

Company Registration No. 05686460 (England and Wales)

ME AND EM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JANUARY 2022

ME AND EM LIMITED

COMPANY INFORMATION

Directors	Clare Hornby Jonathan Hornby Robert Clarkson Philip Mickler Samuel Brooks Helena Prokhorenko Maurice Helfgott	(Appointed 29 March 2022) (Appointed 29 March 2022) (Appointed 19 April 2022)
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Company number	05686460
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Registered office	Unit 1 C & 1 D The Phoenix Brewery 13 Bramley Road Notting Hill London W10 6SZ
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Auditor	HW Fisher LLP Acre House 11-15 William Road London NW1 3ER United Kingdom
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ME AND EM LIMITED

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ME AND EM LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 JANUARY 2022

The directors present the strategic report for the period ended 30 January 2022.

Fair review of the business

Despite the continued challenges of the pandemic at the start of the year, the business has continued to develop with total revenue in the period increasing by 114% to £47.7m (2021: £22.3m). In particular, the overseas business has grown by 152%.

All product categories drove the YoY sales growth, however Dresses were a key highlight for the business, as well as the launch of footwear.

Marketing investment continues to be the main contributor of the increase, driving customer awareness, new customer acquisition and repeat purchases.

The Company's gross profit margin landed at 58.5% (2021: 53.6%) with gross profit for the period of £27.9m (2021: £11.9m).

The Company made an Operating Profit of £9.7m (2021: £1.7m profit).

The Company made £11.5m EBITDA profit (2021: £2.4m).

Principal risks and uncertainties

COVID-19 Risk

The company considered the effect of the COVID 19 outbreak, which caused some initial disruption to the business at the start of the year due to the closure of all their Stores and Concession partners for the first twelve weeks. However, the Online business performance remained strong during this period, tracking well above prior year. Post lockdown restrictions easing, the Stores traded well above expectations. The Directors will continue to monitor closely the situation and the latest Government guidelines and will react accordingly

The company has considered the effect of the current uncertainty in the global supplier chain, which has been detailed in the Going Concern note.

Currency

The company is exposed to foreign currency exchange movements, in particular USD and EUR. The company continues to take all the reasonable steps to protect its currency position including placing forward contracts, predominantly for EUR, as the USD is naturally hedged through US customer revenue.

Competitor Risk

ME+EM is a fast-growing premium brand with a loyal customer following and a distinct identity. The company is constantly ensuring that its collection represents quality and value and lives up to its fashion ethos. However, in the fashion industry, the company will naturally be susceptible to competition. The company works hard to manage this risk through highly experienced in-house design and buying teams, frequent introductions of new styles and tight stock purchase control.

Future developments

In the current year ME+EM will continue their journey to grow their customer base by investing in marketing activities as well as ensuring that we remain focused on satisfying our existing customers' needs. This expansion plans will come both from the UK but also an increasing proportion of revenue driven by USA and the rest of the world. The company will also look to upgrade their systems infrastructure in order to further enhance the customer experience Online as well as in their Stores.

ME AND EM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

Key performance indicators

The team work closely together and with our supplier chain partners to ensure that we are always delivering on quality and relevant product.

The directors use a number of key performance indicators which they consider are effective in delivering the strategy. The company's primary financial KPIs are turnover and EBITDA.

In the period, turnover grew 114% to £47.7m.

In the period, EBITDA grew to £11.5m (24.1% profit margin vs. 10.8% profit margin in 2021).

On behalf of the board

Philip Mickler

Director

26 October 2022

ME AND EM LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JANUARY 2022

The directors present their annual report and financial statements for the period ended 30 January 2022.

Principal activities

The principal activities of Me and Em Limited ("the Company") continued to be the design and retail of contemporary clothing and accessories primarily through its own website but also within boutique locations, Selfridges and Harrods.

