ended 30 January 2021 saw the emergence of COVID-19, which built into a global pandemic that resulted in enforced store closures, lockdowns and other restrictions on social activity as governments sought to suppress infection rates.

Following a record year in the 52 weeks ended 1 February 2020, Reiss began the period in a very strong position as one of the best performing affordable luxury brands in the UK. Inevitably, the COVID-19 pandemic has had a profound impact on the group's revenue and EBITDA this year.

Sales for the 52 weeks ended 30 January 2021 totalled £170.7m (52 weeks ended 1 February 2020 restated: £226.5m).

The pandemic brought huge uncertainty to the whole retail sector and the directors took immediate and decisive action to ensure the group was able to continue trading and to maintain liquidity. Key actions included:

- Investment in the warehouse and warehouse staff to ensure the website could continue to trade. As a result, no online trading days were lost through the pandemic and service levels were maintained as Reiss.com grew rapidly;
- Focus on cash management, through claiming government support, postponing all non-critical expenditure, negotiating with landlords and agreeing payment deferrals on the group's banking facilities; and
- Pivot in our collections to casualwear as working from home changed customers' shopping habits and uses.

Ordinarily, EBITDA before exceptional items is the key metric the company uses to measure profitability in the business. As a result of the pandemic, EBITDA fell to £4.3m (2020 restated: £28.0m). Given the unprecedented disruption through the year, the directors consider this to be an acceptable result.

As mentioned above, the pandemic changed the focus of the directors away from profit to cash as steps were rapidly taken to ensure that, as stores closed and revenue fell, the business retained sufficient liquidity to be able to continue trading. The directors are pleased that the group ended the year with a strong cash position of £14.2m (2020: £18.4m).

Exceptional items totalled £9.8m (2020: £0.4m), principally relating to onerous lease provisions and store impairments, the significant costs of dealing with the pandemic and non-recurring legal and advisory costs. As a result, the group made an operating loss for the 52 weeks ended 1 January 2021 of £12.5m (52 weeks ended 1 February 2020 restated: profit £21.2m).

## **REISS (HOLDINGS) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The group's principal non-financial risk is considered to be the global economic environment and the market conditions in which it operates. The directors continuously monitor economic trends, market activity and competitors and ensure steps are taken to minimise the Group's exposure to any risks arising from market conditions. The directors seek to ensure that the business is highly skilled and agile, enabling it to react and adapt quickly, in order to ensure opportunities are maximised and risks minimised.

The group's principal financial instruments include: derivative financial instruments, the purpose of which is to manage currency risks arising from the group's activities; and bank overdrafts, the main purposes of which are to raise short-term finance for the group's operations and manage currency risks. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the group enters into principally comprise forward exchange contracts. In accordance with the group's treasury policy, derivative instruments are not entered into for speculative purposes.

#### **Liquidity and Cashflow Risk**

The group manages its cash borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet the operating needs of its business.

#### **Foreign Currency Risk**

The group's principal foreign exchange exposures arise from transactions incurred with overseas subsidiaries and stores located overseas, as well as transactions with non-UK suppliers. The group's main foreign exchange exposure is GBP to USD currency fluctuations. Group policy permits but does not demand that these exposures may be hedged in order to minimise this exposure. This hedging activity involves the use of foreign exchange forward contracts and foreign currency bank overdrafts.

#### **Credit Risk**

Investments of cash surpluses are made through the group's principal bankers.

Debtor balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

The directors aim to manage these risks in order to maintain and improve on the current level of performance.

## **REISS (HOLDINGS) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **COVID-19**

Throughout the financial period, COVID-19 had a significant impact on the group's financial performance. This has continued in the period following the year-end, with the UK remaining in lockdown, non-essential retail being closed until mid-April and various restrictions in all other markets. As mentioned in last year's report, the group has also taken full advantage of various government support schemes worldwide including furlough schemes and certain UK grants, resulting in other income (note 5) of £6.1m. In addition, the group was grateful to receive support from both landlords and government in terms of rent relief for closure periods and the UK business rates holiday, providing an additional £8.9m in support. At the time of writing this report, all stores are open and trading and the successful roll-out of vaccines is allowing restrictions to be eased further as the world moves towards a 'new normal'.

Following the year-end, Reiss has performed ahead of expectations and budget and has operated within its banking facilities and with significant cash headroom. We expect this to continue during the period to January 2022 and, since our stores re-opened we have seen the strength of the brand and product reflected in our strong trading performance. However, the directors acknowledge that there remains uncertainty over the future impact of COVID-19 on the group's performance, for example in the event of a new variant evading the current suite of vaccines leading to a return to lockdown.

In note 2.1, the directors set-out a number of downside scenarios that have been modelled to assess the impact of a new worldwide lockdown and the resulting store closures. In these severe but plausible downside scenarios, the Group has sufficient liquidity to continue to trade as a going concern and comply with all bank covenant tests for the foreseeable future and for a period of at least 12 months from the approval date of these financial statements.

Following this analysis, which included a 3 month global lockdown resulting in the closure of all stores from November 2021 through to January 2022, the group expects to continue to be able to operate comfortably within its current facilities, the directors are confident that the going concern assumption made in preparing these financial statements is appropriate and that, unlike 2020-21, no material uncertainty currently exists.

The impact of these downside scenarios on the Company's fixed asset investments was also modelled and the directors do not anticipate any impairment in the next period.

At the time of signing the financial statements, the Group continues to perform ahead of its forecasts and so the directors remain positive about the future trading performance of the Group.

Following the year-end Next plc acquired a 25% interest in the group. This has been treated as a non-adjusting post balance sheet event. As part of this investment, Reiss' online and warehouse operations will move onto Next's Total Platform, with an anticipated go-live date early in the next financial period. Alongside acquiring an equity stake in the group, Next plc made a £10m cash loan to the group, with no cash repayments or interest payments being due while the current banking facilities are in place. In the year to January 2022, the group will incur costs related to the integration into Total Platform and other related, non-recurring costs. From launch, the directors are confident that the business efficiencies and process improvements made possible by Total Platform will serve as the launch pad for future growth for Reiss.

**REISS (HOLDINGS) LIMITED**  
**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**Section 172 (1) Statement**

In accordance with the Companies Act 2006 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors are required to have regard to the following matters set out in Section 172 (1) of the Act, when performing their duty to promote the success of the company for the benefit of its members as a whole:

- The likely long-term consequences of any decision;
- The interests of the Group's employees;
- The need to maintain the Group's relationships with stakeholders;
- The need to maintain a reputation for high standards of business conduct;
- The impact of the Group's operations on the community and the environment; and
- The need to act fairly as between members of the Group.

**Long-term consequences of decisions**

The Board is committed to ensuring that the group has strong corporate governance and the directors are focussed on ensuring that the Group operates accordingly, taking into account the likely long-term consequences of decisions and also ensuring that the Group acts fairly as between its members.

The Board delegates day-to-day management and decision making to the senior management team, but it maintains detailed oversight of the Group's performance and reserves to itself specific matters for approval, such as significant new business initiatives and capital expenditure. The Board also holds regular meetings which ensures the directors are able to closely monitor performance and the impact of its decisions.

During the year, the Board has ensured that all such decisions have been made in support of promoting the long-term, sustainable growth of Reiss, in line with its medium and long-term forecasts. The financial results in this period are demonstrative of the positive impact of the Board's decisions over the past few years.

**REISS (HOLDINGS) LIMITED**  
**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**Section 172 (1) Statement (continued)**

**Interests of employees**

The Board recognises that our employees are vital to the success of the Group in delivering high-quality products and service to our customers and in maintaining the Group's reputation for high standards of business conduct. As such, the directors ensure that, when taking key decisions such as new business opportunities or changes in strategic direction, the interests of the Group's employees are considered.

The Directors are committed to building an open, transparent and inclusive culture, so that our teams understand the 'why and how' of what we do. The Directors also ensure that employees are kept informed of business decisions and developments as soon as is practicable. The Group's People & Culture Director forms part of the senior management team to which day-to-day decision making is delegated by the Board, helping to ensure that employee interests are properly considered when taking business decisions. Principal decisions, such as strategic matters which affect the Company or Group as a whole would be reserved to the Board. This is in line with the Board's view that every single employee makes an important contribution to the success of the Group.

