Shuropody Limited

Report and Financial Statements

Year Ended

31 January 2016

Company Number 06355404

Shuropody Limited

Report and financial statements
for the year ended 31 January 2016

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Director

M Pinnock

Registered office

Priory Gates, Priory Road, Wolston, Warwickshire, CV8 3TA

Company number

06355404

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Shuropody Limited

Strategic report
for the year ended 31 January 2016

The director presents the strategic report together with the audited financial statements for the year ended 31 January 2016.

Principal activities, review of business and future developments

The group and the parent company are engaged in the provision of podiatry services and retail of comfort footwear through a national chain of high street sites and garden centres.

Review of the business

The financial period reported has been a challenging time for the business but also one in which the group has continued to work towards building a platform for profitable growth over the coming years.

The group has delivered sales of £16.8m in the 12-month period to January 2016, representing a decrease of 13.9% overall, but reducing to 6.7% on a like-for-like basis over the previous 12-months. Gross margin increased by 1.8% as the group realised initiatives that had disposed of old stocks from the previous year. Operating costs, increased by £0.3m.

During the year the group incurred exceptional costs of £0.2m (2015 - £0.8m) associated with marketing the business for a sale to a new investor.

As a result of the above, the group operating loss of £1.7m was £0.2m greater than the prior period. The principal contributor to this increased loss was the decline in sales.

The group has reduced its stockholding by £0.2m. This partly reflects the increase in the use of goods sold on consignment.

During the year, the group secured additional loan note funding from shareholders of £1.1m. In doing so it was able to manage cashflow and cash balances were just under £1m (2015 - £1.5m) as at the balance sheet date.

The group continued to explore and trial a new concept store during the year, evaluating trends in behavior of its customers, without a definitive outcome (this was ultimately accomplished in November 2016).

Change in ownership and new management team

On 14 June 2016 the entire share capital of the company was acquired by PGP Holdings Limited (formerly named Shoon (Holdings) Limited).

The incumbent CEO and CFO left the business in June and September 2016 respectively. The new management team and operational structure was in place by December 2016. The role of the FD proved more difficult in getting the right person in place, this took until April 2017.

Trading update

The year ended 31 January 2017 was one of transition for the business, following the change of ownership and establishment of a new management team. The consolidated (unaudited) management accounts for this period report annual revenues of £16.3m and an operating loss of £1.2m.

It became apparent early 2017 that to secure funding for growth that some onerous historic debt and poor performing stores would need to be dealt with. For this reason, we effected a Company Voluntary Arrangement ("CVA") in April 2017. 5 Stores and 6 Garden Centres were immediately closed, there was also a reduction of personnel at our Head Office.

With this current team and 50 stores we are confident that the process followed will ensure the group delivers a profit by year ending January 2018.

Trading update *(continued)*

Tnui Asset Finance have approved further funding to assist in the buying of stock for the rest of 2017 and thereafter.

Our first new concept store was opened in November 2016 in Belfast and is currently showing positive growth. This new design will be the blue print for the refurbishment of the rest of the estate over the next 3 years. In addition, we have appointed a major retail property company KLM Retail to locate potential new sites in area's that we are able to produce a strong podiatry offering.

Later this year we will strengthen our own brand footwear with 2 new ranges. Elite by Shuropody is a high-quality leather range that will retail at an average price of £80 with a 75% margin, a wider fit shoe range "Freedom fit" will replace a difficult supplier that originally returned a 48% margin with a 70% margin. Both these will be in all stores by the end of June 2017. We are also progressing with a made to measure range that should be ready for sign off by September 2017. We have also launched our own brand of orthotics.

Other initiatives already in place are more effective methods of attracting and retaining trained podiatrists including online CPD training, full KPI reporting, store by store Profit & Loss accountability, Heads of department accountability, and a full procurement review.

There is a roll out of additional podiatry services in stores, the first two to go live were Diabetic assessments and Reflexology. We have also finalised a recent project to enable us to approach the NHS with a view to lightening their workload of podiatry services. We will apply for AQP status for up to 11 NHS trusts over the next 3 months.