The Company, at the balance sheet date 30 January 2022, has 6 standalone stores as well as trading online and in Selfridges and Harrods.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Clare Hornby

Jonathan Hornby

Andrew Wolfson

{Resigned 29 March 2022}

Peter Higgins

{Resigned 29 March 2022}

Robert Clarkson

Philip Mickler

Samuel Brooks

{Appointed 29 March 2022}

Helena Prokhorenko

{Appointed 29 March 2022}

Maurice Helfgott

{Appointed 19 April 2022}

Auditor

HW Fisher LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Philip Mickler

Director

26 October 2022

ME AND EM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 JANUARY 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ME AND EM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ME AND EM LIMITED

Opinion

We have audited the financial statements of Me and Em Limited (the 'company') for the period ended 30 January 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 January 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ME AND EM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ME AND EM LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006, HMRC guidance, goods quality regulations and the Consumers Rights Act.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias. This presents a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation stock impairment and provisions for the returns for sales made within the accounting period.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key assets and stock items (including testing of the stock system).
- Obtaining third-party confirmation of material balances outstanding at the end of the accounting period.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the company board minutes for discussions of irregularities including fraud.

ME AND EM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ME AND EM LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility of the prevention and detection of irregularities and fraud rests with the directors.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Russell Nathan (Senior Statutory Auditor)

For and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

26 October 2022

ME AND EM LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JANUARY 2022

		Period ended 30 January 2022 £000	Period ended 31 January 2021 £000
Turnover	3	47,727	22,275
Cost of sales		(19,794)	(10,336)
Gross profit		27,933	11,939
Administrative expenses			
Exceptional item	4	(950)	-
Other administrative expenses		(17,276)	(10,572)
		(18,226)	(10,572)
Other operating income		-	356
Operating profit	5	9,707	1,723
Interest payable and similar expenses	9	(16)	-
Fair value gains and losses on foreign exchange contracts		(24)	247
Profit before taxation		9,667	1,970
Tax on profit	10	(1,707)	80
Profit for the financial period		7,960	2,050

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ME AND EM LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JANUARY 2022

	Period ended 30 January 2022 £000	Period ended 31 January 2021 £000
Profit for the period	7,960	2,050
Other comprehensive income	-	-
Total comprehensive income for the period	<u>7,960</u>	<u>2,050</u>

ME AND EM LIMITED

BALANCE SHEET

AS AT 30 JANUARY 2022

		2022		2021	
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	12		725		613
Tangible assets	13		393		528
			<u>1,118</u>		<u>1,141</u>
Current assets					
Stocks	16	5,566		2,824	
Debtors	17	2,765		1,048	
Cash at bank and in hand		16,038		6,385	
		<u>24,369</u>		<u>10,257</u>	
Creditors: amounts falling due within one year	18	<u>(13,008)</u>		<u>(6,928)</u>	
Net current assets			<u>11,361</u>		<u>3,329</u>
Total assets less current liabilities			<u>12,479</u>		<u>4,470</u>
Provisions for liabilities					
Deferred tax liability	19	49	(49)	-	-
		<u>49</u>	<u>(49)</u>	<u>-</u>	<u>-</u>
Net assets			<u>12,430</u>		<u>4,470</u>
Capital and reserves					
Called up share capital	22		567		567
Share premium account			5,909		5,909
Profit and loss reserves			5,954		(2,006)
			<u>12,430</u>		<u>4,470</u>
Total equity			<u>12,430</u>		<u>4,470</u>

The financial statements were approved by the board of directors and authorised for issue on 26 October 2022 and are signed on its behalf by:

Philip Mickler
Director

Company Registration No. 05686460

ME AND EM LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JANUARY 2022

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000
Balance at 27 January 2020		557	5,437	(4,056)	1,938
Period ended 31 January 2021:					
Profit and total comprehensive income for the period		-	-	2,050	2,050
Issue of share capital	22	10	472	-	482
Balance at 31 January 2021		567	5,909	(2,006)	4,470
Period ended 30 January 2022:					
Profit and total comprehensive income for the period		-	-	7,960	7,960
Balance at 30 January 2022		567	5,909	5,954	12,430