The Group is committed to helping our employees improve their skills and knowledge. The 'Reiss Academy' provides a range of on-demand learning and development opportunities and the Group also offers a management and leadership development programme to our managers and team leaders. In the year to January 2021, 16 employees completed a six-month course building up their management skills.

The Group runs an annual engagement survey which is followed by regular focus groups in order that our people have a voice which is listened to. The group also operates a company-wide intranet, holds regular "Town Hall" meetings and provides regular communications on business developments to ensure employees are aware of company performance and how their work contributes to the Group's success. The results of the annual survey consistently show that employees are proud to work for Reiss and are aligned with the Board in promoting the long-term success of the Group. The 'Reiss Recognises' programme allows the successes and excellent performance of employees to be publicly recognised and viewed by their peers. The commitment to ensuring that the Group's employees are highly skilled and positively engaged with the aims of the Group helps to ensure that Reiss' excellent reputation for product quality, customer services and business conduct is maintained.

The COVID-19 pandemic had a huge impact on the Group and the way in which our employees work. The People & Culture Team, supported by the Board, have worked to ensure that all employees have been able to work safely and securely, whether at home or in our offices and warehouses where necessary. In particular, work was undertaken to ensure safety in our warehouse and, by focussing on the needs of our employees, we were able to keep our website operational which was crucial for the business. Given the uncertainty created by the pandemic, the Board ensured that regular emails and virtual "Town Hall" briefings were held to keep employees informed of the latest developments.

**REISS (HOLDINGS) LIMITED**  
**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**Section 172 (1) Statement (continued)**

**Maintaining relationships with stakeholders**

The Group also works with a number of key stakeholder groups, specifically suppliers, landlords, wholesale and concession partners and our customers. When taking key business decisions, such as new business opportunities, selecting suppliers and product design, the Board and senior management team consider these stakeholder groups, with the aim of ensuring that the interests of the Group and its stakeholders are aligned.

The Board is committed to building positive and constructive partnerships with all of these stakeholders and to maintaining the Group's reputation for high standards of business conduct. The Board takes a direct role in managing these groups, through both Board meetings and regular discussions with the Senior Management Team, ensuring our employees are highly skilled and by being transparent in our stakeholder relationships. Decisions regarding the key stakeholders will often be key business decisions which are reserved to the Board, ensuring further oversight by the Directors. This allows us to work flexibly with our suppliers in order to ensure high quality product is delivered at the right time to meet the needs of our customers. We engage on a daily basis with our suppliers and have built strong partnerships that contribute to our mutual success.

During 2020-21, as the pandemic took hold, the Board ensured that an open and transparent dialogue was maintained with our key suppliers. As a result of our strong relationships, Reiss was able to agree revised payment terms and cancel or defer certain production orders helping to ensure both Reiss and our suppliers were able to move forward together through the pandemic. This openness and collaboration has also ensured that we are in a good position as we look to increase order volumes as we emerge from the pandemic.

Similarly, the Board was very proactive in engaging with our landlords as stores were forced to close during the first lockdown. The Group was able to agree rent relief with virtually all of our landlords and we also continued to open new sites where appropriate.

Reiss' customers are central to the success of the business and the Group is focussed on delivering the high-quality, good value clothing to our customers, in the right place at the right time. This focus has, in the years leading up to the current year, delivered strong growth culminating in a record year last year. Through the pandemic, the Group has maintained this commitment and worked hard to find new ways of reaching customers and ensuring that our product adapts to meet the changing needs of our customers. The Board is confident that this focus has delivered good performance through the pandemic and puts the Group in a strong position to grow as the economy rebounds as restrictions are eased.

The Directors are confident that this focus on our stakeholders is key to contributing towards the long-term, sustainable success of the Group.

## **REISS (HOLDINGS) LIMITED**

### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **Section 172 (1) Statement (continued)**

##### **Impact on communities and the environment**

Reiss is conscious of the impact we have on the community and environment. The Group operates an internal social responsibility scheme, 'Reiss Gives Back', while also ensuring our working practices are in line with our corporate responsibility statements which are publicly shared on our website. In 2019, Reiss became a full member of the Ethical Trading Initiative. This ensures that the Group is held to a high standard of ethical practice within our business and throughout our supply chain.

The Directors are aware of the impact of fashion on the environment and ensure that sustainable practices are promoted and considered when making decisions. For example, in 2020, Reiss joined the 'Better Cotton Initiative', helping to ensure that fabrics will be sourced sustainably. In order to build on the work of the past couple of years, the Board is in the process of appointing a CSR & Sustainability specialist, who will help to drive the sustainability agenda forward.

The COVID-19 pandemic highlighted more than ever the importance of community and Reiss, as a brand, is committed to making a positive impact on the communities in which we operate. During 2020, the NHS worked tirelessly, under enormous pressure, to help keep us all safe. The Group made donations of 10,000 facemasks and 3,000 scrubs to the NHS and also made a donation of fabric to Style for Soldiers to provide scrubs for surgeons. In recognition of the work of frontline healthworkers, the Directors decided to donate the profits on the sale of Reiss face masks to the NHS. Collectively, these measures have provided support to our communities and also our supply chain during the COVID-19 pandemic.

##### **Financial key performance indicators**

The group constantly monitors a number of key performance indicators to ensure optimal business performance. For example, sales and margin are monitored on a daily, weekly and monthly basis, with actual performance compared to budget, forecast and prior period.

In addition, stock holding, footfall, customer engagement and key critical paths are regularly monitored to ensure the business continues to perform strongly.

**REISS (HOLDINGS) LIMITED**  
**GROUP STRATEGIC REPORT (CONTINUED)**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**Streamlined energy & carbon reporting (SECR)**

Under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the group is required to report of its energy usage and greenhouse gas emissions.

The following figures will be used to form an energy usage and greenhouse gas emissions baseline for the group as this is the group's first year of reporting under these regulations. This reporting covers the 52 week period ending on 30 January 2021.

The below table sets out the energy consumption of the group during the period and these amounts are then used to calculate greenhouse gas emissions:

	2021 consumption (kWhr)
Electricity	3,033,028
Gas	344,238
Fuel in company cars	92,921
<b>Total</b>	<b><u>3,470,187</u></b>

The resulting greenhouse gas emissions from the above usage are as follows:

	2021 consumption (kWhr)
Electricity - scope 2	707
Gas - scope 1	71
Fuel in company cars - scope 1	22
<b>Total CO2e emissions</b>	<b><u>800</u></b>
 <b>Intensity measure</b>	
kgCO2e per square foot	<b><u>4.92</u></b>

**Scope 1 - emissions from combustion of gas**

Natural gas consumption is quantified, as detailed above in kWh, and is then converted to kgCO2e using the conversion factors for the reporting period in question, as provided by Defra for 2020, as the majority of the financial year is in the calendar year 2020. The vast majority of sites operated by the group are only supplied with electricity and only sites where Reiss is responsible, and directly charged, for gas are included. Consumption has been calculated with reference to invoices received from suppliers in respect of the reporting period.

**Scope 1 - emissions from company cars**

The group has several cars leased for the purposes of business travel and mileage estimates provided by those employees who use such cars has been used in this reporting, as mileage data was not available in the reporting period. This mileage has then been converted into kgCO2e based on vehicle type and into kWh using the appropriate factors for the reporting period in question, as provided by Defra for the calendar year 2020.

## REISS (HOLDINGS) LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021

#### Streamlined energy & carbon reporting (SECR) (continued)

##### Scope 2 - emissions from purchased electricity

Consumption has been quantified, as detailed above in kWh, and is then converted to kgCO<sub>2</sub>e using the conversion factors for the reporting period in question, as provided by Defra for the calendar year 2020. The data collected only relates to sites where Reiss is responsible, and directly charged, for electricity. Sites where Reiss pays a service charge, but information is not provided as to consumption, have not been included and the data presented relates only to relevant sites in the UK. The square footage of these sites, which are principally the group's concession sites and a limited number of shopping centre locations, is excluded from the intensity metric. Consumption has been calculated with reference to invoices received from suppliers in respect of the reporting period.