Post balance sheet events

On 14 June 2016 the entire share capital of the company was acquired by PGP (Holdings) Limited (formerly named Shoon (Holdings) Limited). On the same date loans notes totalling £2,507,500 and accrued interest thereon were assigned from the Business Growth Fund to PGP (Holdings) Limited, and subsequently assigned to Tnui Asset Finance Limited.

Subsequent to the acquisition by PGP (Holdings) Limited, the ultimate controlling party of the business has been M Pinnock.

Subsequent to the change of control, and following a detailed review of the trading performance and prospects, the director has implemented several new initiatives designed to return the group to profitability. As part of this exercise, a number of legacy issues and under-performing retail sites were identified and in order to restore the future viability, it was concluded that the company should seek a Company Voluntary Arrangement ("CVA"). The proposals included a compromise agreement with certain legacy creditors which will result in the satisfaction of liabilities at 31 January 2017 of c1.4m in return for a payment equivalent to 2.7p in the £. The group will also withdraw from 11 retail sites and secured rent reductions at a further 12 sites. The proposals were put to the shareholders and creditors on 21 April 2017 and received unanimous approval from the shareholders and over 90% acceptance from the company's creditors and they are now being implemented. The CVA term ended on 8 June 2017.

Going concern

The trading environment remains challenging and the group has reported an operating loss after exceptional items of £1,716,222 (2015 - £1,477,074) and a loss before tax of £2,061,428 (2015 - £1,752,331). The group has net liabilities of £3,287,751 (2015 - £1,244,199), net current liabilities of £1,901,618 (2015 - £1,012,830) and cash reserves of £981,730 (1,476,128) at the balance sheet date.

Going concern (continued)

The director has prepared detailed trading and cash flow forecasts through to May 2018, factoring in the impact of the CVA disclosed within "post balance sheet events", and having regard to the committed additional funding line of £750,000 agreed with Tnui as part of the CVA. They also reflect the terms of a letter received from Tnui confirming that, notwithstanding the formal terms, the existing loans (amounting to c£6.2m at 31 January 2017) will only become payable if there are adequate funds to make the scheduled repayments without impacting the group's ability to settle its other obligations as they fall due. These forecasts, which take into account all reasonably foreseeable circumstances and incorporate the benefits the performance improvements discussed in the business review and trading update, indicate that the group has sufficient available funding in order to meet liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

After making enquiries, and considering the uncertainties described above, the director has a reasonable expectation that the group has adequate financial resources and funding facilities to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks and uncertainties

The group's principal risk is the continued uncertain economic environment and its impact on the UK retail sector and the impact on the business is discussed further earlier in this report.

Other risks affecting the business are the ability to attract and retain suitably qualified staff and secure and maintain appropriate locations both on and off the high street. Detailed plans have been prepared to support the business which, amongst other things, address these risks.

Financial risk management

The group actively monitors liquidity risk, both as part of its day-to-day control procedures and in conjunction with longer term forecasting and planning (see the assessment of going concern above). As part of this monitoring, the group's exposure to foreign currency exchange rate fluctuations is also closely monitored

Interest rate risk is mitigated by the use of fixed rate instruments, with interest payments deferred on a number of the instruments until final repayments are due.

The group has minimal exposure to credit risk with most sales either settled at the point of delivery, or through the use of treatment plan prepayments

M Pinnock
Director

Date: 12/6/17

Shuropody Limited

Report of the director
for the year ended 31 January 2016

The director presents his report together with the audited financial statements for the year ended 31 January 2016.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the loss for the year.

No dividends were paid in the year and no dividend is recommended (2015 - £Nil).

Employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the group.

Employee involvement

The group places considerable value on the involvement of its employees and has a policy of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group.

Post balance sheet events

Details of post balance sheet events are given in the strategic report.

Directors

The directors of the company during the year were:

S Bakewell (resigned 28 February 2015)
F Duffy (resigned 28 February 2015)
I Downing
J Pilkington
D Brown (resigned 28 February 2015)
G Horsfield (resigned 12 October 2015)

I Downing and J Pilkington resigned on 14 June 2016.