ME AND EM LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JANUARY 2022

		2022		2021	
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	26		9,969		4,547
Interest paid			(16)		-
Income taxes refunded			421		80
Net cash inflow from operating activities			10,374		4,627
Investing activities					
Purchase of intangible assets		(517)		(268)	
Purchase of tangible fixed assets		(204)		(241)	
Net cash used in investing activities			(721)		(509)
Financing activities					
Proceeds from issue of shares		-		482	
Net cash (used in)/generated from financing activities			-		482
Net increase in cash and cash equivalents			9,653		4,600
Cash and cash equivalents at beginning of period			6,385		1,785
Cash and cash equivalents at end of period			16,038		6,385

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JANUARY 2022

1 Accounting policies

Company information

Me and Em Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1 C & 1 D, The Phoenix Brewery, 13 Bramley Road, Notting Hill, London, W10 6SZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors are confident the company will have adequate resources to continue in operational existence for a period of at least twelve months and meet all their liabilities as and when they fall due. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The company is continuously reviewing the current uncertainty with the global economy and, as a result, put together a thorough risk analysis assessment, considered the potential impact of each risk and prepared strategic plans to mitigate these. The company has modelled the potential impact of an economic, political, or environmental shock, leading to a sudden and significant drop in demand. The effects on profitability and cash flows have been considered and remedial actions planned. The business maintains significant surplus cash balance throughout all foreseeable future periods.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for clothing & accessories provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised at the point of sale when the customer pays for the goods.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website	33% straight line
IT Systems	33% straight line
Trademarks	33% straight line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the life of the lease
Fixtures and fittings	16% to 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

1 Accounting policies

(Continued)

1.11 Derivatives

The company enters into forward exchange contracts in order to manage exposure to foreign exchange risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.12 Taxation

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

Current tax

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

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

As the total fair value of the options granted by the company is immaterial to the accounts, no expense has been recognised in respect of the options this year.

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

1 Accounting policies

(Continued)

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Grant income recognised in the current year relates to amounts receivable from the UK government for claims made on the Coronavirus job retention scheme.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.19 Comparatives

The current accounting period is for 52 weeks to 30 January 2022. The comparative accounting period is for the period 27 January 2020 to 31 January 2021. The accounting periods for which accounts are prepared are co-terminus with the final Sunday of the financial year.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Stock provision

The company produces clothes which are subject to ever changing consumer demand and fashion trends. As a result of this, it is necessary to consider the net realizable value of stock and associated provision required. When calculating this provision, the company considers the nature and condition of the stock as well as applying assumptions around anticipated saleability of stock.

3 Turnover and other revenue

	2022	2021
	£000	£000
Turnover analysed by class of business		
Retail of contemporary clothing and accessories	47,727	22,275
	<u> </u>	<u> </u>

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

3	Turnover and other revenue	(Continued)	
		2022	2021
		£000	£000
	Other significant revenue		
	Grants received	-	356
		=====	=====
		2022	2021
		£000	£000
	Turnover analysed by geographical market		
	United Kingdom	36,535	17,825
	Overseas	11,192	4,450
		=====	=====
		47,727	22,275
		=====	=====
4	Exceptional costs		
	The exceptional costs relate to expenses incurred in relation to a post-year end investment transaction and Warehouse relocation.		
5	Operating profit	2022	2021
		£000	£000
	Operating profit for the period is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(668)	(152)
	Government grants	-	(356)
	Depreciation of owned tangible fixed assets	339	326
	Impairment of owned tangible fixed assets	-	21
	Amortisation of intangible assets	405	285
	Impairment of stocks recognised or reversed	222	201
	Operating lease charges	792	542
		=====	=====
6	Auditor's remuneration	2022	2021
		£000	£000
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	42	29
		=====	=====
	For other services		
	Other taxation services	4	-
	All other non-audit services	6	-
		=====	=====
		10	-
		=====	=====