##### Intensity measure and steps to improve energy efficiency

Reiss is committed to improving energy efficiency as we will report on a benchmarking metric, being CO<sub>2</sub> equivalent emissions per square foot of retail space. Given the impact of the Covid-19 global pandemic on the activity of the group in the reporting period, the directors will consider whether this baseline should be updated as trade returns to a more normal footing in future periods.

During the reporting period, where store or office refurbishments have been carried out during the period, measures have been taken to improve energy efficiency, for example by installing energy efficient lighting. A programme of regular works is also in place to ensure that fixtures, fittings, appliances and buildings are well-maintained. This helps to ensure that the group's sites are run as efficiently as possible and, as the group is a leaseholder there are limited measures available to improve efficiency further. The group is also investigating third parties who can provide additional advice, both in terms of gathering data on energy consumption and also in terms of promoting energy efficiency.

##### Future developments


As set out in the business review, although the COVID-19 pandemic has had a significant impact on the performance of the group, Reiss has continued to perform ahead of the market and the Board's expectations. Looking ahead, the Directors expect both revenue and profit to recover strongly this year as stores re-open and restrictions are able to be eased as the population is vaccinated.

Following the year-end Next plc acquired a 25% interest in the group. As part of this investment, Reiss' online and warehouse operations will move onto Next's Total Platform, with an anticipated go-live date early in the next financial period. Alongside acquiring an equity stake in the group, Next plc made a £10m cash loan to the group, with no cash repayments or interest payments being due while the current banking facilities are in place. These banking facilities were also re-negotiated alongside the transaction. In the year to January 2022, the group will incur costs related to the integration into Total Platform and other related, non-recurring costs. From launch, the directors are confident that the business efficiencies and process improvements made possible by Total Platform will serve as the launch pad for future growth for Reiss.

12<sup>th</sup> September 2021

This report was approved by the board on

and signed on its behalf.



J. N. Blanchard  
Director

## **REISS (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

The directors present their report and the audited consolidated financial statements for the period ended 30 January 2021.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and Consolidated Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **DIRECTORS' CONFIRMATIONS**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

#### **RESULTS AND DIVIDENDS**

The loss for the Group for the 52 week period, after taxation, amounted to £12,993,000 (2020: profit £18,042,000).

The directors do not recommend the payment of a dividend (2020: £nil).

**REISS (HOLDINGS) LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**DIRECTORS**

The directors of the company who were in office during the period and up to the date of signing were:

J. N. Blanchard  
C. Angelides

**STRATEGIC REPORT**

The directors have included details of the group's use of financial instruments, future developments, financial risk management and operations and principal activities within the Group Strategic Report.

**EMPLOYEE INVOLVEMENT**

The group engages with its employees in a number of ways in order to ensure maximum performance. As set out in the Section 172 (1) Statement in the Strategic Report, the Board ensures that employees' interests are considered when making decisions and the directors are committed to delivering a transparent corporated culture, recognising that the group's employees are vital to the success of the business.

**DISABLED EMPLOYEES**

Recruitment and promotion are determined solely on personal merit and effective performance of the job requirements. No applicant or employee will be treated less favourably than another on the grounds of disability.

**DIRECTORS' INSURANCE AND INDEMNITIES**

The Group has entered into qualifying third party indemnity arrangements for the benefits of all of its directors. These arrangements were in place during the financial period and remain in place as at the date of signing these financial statements.

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP were re-appointed as auditors during the period. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report was approved by the board on *13<sup>th</sup> September 2021* and signed on its behalf.

  
J. N. Blanchard  
Director

# Independent auditors' report to the members of Reiss (Holdings) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Reiss (Holdings) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 January 2021 and of the group's loss and the group's cash flows for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 January 2021; the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated and company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## **Conclusions relating to going concern**

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 30 January 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

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

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, UK data protection laws such as the Data Protection Act 2018 and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting, including but not limited to revenue overstatement or inappropriate classification of costs through posting manual journal entries to manipulate results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including considerations of any known or suspected fraud or instances of non-compliance with laws and regulations
- Understanding and evaluating management's controls designed to prevent and detect irregularities
- Evaluation of assumptions made by management in determining significant financial estimates, and challenge to the assumptions used by management
- Identification and testing of unusual journal entries, specifically those with unusual account combinations impacting revenue or costs reclassification

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Other required reporting

## **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

*R. Moxon*

Rachael Moxon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
14 September 2021

**REISS (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

		<b>52 week period ended 30 January 2021</b>	<b>52 week period ended 1 February 2020 (restated)*</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
Turnover	4	170,680	226,527
Cost of sales		<u>(78,192)</u>	<u>(87,411)</u>
<b>Gross profit</b>		<b>92,488</b>	<b>139,116</b>
Administrative expenses		(100,331)	(117,740)
Other operating income	5	6,296	118
Fair value movements	6	<u>(1,134)</u>	<u>60</u>
<b>Operating (loss)/profit before exceptional costs</b>		<b>(2,681)</b>	<b>21,554</b>
Exceptional other operating costs	7	<u>(9,805)</u>	<u>(397)</u>
Operating (loss)/profit	8	<u>(12,486)</u>	<u>21,157</u>
Interest receivable and similar income	12	4	34
Interest payable and similar expenses	13	<u>(1,149)</u>	<u>(1,076)</u>
<b>(Loss)/Profit before taxation</b>		<b>(13,631)</b>	<b>20,115</b>
Tax on (loss)/profit	14	638	(2,073)
<b>Total Comprehensive (Loss)/Profit for the Financial Period</b>		<b><u>(12,993)</u></b>	<b><u>18,042</u></b>

The notes on pages 24 to 54 form part of these financial statements.

There were no items of other comprehensive income or expense in 2020-21 or 2019-20.

\* Details of the prior year restatement are found in note 2.1.

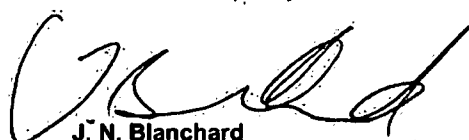
**REISS (HOLDINGS) LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JANUARY 2021**

		30 January 2021 £000	1 February 2020 (restated)* £000
	Note		
<b>Fixed assets</b>			
Intangible assets	16	319	312
Tangible assets	17	<u>15,217</u>	<u>18,325</u>
		15,536	18,637
<b>Current assets</b>			
Stocks	19	43,740	40,201
Debtors: amounts falling due within one year	20	28,534	22,775
Cash at bank and in hand	21	<u>14,197</u>	<u>18,448</u>
		86,471	81,424
Creditors: amounts falling due within one year	22	(63,597)	(48,658)
<b>NET CURRENT ASSETS</b>		22,874	32,766
<b>TOTAL NET ASSETS</b>		<u><u>38,410</u></u>	<u><u>51,403</u></u>
<b>Capital and reserves</b>			
Called up share capital	27	12	12
Other reserves		1,005	1,005
Profit and loss account		<u>37,393</u>	<u>50,386</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><u>38,410</u></u>	<u><u>51,403</u></u>

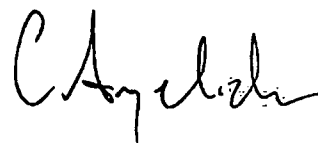
The financial statements on pages 17 to 54 were approved and authorised for issue by the board and were signed on its behalf on *13<sup>th</sup> September 2021*.

The notes on pages 24 to 54 form part of these financial statements.

\* Details of the prior year restatement are found in note 2.1.

  
**J. N. Blanchard**  
 Director

**C. Angelides**  
 Director



**REISS (HOLDINGS) LIMITED****COMPANY BALANCE SHEET  
AS AT 30 JANUARY 2021**

		30 January 2021	1 February 2020
	Note	£000	£000
<b>FIXED ASSETS</b>			
Investments	18	<u>2</u>	<u>2</u>
		2	2
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	20	<u>1,336</u>	<u>1,313</u>
		1,336	1,313
Creditors: amounts falling due within one year	22	<u>(145)</u>	<u>(145)</u>
<b>NET CURRENT ASSETS</b>		<u>1,191</u>	<u>1,168</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,193</u>	<u>1,170</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	27	12	12
Other reserves		1,005	1,005
Profit and loss account		176	153
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>1,193</u>	<u>1,170</u>

The Company's profit during the year was £23,000 (2020: loss £87,000).

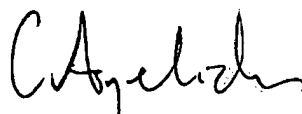
The financial statements on pages 17 to 54 were approved and authorised for issue by the board and were signed on its behalf on 13 September 2021.

The Company has not presented a separate Statement of Comprehensive Income, as permitted by Section 408 of the Companies Act 2006.

The notes on pages 24 to 54 form part of these financial statements.

  
J. N. Blanchard  
Director

C. Angelides  
Director



**REISS (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

	Called up share capital £000	Other reserves £000	Profit and loss account (restated)* £000	Total shareholders' funds (restated)* £000
At 2 February 2020	12	1,005	51,980	52,997
Prior year restatement	-	-	(1,594)	(1,594)
<b>At 2 February 2020 (restated)</b>	<b>12</b>	<b>1,005</b>	<b>50,386</b>	<b>51,403</b>
Loss for the 52 week period	-	-	(12,993)	(12,993)
<b>At 30 January 2021</b>	<b>12</b>	<b>1,005</b>	<b>37,393</b>	<b>38,410</b>

\* Details of the prior year restatement are found in note 2.1.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 52 WEEK PERIOD ENDED 1 FEBRUARY 2020**

	Called up share capital £000	Other reserves £000	Profit and loss account (restated)* £000	Total shareholders' funds (restated)* £000
At 3 February 2019	12	1,005	33,882	34,899
Prior year restatement	-	-	(1,538)	(1,538)
<b>At 3 February 2019 (restated)</b>	<b>12</b>	<b>1,005</b>	<b>32,344</b>	<b>33,361</b>
Profit for the 52 week period	-	-	18,098	18,098
Prior year restatement	-	-	(56)	(56)
<b>At 1 February 2020 (restated)</b>	<b>12</b>	<b>1,005</b>	<b>50,386</b>	<b>51,403</b>

The notes on pages 24 to 54 form part of these financial statements.

As set out in the directors' report, the directors do not propose a dividend (2020: £nil).

\* Details of the prior year restatement are found in note 2.1.

**REISS (HOLDINGS) LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

	<b>Called up share capital £000</b>	<b>Other reserves £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholders' funds £000</b>
At 2 February 2020	12	1,005	153	1,170
Profit for the period	-	-	23	23
<b>At 30 January 2021</b>	<b>12</b>	<b>1,005</b>	<b>176</b>	<b>1,193</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE 52 WEEK PERIOD ENDED 1 FEBRUARY 2020**

	<b>Called up share capital £000</b>	<b>Other reserves £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholders' funds £000</b>
At 3 February 2019	12	1,005	240	1,257
Loss for the period	-	-	(87)	(87)
<b>At 1 February 2020</b>	<b>12</b>	<b>1,005</b>	<b>153</b>	<b>1,170</b>

The notes on pages 24 to 54 form part of these financial statements.

**REISS (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

		<b>52 week period ended 30 January 2021</b>	<b>53 week period ended 1 February 2020 (restated)*</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit for the financial period		<b>(12,993)</b>	<b>18,042</b>
<b>ADJUSTMENTS FOR:</b>			
Amortisation of intangible assets	<b>16</b>	<b>43</b>	<b>39</b>
Depreciation of tangible assets	<b>17</b>	<b>6,985</b>	<b>6,455</b>
Impairment of tangible assets	<b>17</b>	<b>470</b>	<b>593</b>
Fair value movement on derivatives		<b>1,134</b>	<b>(60)</b>
De-consolidation of Hong Kong tangible assets		<b>692</b>	<b>-</b>
Interest paid	<b>13</b>	<b>1,149</b>	<b>1,076</b>
Interest received	<b>12</b>	<b>(4)</b>	<b>(34)</b>
Taxation (income)/expense	<b>14</b>	<b>(638)</b>	<b>2,470</b>
Increase in stocks	<b>19</b>	<b>(3,539)</b>	<b>(7,900)</b>
Increase in debtors	<b>20</b>	<b>(4,765)</b>	<b>(5,637)</b>
Increase in creditors	<b>22</b>	<b>14,143</b>	<b>4,948</b>
Corporation tax paid	<b>22</b>	<b>(694)</b>	<b>(2,839)</b>
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>1,983</b>	<b>17,153</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of intangible fixed assets	<b>16</b>	<b>(50)</b>	<b>(57)</b>
Purchase of tangible fixed assets	<b>17</b>	<b>(5,039)</b>	<b>(8,025)</b>
Interest received	<b>12</b>	<b>4</b>	<b>34</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(5,085)</b>	<b>(8,048)</b>

**REISS (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

		<b>52 week period ended 30 January 2021 £000</b>	<b>53 week period ended 1 February 2020 (restated)* £000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	<b>13</b>	<b>(1,149)</b>	<b>(2,522)</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b><u>(1,149)</u></b>	<b><u>(2,522)</u></b>
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,251)</b>	<b>6,583</b>
Cash and cash equivalents at beginning of the period	<b>21</b>	<b>18,448</b>	<b>11,865</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>21</b>	<b><u>14,197</u></b>	<b><u>18,448</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
Cash at bank and in hand	<b>21</b>	<b><u>14,197</u></b>	<b><u>18,448</u></b>

\* Details of the prior year restatement are found in note 2.1.

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **1 GENERAL INFORMATION**

Reiss (Holdings) Limited (Company number 03692285), having its registered office at Reiss Building, 12 Picton Place, London W1U 1BW, is a private company limited by shares incorporated in the United Kingdom. The Company's and Group's principal place of business is Reiss Building, 12 Picton Place, London, W1U 1BW.

#### **2 ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with Financial Reporting Standard 102: "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's and the Group's accounting policies (see note 3). Other than where new policies are adopted, the group's accounting policies have been applied consistently throughout the financial period.

##### **Going concern**

These financial statements have been prepared on a going concern basis, which assumes that Reiss (Holdings) Limited ('the group') and company ('the company') will be able to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

In assessing the ability to continue as a going concern, the Board has reviewed the trading and cash flow forecasts of the group and the company against the available financing facilities and covenant compliance which include the Directors' assessment of the continuing impact of COVID-19. Although stores have re-opened and the vaccine roll-out is allowing restrictions to be eased, COVID-19 will continue to weigh on the group's performance in the coming year.

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

## **2 ACCOUNTING POLICIES (CONTINUED)**

### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

#### **Uncertainty of future cashflows due to COVID-19**

The COVID-19 global pandemic impacted Reiss from March 2020 when all of our stores closed for a prolonged period. The directors took rapid action to minimise the impact of COVID-19 on the business. Reiss traded very strongly online during the pandemic and demand online continues to be strong, following the re-opening of all of our stores. Other actions have been taken operationally in order to mitigate the financial risks to the business resulting from the pandemic. Non-essential investment projects were postponed and a wide-ranging exercise has been undertaken to identify and implement cost savings across the business.

The Group has also taken full advantage of various government support schemes worldwide including furlough schemes and certain UK grants, resulting in other income (note 5) of £6.1m. In addition, the group was grateful to receive support from both landlords and government in terms of rent relief for closure periods and the UK business rates holiday. This provided an additional £8.9m in support. As a result of all of these steps, the Group has operated within its current banking facilities, without the need for additional borrowing, and the directors have also ensured that the business is right-sized and well placed to react quickly in order to maximise opportunities as a new normal emerges following the pandemic.

Reiss has consistently performed ahead of expectations throughout the pandemic, adapting to changing customer behaviour, both in terms of product mix and channel mix. However, despite the success of the vaccine roll out and the moves towards releasing restrictions and moving towards a "new normal", the directors are aware that there remains a risk of future set-backs which could impact future cash flows and profit.

The Directors have modelled a number of severe but plausible downside sales, profit and liquidity scenarios to assess the impact of a new worldwide lockdown and the resulting store closures. Two scenarios have been modelled:

- A slower store footfall recovery which assumes all stores and concessions worldwide remain at minus 20% of sales to the pre-pandemic year on a like-for-like basis; and
- A worldwide lockdown for a 3 month period in the Winter, between November 2021 and January 2022, resulting in all of our physical points of sale, worldwide, closing.