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

7 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022 Number	2021 Number
Head Office	67	47
Stores	52	41
Total	119	88

Their aggregate remuneration comprised:

	2022 £000	2021 £000
Wages and salaries	4,874	3,817
Social security costs	475	360
Pension costs	83	64
	5,432	4,241

8 Directors' remuneration

	2022 £000	2021 £000
Remuneration for qualifying services	481	395
Company pension contributions to defined contribution schemes	15	2
	496	397

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £000	2021 £000
Remuneration for qualifying services	221	-
Company pension contributions to defined contribution schemes	1	-

9 Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable:		
Interest on bank facilities	16	-

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

10 Taxation

	2022 £000	2021 £000
Current tax		
UK corporation tax on profits for the current period	1,658	-
Benefit arising from a previously unrecognised tax loss or credit	-	(80)
	<u>1,658</u>	<u>(80)</u>
Deferred tax		
Origination and reversal of timing differences	49	-
	<u>49</u>	<u>-</u>
Total tax charge/(credit)	<u>1,707</u>	<u>(80)</u>

The actual charge/(credit) for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2022 £000	2021 £000
Profit before taxation	<u>9,667</u>	<u>1,970</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,837	374
Tax effect of expenses that are not deductible in determining taxable profit	82	43
Tax effect of utilisation of tax losses not previously recognised	(293)	(452)
Permanent capital allowances in excess of depreciation	32	35
Research and development tax credit	-	(80)
Deferred tax	49	-
	<u>1,707</u>	<u>(80)</u>

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £000	2021 £000
In respect of:			
Property, plant and equipment	13	-	21
Stocks	16	222	201
		<u>222</u>	<u>201</u>
Recognised in:			
Cost of sales		222	201
Administrative expenses		-	21
		<u>222</u>	<u>201</u>

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

12	Intangible fixed assets				
		Website	IT Systems	Trademarks	Total
		£000	£000	£000	£000
	Cost				
	At 1 February 2021	755	499	-	1,254
	Additions	154	273	90	517
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 30 January 2022	909	772	90	1,771
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Amortisation and impairment				
	At 1 February 2021	400	241	-	641
	Amortisation charged for the period	204	184	17	405
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 30 January 2022	604	425	17	1,046
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Carrying amount				
	At 30 January 2022	305	347	73	725
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 January 2021	355	258	-	613
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

More information on impairment movements in the period is given in note 11.

13	Tangible fixed assets			
		Leasehold improvements	Fixtures and fittings	Total
		£000	£000	£000
	Cost			
	At 1 February 2021	984	245	1,229
	Additions	141	63	204
		<u> </u>	<u> </u>	<u> </u>
	At 30 January 2022	1,125	308	1,433
		<u> </u>	<u> </u>	<u> </u>
	Depreciation and impairment			
	At 1 February 2021	526	175	701
	Depreciation charged in the period	293	46	339
		<u> </u>	<u> </u>	<u> </u>
	At 30 January 2022	819	221	1,040
		<u> </u>	<u> </u>	<u> </u>
	Carrying amount			
	At 30 January 2022	306	87	393
		<u> </u>	<u> </u>	<u> </u>
	At 31 January 2021	458	70	528
		<u> </u>	<u> </u>	<u> </u>

14 Subsidiaries

Details of the company's subsidiaries at 30 January 2022 are as follows:

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

14	Subsidiaries				(Continued)
	Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
	FFF+US Inc	251 Little Falls Drive, Wilmington, DE 19808	Retail sale of women's clothing	NA	100.00
15	Financial instruments				
				2022	2021
				£000	£000
	Carrying amount of financial liabilities				
	Measured at fair value through profit or loss				
	- Other financial liabilities			147	123
				=====	=====
<p>As at 30 January 2022, the company had entered into forward exchange contracts. The agreements were for the purchase of a total of €2,300,000 and \$1,200,000 (as at 31 January 2021: €1,345,000 and \$1,560,000). These are to be delivered from 28 February 2022 to 30 January 2023. The total notional value of the forward rate contracts as at 30 January 2022 is £2,944,435 (as at 31 January 2021 is £2,326,464), with a fair value loss of £146,597 (2021: £122,937) being recognised in creditors. The valuation technique used to measure the fair value of the forward contracts included reference to the prevailing spot rates at the balance sheet date.</p>					
16	Stocks				
				2022	2021
				£000	£000
	Finished goods and goods for resale			5,566	2,824
				=====	=====
17	Debtors				
				2022	2021
	Amounts falling due within one year:			£000	£000
	Trade debtors			1,288	266
	Other debtors			347	393
	Prepayments and accrued income			1,130	389
				=====	=====
				2,765	1,048
				=====	=====

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

18 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	4,115	3,222
Corporation tax	2,079	-
Other taxation and social security	1,517	713
Derivative financial instruments	147	123
Other creditors	2,775	1,113
Accruals and deferred income	2,375	1,757
	<u>13,008</u>	<u>6,928</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022	Liabilities 2021
	£000	£000
Balances:		
Accelerated capital allowances	49	-
	<u>49</u>	<u>-</u>
Movements in the period:		2022 £000
Liability at 1 February 2021		-
Charge to profit or loss		49
		<u>49</u>
Liability at 30 January 2022		<u>49</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

20 Retirement benefit schemes

	2022	2021
	£000	£000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	83	64
	<u>83</u>	<u>64</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

21 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £000	2021 £000
Outstanding at 1 February 2021	-	-	-	-
Granted	148,514	-	0.36	-
Outstanding at 30 January 2022	148,514	-	0.36	-
Exercisable at 30 January 2022	143,243	-	0.36	-

The options outstanding at 30 January 2022 had an exercise price of £0.36, and a remaining contractual life of 10 years.

During the 2022 period the company entered into an EMI scheme with certain employees. Under this scheme 148,514 share options were granted to certain employees of the company, with each option entitling the holder to subscribe for new shares in Me and Em Limited.

These options may be exercised upon an exit event. An exit event is defined as a change of ownership, a transfer of business or a listing.

The Directors consider the fair value of the options at the grant date to be immaterial to the financial statements.

22 Share capital

	2022 £000	2021 £000
Ordinary share capital		
Issued and fully paid		
56,643,883 Ordinary Shares of 1p each	567	567
	567	567

The shares have full voting, dividend and capital distribution rights with no rights to redemption.

23 Financial commitments, guarantees and contingent liabilities

As at 30 January 2022 there was a debenture in place, in favour of the bank, over all assets of the company. This has been satisfied post year end.

ME AND EM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 JANUARY 2022

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £000	2021 £000
Within one year	862	754
Between two and five years	2,321	737
In over five years	219	110
	<u>3,402</u>	<u>1,601</u>

Administrative expenses includes £791,536 relating to lease payments.

25 Related party transactions

During the period ended 30 January 2022, the company made rental payments of £171,000 (2021: £103,781) to a company with a common director. An amount of £48,926 (2021: £27,428) is recognised within prepayments at the period end in relation to this company.

26 Cash generated from operations

	2022 £000	2021 £000
Profit for the period after tax	7,960	2,050
Adjustments for:		
Taxation charged/(credited)	1,707	(80)
Finance costs	16	-
Amortisation and impairment of intangible assets	405	285
Depreciation and impairment of tangible fixed assets	339	347
Movements in working capital:		
Increase in stocks	(2,742)	(433)
Increase in debtors	(1,717)	(207)
Increase in creditors	4,001	2,585
Cash generated from operations	<u>9,969</u>	<u>4,547</u>

27 Analysis of changes in net funds

	1 February 2021 £000	Cash flows £000	30 January 2022 £000
Cash at bank and in hand	6,385	9,653	16,038
	<u>6,385</u>	<u>9,653</u>	<u>16,038</u>

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