#### **Financing**

The Company's parent, WP R HoldCo Limited is partially financed by a loan facility agreement. This facility is secured by a fixed and floating charge over the assets of the WP R MidCo 1 Limited group and unlimited cross guarantees from group undertakings. Reiss (Holdings) Limited and its subsidiary undertakings form part of the WP R MidCo 1 Limited group of companies. The banking facilities include a number of financial covenants, tested on a quarterly basis.

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **2 ACCOUNTING POLICIES (CONTINUED)**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

In both of the above severe but plausible downside scenarios, our modelling indicates that the group and company has sufficient liquidity to continue to trade as a going concern and all bank covenant tests are complied with.

Given the success of the vaccine roll-out, progress in removing social contact restrictions, the Directors consider that the above modelling demonstrates that the Group is extremely secure from a liquidity and financing perspective and, as such, the Directors are confident that the going concern assumption is appropriate and that all banking covenants will continue to be complied with.

At the time of signing these financial statements, the group continues to perform ahead of its forecasts and so the directors remain positive about the future trading performance of the group.

Accordingly, based on the above, the Directors consider the going concern assumption in the preparation of the group and company's financial statements as appropriate as at the date of approval of these 2021 financial statements. The financial statements do not include the adjustments that would result if the group or company was unable to continue as a going concern.

##### **Prior year restatement**

Prior to 30 January 2021, it has been noted that the group's returns policy had been incorrectly applied, resulting in the returns provision being understated at the balance sheet date. A prior year restatement has therefore been made in order to restate the results for the period ending 1 February 2020. As a result of this, prior year revenue has been reduced by £911,000, gross profit by £586,000, administrative expenses £134,000 and taxation by £397,000. An amount of £1,534,000 related to the period prior to that ending on 1 February 2020 has been charged directly to reserves. This is broken down as a reduction in revenue of £2,715,000, gross profit of £1,748,000 and administrative expenses of £215,000. On the balance sheet, other creditors have been increased by £1,991,000 and the corporation tax creditor has been reduced by £397,000.

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **2.2 BASIS OF CONSOLIDATION**

The consolidated financial statements present the results of Reiss (Holdings) Limited ("the Company") and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The investments detailed in note 35 have been accounted for using the merger accounting principles set out in FRS 102.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows; and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.4(c), 11.41(e), 11.41(f), 11.42, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

Except where stated, information reported in the notes to the financial statements relates to the Group.

#### **2.3 ACCOUNTING DATES**

The current period financial statements are prepared for the 52 weeks ended 30 January 2021. The prior period financial statements were made up for the 52 weeks ended 1 February 2020.

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **2 ACCOUNTING POLICIES (CONTINUED)**

##### **2.4**

##### **TURNOVER**

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

##### **Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the balance sheet date, a provision for returns estimated to be made by customers in line with the group's returns policy is made. This provision is based on current and expected returns rates.

Sales of gift cards are not recognised in revenue until the gift cards are redeemed in stores or online.

##### **2.5**

##### **INTANGIBLE ASSETS**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation on intangible assets is recognised on a straight line basis, in administrative expenses on the Consolidated Statement of Comprehensive Income.

The estimated useful lives range as follows:

Web domains - 4 years

Trademarks - 10 years

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

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **2 ACCOUNTING POLICIES (CONTINUED)**

##### **2.6 TANGIBLE FIXED ASSETS**

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

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

The estimated useful lives range as follows:

Leasehold land and buildings - the life of the lease

Fixtures and equipment - the life of the lease or 4 years, according to the nature of the asset

Motor vehicles - 4 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

##### **2.7 OPERATING LEASES: LESSEE**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

##### **2.8 INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares.

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**2 ACCOUNTING POLICIES (CONTINUED)**

**2.9 STOCKS**

Finished goods and goods for resale and work in progress are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

**2.10 DEBTORS**

Short term debtors are measured at transaction price, less any impairment.

**2.11 RELATED PARTY TRANSACTIONS**

Directors' remuneration is disclosed in note 11 and other related party transactions are disclosed in note 34 to the financial statements.

Transactions between businesses within this Group which are related parties have been eliminated on consolidation and are not disclosed.

As all of the company's voting rights are controlled by Pink Topco Limited and it is a wholly owned subsidiary, the company has taken advantage of the exemption contained in FRS 102 para.33.1A and has therefore not disclosed transactions or balances with entities which are wholly owned within the same group.

**2.12 EXPENSES**

Expenses are recognised on an accruals basis where the group has a present obligation arising as a result of a past event and where settlement is expected to result in an outflow of economic resources.

**2.13 CASH AND CASH EQUIVALENTS**

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

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

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **2 ACCOUNTING POLICIES (CONTINUED)**

##### **2.14 FINANCIAL INSTRUMENTS**

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

The Group uses forward exchange contracts for hedging purposes. As contracts are taken out to cover general currency exposure rather than to match specific transactions, the Group treats a forward contract separately from other transactions. The premium or discount arising on each contract is accounted for over the life of the contract and the contract is marked to market as the contract progresses. At the end of each financial period, the fair value of any forward exchange contracts which are yet to be closed is recognised as either a financial asset or a financial liability. The basis of valuation is the relevant forward exchange rate at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments are recognised in line with sections 11 and 12 of FRS 102.

##### **2.15 CREDITORS**

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

**REISS (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**2 ACCOUNTING POLICIES (CONTINUED)**

**2.16 FOREIGN CURRENCY TRANSLATION**

**Functional and presentational currency**

The Group and Company's functional and presentational currency is British Pound Sterling (GBP).

**Transactions and balances**

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date.

**2.17 FINANCE COSTS**

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

**2.18 DIVIDENDS**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**REISS (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**2 ACCOUNTING POLICIES (CONTINUED)**

**2.19 OPERATING LEASES: THE GROUP AS A LESSEE**

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

Rent free periods and any rent relief received is accounted for in accordance with the requirements of FRS 102. In respect of any rent concessions occurring as a direct result of the COVID-19 pandemic, rent concessions are reflected in the period to which they relate within the Statement of Comprehensive Income, rather than being spread over the life of the lease if, and only if, all of the following conditions are met:

- The change in lease payments results in the revised consideration for the lease being less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no significant change to other terms and conditions of the lease.

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Consolidated Statement of Comprehensive Income over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

**2.20 PENSIONS**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.21 HOLIDAY PAY ACCRUAL**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**2 ACCOUNTING POLICIES (CONTINUED)**

**2.22 INTEREST INCOME**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**2.23 EXCEPTIONAL ITEMS**

Exceptional items are disclosed separately in the Statement of Comprehensive Income where it is necessary to do so in order to provide additional understanding of the financial performance of the group. Items which are not considered part of the normal operating costs of the business, are non-recurring and are exceptional because they are judged to be material, non-recurring and outside the normal course of day to day business.

**2.24 EQUITY**

Ordinary shares are classified in equity and the profit and loss account represents the cumulative net gains and losses recognised in the income statement.

**2.25 BORROWING COSTS**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the 52 week period in which they are incurred.

**2.26 PROVISIONS FOR LIABILITIES**

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

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the period that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **2 ACCOUNTING POLICIES (CONTINUED)**

##### **2.27 CURRENT AND DEFERRED TAXATION**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

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

Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

##### **2.28 GOVERNMENT GRANT INCOME**

Government grant income received is recognised by the group under the performance model, such that grants that do not impose future performance-related conditions on the recipient is recognised in income when the grant proceeds are received or receivable. Where future performance-related conditions are imposed on the recipients, such grants are recognised in income when these conditions have been met.

##### **2.29 CONTINGENT LIABILITIES**

The directors recognise a contingent liability where either a possible obligation exists but is contingent on some uncertain future event occurring or where a present obligation exists but payment is not probable or the amount cannot be measured reliably.

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**2 ACCOUNTING POLICIES (CONTINUED)**

**3 JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Stock Provisions**

The directors make full provision against stock and fabric items which are older than six seasons and, as it is judged that the estimated selling price less costs to complete and sell is nil. The directors also consider if any other stock and fabric items are impaired and make a further provision accordingly.

**Returns provision**

The directors make a provision for returns expected to be made after the balance sheet date, based on their best view of rates of return.

**Impairment of tangible assets**

The directors undertake an annual impairment review on tangible fixed assets and make a provision where it is judged the carrying value of an asset is higher than the present value of the future cash flows it will generate.

**Dilapidations provision**

The directors consider the requirements to recognise a dilapidations provision based on planned changes to the estate and, where it is judged that a dilapidations cost is likely to be incurred, a provision is recognised.

**Onerous lease provision**

The directors consider the requirements to recognise an onerous lease provision in respect of poor performing store leases where it is considered likely that a positive return will not be generated over the course of the lease.

**Exceptional items**

The directors recognise exceptional items separately in the profit and loss where they are judged to be material, non-recurring and outside of the normal course of day to day business.

# **REISS (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

### **4 TURNOVER**

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

	52 week period ended 30 January 2021 £000	52 week period ended 1 February 2020 (restated)* £000
Fashion retail	<u>170,680</u>	<u>226,527</u>

Analysis of turnover by country of destination:

	52 week period ended 30 January 2021 £000	52 week period ended 1 February 2020 (restated) £000
United Kingdom	129,685	157,485
Rest of the world	<u>40,995</u>	<u>69,042</u>
	<u>170,680</u>	<u>226,527</u>

\* Details of the prior year restatement are found in note 2.1.

### **5 OTHER OPERATING INCOME**

	52 week period ended 30 January 2021 £000	52 week period ended 1 February 2020 £000
Net rents receivable	161	118
Furlough grants receivable	5,758	-
UK Local Restrictions Grants receivable	<u>377</u>	<u>-</u>
	<u>6,296</u>	<u>118</u>

During the period, the group took advantage of job support schemes, such as the UK's furlough scheme, in all markets in which it operates.

In the UK, the group was also eligible for non-refundable grants from local councils to help support businesses that were mandated to close during the pandemic as a result of government restrictions.

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**6 FAIR VALUE MOVEMENTS**

	52 week period ended 30 January 2021 £000	52 week period ended 1 February 2020 £000
Financial instruments measured at fair value	<u>(1,134)</u>	<u>60</u>

The group measures forward exchange contracts at fair value through the P&L. In the current period, a loss of £1,134,000 was recognised (2020: gain £60,000).

**7 EXCEPTIONAL AND OTHER OPERATING CHARGES**

	52 week period ended 30 January 2021 £000	52 week period ended 1 February 2020 £000
Onerous lease and tangible asset impairment provision	3,703	(138)
Costs directly attributable to COVID-19	4,359	-
Restructuring and other costs	1,743	535
	<u>9,805</u>	<u>397</u>

During the period, the group made provisions for onerous leases and asset impairments, primarily in relation to loss-making international stores.

During the period the group incurred significant one-off costs related to COVID-19 totalling £4.4m. This amount included amounts in respect of additional one-off provisions against stock and fabric totalling £3.2m and other non-recurring costs directly related to the COVID-19 pandemic response including safety equipment and cleaning costs and business restructuring totalling £1.2m. In addition to these non-recurring costs directly related to the pandemic, the group also incurred costs of an exceptional nature, totalling £1.9m, related to ongoing legal and advisory projects, including costs related to the Next plc investment, which was completed after the period-end.

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**8 OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging/(crediting):

	<b>52 week period ended 30 January 2021 £000</b>	<b>52 week period ended 1 February 2020 £000</b>
Depreciation of tangible fixed assets	6,985	6,455
Impairment of tangible fixed assets	470	593
Operating lease rentals - other operating leases	35,336	42,806
Amortisation of intangible assets, including goodwill	43	39
Fees payable to the Group's auditors and their associates for the audit of the company's financial statements	185	115
Cost of stock recognised as an expense	60,305	
Furlough grant income	(5,758)	
UK Business Rates holiday	(5,619)	
COVID-19 related rent relief	(3,269)	
Exchange differences	(320)	(79)
Defined contribution pension cost	658	790

During the period, the group benefitted from the support of both landlords and governments as the global pandemic took hold and resulted in store closures and restrictions. The group claimed support and assistance in all markets via job support schemes such as, in the UK, furlough.

In the UK, the group benefitted from the Business Rates holiday and also certain cash grants where stores had been required to close during the various lockdowns in the period. In addition, the group negotiated with its landlords and was grateful to receive significant support in respect of enforced closure periods.

These measures and support helped to support the group from both a profitability and a liquidity perspective.

**9 AUDITORS' REMUNERATION**

	<b>52 week period ended 30 January 2021 £000</b>	<b>52 week period ended 1 February 2020 £000</b>
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	185	115

**FEES PAYABLE TO THE GROUP'S AUDITORS AND THEIR ASSOCIATES IN RESPECT OF:**

Taxation advisory services	60	38
All other services	280	180
	<b>340</b>	<b>218</b>

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**10 EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	<b>52 week period ended 30 January 2021 £000</b>	<b>52 week period ended 1 February 2020 £000</b>
Wages and salaries	<b>33,930</b>	<b>37,274</b>
Social security costs	<b>3,177</b>	<b>3,038</b>
Other pension costs	<b>658</b>	<b>790</b>
	<b><u>37,765</u></b>	<b><u>41,102</u></b>

The average monthly number of employees, including the directors, during the 52 week period was as follows:

	<b>52 week period ended 30 January 2021 Number</b>	<b>52 week period ended 1 February 2020 Number</b>
Administration	<b>235</b>	<b>245</b>
Sales and distribution	<b>1,171</b>	<b>1,283</b>
	<b><u>1,406</u></b>	<b><u>1,528</u></b>

The Company has no employees (2020: nil).

**REISS (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**11 DIRECTORS' REMUNERATION**

	<b>52 week period ended 30 January 2021 £000</b>	<b>52 week period ended 1 February 2020 £000</b>
Directors' emoluments (2 directors (2020: 2 directors))	<u><b>557</b></u>	<u><b>722</b></u>

The highest paid director received remuneration of £520,000 (2020 - £625,000).

No pension contributions were made to a pension scheme in respect of any directors (2020: £nil).

The directors have made an assessment and consider that there are no key management personnel other than directors.

**12 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>52 week period ended 30 January 2021 £000</b>	<b>52 week period ended 1 February 2020 £000</b>
Interest receivable	<u><b>4</b></u>	<u><b>34</b></u>

**13 INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>52 week period ended 30 January 2021 £000</b>	<b>52 week period ended 1 February 2020 £000</b>
Bank interest payable	<u><b>1,149</b></u>	<u><b>1,076</b></u>
	<u><b>1,149</b></u>	<u><b>1,076</b></u>

Bank Interest payable represents an apportionment of interest from WP R HoldCo Limited, based on the indebtedness of the group on acquisition in the period ending 28 January 2017.

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**14 TAX ON (LOSS)/PROFIT**

	<b>52 week period ended 30 January 2021 £000</b>	<b>52 week period ended 1 February 2020 (restated)* £000</b>
<b>CORPORATION TAX</b>		
Current tax on (loss)/profit for the period	<b>188</b>	<b>3,105</b>
Adjustments in respect of previous periods	<b>-</b>	<b>(639)</b>
<b>TOTAL CURRENT TAX</b>	<b>188</b>	<b>2,466</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>(826)</b>	<b>(393)</b>
<b>TAXATION ON (LOSS)/PROFIT</b>	<b>(638)</b>	<b>2,073</b>

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**14 TAX ON (LOSS)/PROFIT (CONTINUED)**

**FACTORS AFFECTING TAX (CREDIT)/CHARGE FOR THE PERIOD**

The tax assessed for the period is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	52 week period ended 30 January 2021 £000	52 week period ended 1 February 2020 (restated)* £000
(Loss)/Profit before tax	<u>(13,631)</u>	<u>20,115</u>
(Loss)/Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(2,590)	3,822
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	1,226	80
Depreciation for the period in excess of capital allowances	492	389
Adjustments in respect of previous periods	0	(639)
Unrelieved loss / (non-taxable income) on foreign subsidiaries	129	222
Other differences leading to a increase decrease in the tax charge	37	14
Timing differences leading to a (decrease) / increase in the tax charge	(826)	(393)
Group relief	(4)	(751)
Losses carried forward	898	-
Prior period adjustments	-	(671)
<b>TOTAL TAX (CREDIT)/CHARGE FOR THE PERIOD</b>	<u>(638)</u>	<u>2,073</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

Following the year-end, the Government announced that the corporation tax rate would remain at 19% until 1 April 2023, after which it would be increased to 25%. As this proposal had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The group's carried forward tax losses will be available to offset against future trading profits.

\* Details of the prior year restatement are found in note 2.1.

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**15 PARENT COMPANY PROFIT FOR THE PERIOD**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The result after tax of the Company for the period was a profit of £23,000 (2020: £87,000 loss).

**16 INTANGIBLE ASSETS**

**Group**

	Web Domains £000	Trademarks £000	Total £000
<b>COST</b>			
At 2 February 2020	95	596	691
Additions	-	50	50
At 30 January 2021	95	646	741
<b>ACCUMULATED AMORTISATION</b>			
At 2 February 2020	95	284	379
Charge for the period	-	43	43
At 30 January 2021	95	327	422
<b>NET BOOK VALUE</b>			
At 30 January 2021	-	319	319
At 1 February 2020	-	312	312

The Company holds no intangible fixed assets (2020: £nil).

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**17 TANGIBLE ASSETS**

**Group**

	<b>Leasehold Land and Buildings £000</b>	<b>Fixtures and Equipment £000</b>	<b>Motor vehicles £000</b>	<b>Total £000</b>
<b>COST OR VALUATION</b>				
At 2 February 2020	28,138	56,784	206	85,128
Additions	224	4,815	-	5,039
Disposals	(884)	(1,623)	-	(2,507)
At 30 January 2021	<u>27,478</u>	<u>59,976</u>	<u>206</u>	<u>87,660</u>
<b>ACCUMULATED DEPRECIATION</b>				
At 2 February 2020	23,592	43,005	206	66,803
Charge for the period on owned assets	941	6,044	-	6,985
Impairment charge for the period on owned assets	102	368	-	470
Disposals	(609)	(1,208)	-	(1,815)
At 30 January 2021	<u>24,026</u>	<u>48,211</u>	<u>206</u>	<u>72,443</u>
<b>NET BOOK VALUE</b>				
At 30 January 2021	<u>3,452</u>	<u>11,765</u>	<u>-</u>	<u>15,217</u>
At 1 February 2020	<u>4,546</u>	<u>13,779</u>	<u>0</u>	<u>18,325</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>52 week period ended 30 January 2021 £000</b>	<b>52 week period ended 1 February 2020 £000</b>
Motor vehicles	-	-
Furniture, fittings and equipment	-	-
	<u>-</u>	<u>-</u>

The Company holds no tangible fixed assets (2020: £nil).

**REISS (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**18 INVESTMENTS**

**Company**

	Shares in group undertakings £000
<b>Cost or valuation</b>	
At 2 February 2020	2
Impairment of investments	-
<b>At 30 January 2021</b>	<u>2</u>
<b>Net book value</b>	
At 30 January 2021	<u>2</u>
At 1 February 2020	<u>2</u>

See note 33 for details of the subsidiary undertakings.

**19 STOCKS**

	Group 30 January 2021 £000	Group 1 February 2020 £000	Company 30 January 2021 £000	Company 1 February 2020 £000
Work in progress	268	263	-	-
Finished goods and goods for resale	43,472	39,938	-	-
	<u>43,740</u>	<u>40,201</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the 52 week period as an expense was £60,305,000 (2020 restated: £63,578,000).

Included within finished goods is a provision for obsolescence of £2,671,000 (2020: £769,000).

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

**20 DEBTORS : Amounts falling due within one year**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>30 January</b>	<b>1 February</b>	<b>30 January</b>	<b>1 February</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	8,007	5,287	-	-
Amounts owed by group undertakings	13,327	8,780	1,320	1,296
Other debtors	3,916	3,943	14	15
Called up share capital not paid	2	2	2	2
Corporation tax	168	-	-	-
Deferred taxation	1,116	290	-	-
Prepayments and accrued income	1,998	4,473	-	-
	<b>28,534</b>	<b>22,775</b>	<b>1,336</b>	<b>1,313</b>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provision for impairment of £81,000 (2020: £nil).

**21 CASH AT BANK AND IN HAND**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>30 January</b>	<b>1 February</b>	<b>30 January</b>	<b>1 February</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	14,197	18,448	-	-

**22 CREDITORS: Amounts falling due within one year**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>30 January</b>	<b>1 February</b>	<b>30 January</b>	<b>1 February</b>
	<b>2021</b>	<b>2020 (restated)*</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	19,585	9,583	-	-
Amounts owed to group undertakings	-	-	145	145
Corporation tax	-	338	-	-
Other taxation and social security	3,863	6,422	-	-
Provisions	13,328	8,842	-	-
Other creditors	3,586	3,829	-	-
Accruals and deferred income	23,235	19,644	-	-
	<b>63,597</b>	<b>48,658</b>	<b>145</b>	<b>145</b>

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

Included in other creditors is the fair value of forward exchange contracts of £601,000 (2020: asset £533,000).

\* Details of the prior year restatement are found in note 2.1.

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
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**23 PROVISIONS FOR LIABILITIES**

	Group 30 January 2021 £000	Group 1 February 2020 (restated) £000	Company 30 January 2021 £000	Company 1 February 2020 £000
Onerous leases	8,973	6,398	-	-
Dilapidations	664	278	-	-
Returns	2,224	1,991	-	-
Stock payables and fabric provision	1,310	-	-	-
Other	157	175	-	-
	<b>13,328</b>	<b>8,842</b>	<b>-</b>	<b>-</b>

As set out in note 7 to the financial statements, during the period the group increased the onerous lease provision held in respect of predominantly non-UK stores.

The amount of £2,224,000 (2020 restated: £1,991,000) provided for returns is calculated based on the value of items bought before the end of the period that are estimated to be returned after the end of the period.

Dilapidations are recognised on stores where there is a plan to exit in the short to medium term and where the directors reasonably expect dilapidation costs to be incurred.

The stock payables and fabric provision relates to contracted future fabric purchases related to production that was cancelled during the pandemic and a provision against a stock supplier balance.

Included within other are provisions for legal and advisory matters at the balance sheet date.

\* Details of the prior year restatement are found in note 2.1.

Movements in provisions during the financial period are set out in the below table:

	Onerous leases £000s	Dilapidations £000s	Returns £000s	Stock & Fabric £000s	Other £000s
Provision at 2 February 2020 (restated)	6,398	278	1,991	0	175
Additions	2,999	424	2,224	1,310	75
Utilised during the year	0	(14)	0	0	(23)
Unwind of provision	(424)	(25)	(1,991)	0	(70)
Provision at 30 January 2021	<b>8,973</b>	<b>664</b>	<b>2,224</b>	<b>1,310</b>	<b>157</b>

**REISS (HOLDINGS) LIMITED**

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**24 HIRE PURCHASE AND FINANCE LEASES**

The Company has no minimum lease payments due under hire purchase arrangements.

Minimum lease payments under hire purchase fall due for the Group as follows:

	<b>52 week period ended 30 January 2021 £000</b>	<b>53 week period ended 1 February 2020 £000</b>
Within one year	<u>7</u>	<u>7</u>
	<u>7</u>	<u>7</u>

The net obligations under finance leases and hire purchase contracts are secured by fixed charges over the assets to which they relate.

**25 DEFERRED TAXATION**

**Group**

	<b>Deferred tax £000</b>
At 2 February 2020	290
Credited to the profit or loss	826
At 30 January 2021	<u><u>1,116</u></u>

The deferred taxation balance is made up as follows:

	<b>Group 30 January 2021 £000</b>	<b>Group 1 February 2020 £000</b>	<b>Company 30 January 2021 £000</b>	<b>Company 1 February 2020 £000</b>
Accelerated capital allowances	239	380	-	-
Unrealised gains on forward exchange contracts	114	(90)	-	-
Carried forward tax losses	763	-	-	-
	<u><u>1,116</u></u>	<u><u>290</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## REISS (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021

#### 26 FINANCIAL INSTRUMENTS

Financial liabilities measured at fair value through profit or loss comprise forward foreign exchange contracts totalling £601,000 (2020: asset £533,000).

Financial assets measured at amortised cost comprise trade debtors, other debtors and cash at bank and in hand totalling £39,447,000 (2020: £26,678,000).

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, bank loans and hire purchase obligations totalling £59,734,000 (2020: £41,898,000).

#### 27 CALLED UP SHARE CAPITAL

Group and Company	30 January 2021 £000	1 February 2020 £000
<b>Allotted, called up and fully paid</b>		
1,000,000 (2020: 1,000,000) Ordinary shares of £0.01 each	10	10
111,112 (2020: 111,112) 'A' Ordinary shares of £0.02 each	2	2
	<u>12</u>	<u>12</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

The 'A' Ordinary shares do not have attached to them voting rights; they do confer the right to a dividend after the payment of the base amount to the holders of the Ordinary shares and the holders of the 'A' Ordinary shares are entitled to a distribution of capital on winding up. The 'A' Ordinary shares are redeemable at any time at the option of the holder.

#### 28 CONTINGENT LIABILITIES

The Company has given rent guarantees in respect of its subsidiary, Reiss (Retail) Limited. No liability is expected to crystallise in respect of this.

The Company has provided a fixed and floating charge over its assets to Barclays Bank Plc, ING Bank N.V. and Lloyds Bank Plc in respect of bank borrowings of WP R Holdco Limited. At the period end, a contingent liability exists to the extent of WP R Holdco Limited's indebtedness to the aforementioned banks of £59.2m (2020: £59.2 million).

A subsidiary of the Company has received an adverse ruling from US Customs & Border Protection in respect of duty exemptions on ecommerce click and collect orders, from Reiss stores in the US. The subsidiary is opposing the initial ruling and the directors consider that there is significant uncertainty over the timing of this and whether any liability will crystallise. Further, in response to this initial ruling, the subsidiary immediately amended its shipping policies in order to ensure that no further potential liability would accrue beyond the maximum exposure detailed in this note. The estimated maximum exposure, excluding any penalties and interest which are considered too uncertain to reasonably estimate, is £0.6m.

## **REISS (HOLDINGS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021**

#### **29 POST BALANCE SHEET EVENTS**

As set out in the Group Strategic Report and the Directors' Report, the COVID-19 global pandemic has continued to have an impact on the Group's performance. Although the outlook now looks positive as the roll out of vaccines allows non-essential retail to re-open and social restrictions to be eased, there remains a risk that future set backs could result in a material impact on the future trading results. The directors will continue to monitor the situation closely. Please refer to the basis of preparation in note 2.1, which provides further information on the impact of COVID-19 on the group and company.

Also set out in the Group Strategic Report and the Directors' Report, following the year-end, Next plc acquired a 25% interest in the group, with an option to acquire a further 26% by July 2022. As part of this transaction, Next plc also advanced a subordinated loan facility of £10m, with no principal or interest payments due while the group's current banking facilities remain in place, providing the group with further liquidity headroom.

As a result of this partnership, Reiss' online operations will be contracted to Next via Next's Total Platform. Total Platform will also provide warehousing and distribution services for Reiss' business, with an anticipated launch date early in the next financial period.

The directors are confident that Next's infrastructure will improve the efficiency of Reiss' operations in servicing our customers and will serve as the launch pad for Reiss to grow both revenue and profits in future years.

In the run-up to launching on Total Platform, Reiss will incur significant one-off costs in terms of systems integration, property costs and asset write downs. However, from launch we expect Total Platform to support Reiss' growth.

#### **30 PENSION COMMITMENTS**

In respect of certain employees, the Group makes contributions to their personal pension plans. Contributions payable by the Group amounted to £658,000 (2020: £790,000). All contributions were paid during the period.

**REISS (HOLDINGS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**31 COMMITMENTS UNDER OPERATING LEASES**

At 30 January 2021 the Company had no commitments under non-cancellable operating leases.

At 30 January 2021 and 1 February 2020, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	30 January 2021 £000	1 February 2020 £000
<b>Land and buildings</b>		
Not later than 1 year	22,173	23,359
Later than 1 year and not later than 5 years	63,679	62,794
Later than 5 years	21,574	25,306
	<u>107,426</u>	<u>111,459</u>
	30 January 2021 £000	1 February 2020 £000
<b>Other operating leases</b>		
Not later than 1 year	1,841	3,094
Later than 1 year and not later than 5 years	0	1
	<u>1,841</u>	<u>3,095</u>

**32 OTHER FINANCIAL COMMITMENTS**

At 30 January 2021, the Group was committed to forward foreign exchange deals to the value of £7,200,000 (2020: £17,394,000).

At 30 January 2021, the Group was committed to minimum payments under operating leases of £109,047,000 (2020: £114,554,000).

**33 RELATED PARTY TRANSACTIONS**

During the period, the Group paid rents of £2,368,000 (2020: £3,412,000) to companies and nominee companies in which the director D.A. Reiss is a director and a controlling shareholder.

Salaries paid to related parties, other than directors and key management amounted to £50,000 during the period (2020: £Nil).

**34 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is WP R Holdco Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is WP R Topco Limited, a company incorporated in Jersey.

As at 30 January 2021 and 1 February 2020, there was no single ultimate controlling party.

Reiss (Holdings) Limited is the smallest group of undertakings preparing consolidated financial statements and WP R Midco 1 Limited, the parent company of WP R Midco 2 Limited, which is the parent company of WP R Holdco Limited is the largest group of undertakings preparing consolidated financial statements.

# REISS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021

### 35 SUBSIDIARY UNDERTAKINGS

The following are subsidiary undertakings of the Company:

Name	Registered address	Holding	Class of Shares	Country	Principal activity
Reiss Limited	Reiss Building, 12 Picton Place, London W1U 1BW	100%	Ordinary	England	Retail of high quality fashion and accessories
Reiss (Retail) Limited	Reiss Building, 12 Picton Place, London W1U 1BW	100%	Ordinary	England	Retail of high quality fashion and accessories
Reiss Russia LLC	Building 3, Poslannikov Pereulok 9, 105005, Moscow	100%	Ordinary	Russia	Retail of high quality fashion and accessories
Reiss (International) Limited	Reiss Building, 12 Picton Place, London W1U 1BW	100%	Ordinary	England	Retail of high quality fashion and accessories
Reiss (Sweden) Limited	Reiss Building, 12 Picton Place, London W1U 1BW	100%	Ordinary	England	Dormant company
Reiss (Holland) B.V.	c/o SGG Management (Netherlands) BV, Hoogoorddreef 15, 1101 BA Amsterdam	100%	Ordinary	Holland	Retail of high quality fashion and accessories
Reiss (Canada) Limited	Reiss Building, 12 Picton Place, London W1U 1BW	100%	Ordinary	England	Retail of high quality fashion and accessories
Reiss France SARL	c/o BDO France, 25 Rue de Rome, 75008 Paris	100%	Ordinary	France	Retail of high quality fashion and accessories
Reiss (Australia) Limited	Reiss Building, 12 Picton Place, London W1U 1BW	100%	Ordinary	England	Dormant company
Reiss (Australia) PTY Limited	Level 11, 1 Margaret Street, Sydney, New South Wales 2000, Australia	100%	Ordinary	Australia	Retail of high quality fashion and accessories

**REISS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**35 SUBSIDIARY UNDERTAKINGS (CONTINUED)**

**Audit Exemption under section 479A of the Companies Act 2006**

The Directors consider that certain subsidiaries of the Group are entitled to exemption from the requirement to have an audit under the provision of section 479A of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

Reiss (Holdings) Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the period ended 30 January 2021.

Reiss Limited  
Reiss (Retail) Limited  
Reiss (International) Limited  
Reiss (Canada) Limited

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Reiss (Australia) Limited and Reiss (Sweden) Limited, being dormant companies, are exempt from the requirement to prepare financial statements under S394A of the Companies Act 2006.