M Pinnock was appointed on 14 June 2016.

Director's responsibilities

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the *director has elected to prepare the group and company financial statements in accordance with United Kingdom* Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 these financial statements, the director is 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 director is 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 group and the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

M Pinnock
Director

Date: 12\6\17

To the members of Shuropody Limited

We have audited the financial statements of Shuropody Limited for the year ended 31 January 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of director's responsibilities, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2016 and of the group's loss for the year 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

BDO LLP

Andrew Mair (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date: 15 June 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Shuropody Limited

Consolidated statement of comprehensive income
for the year ended 31 January 2016

	Note	Year ended 31 January 2016 £	13 months ended 31 January 2015 £
Turnover	4	**16,824,419**	19,529,855
Cost of sales		**10,826,846**	12,927,440
Gross profit		**5,997,573**	6,602,415
Distribution costs		**262,242**	320,342
Administrative expenses - excluding exceptional items		**7,251,589**	6,952,295
Exceptional items	3	**199,964**	818,498
Administrative expenses		**7,451,553**	7,770,793
Other operating income		**-**	(11,646)
Adjusted EBITDA *		**(959,653)**	(111,033)
Depreciation, impairment and loss on disposal of tangible assets		**(556,605)**	(547,543)
Exceptional items		**(199,964)**	(818,498)
Group operating loss	5	**(1,716,222)**	(1,477,074)
Other interest receivable and similar income		**457**	10
Interest payable and similar charges	8	**(345,663)**	(275,267)
Loss on ordinary activities before taxation		**(2,061,428)**	(1,752,331)
Taxation on loss from ordinary activities	9	**17,876**	46,446
Loss on ordinary activities after taxation		**(2,043,552)**	(1,705,885)
Other comprehensive income		**-**	-
Total comprehensive loss for the financial year/period		**(2,043,552)**	(1,705,885)

All amounts relate to continuing activities.

*Adjusted EBITDA is earnings before interest, tax, depreciation and impairments, profit or loss on disposal of tangible fixed assets and exceptional costs.

The notes on pages 15 to 35 form part of these financial statements.

Shuropody Limited

Consolidated balance sheet
at 31 January 2016

Company number 06355404	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	12		1,161,017		1,445,750
Current assets					
Stocks	14	389,508		576,823	
Debtors	15	593,119		562,116	
Cash at bank and in hand		981,730		1,476,128	
		1,964,357		2,615,067	
Creditors: amounts falling due within one year	16	3,865,975		3,627,897	
Net current liabilities			(1,901,618)		(1,012,830)
Total assets less current liabilities			(740,601)		432,920
Creditors: amounts falling due after more than one year	17	2,547,150		1,662,538	
Provisions for liabilities	15	-		14,581	
			2,547,150		1,677,119
Net liabilities			(3,287,751)		(1,244,199)
Capital and reserves					
Called up share capital	19		10,183		10,183
Revaluation reserve			239,367		298,367
Profit and loss account			(3,537,301)		(1,552,749)
Shareholders' deficit			(3,287,751)		(1,244,199)

The financial statements were approved by the director and authorised for issue on 12\6\17

M Pinnock
Director

The notes on pages 15 to 35 form part of these financial statements.

Shuropody Limited

Consolidated statement of changes in equity
for the year ended 31 January 2016

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total equity £
1 February 2015	10,183	-	298,367	(1,552,749)	(1,244,199)
Comprehensive loss for the year:					
Loss and total comprehensive loss for the year	-	-	-	(2,043,552)	(2,043,552)
Transfers between reserves	-	-	(59,000)	59,000	-
31 January 2016	**10,183**	**-**	**239,367**	**(3,537,301)**	**(3,287,751)**

Consolidated statement of changes in equity
for the period ended 31 January 2015

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total equity £
1 January 2014	19,158	2,395,286	354,893	(5,483,687)	(2,714,350)
Comprehensive loss for the period:					
Loss and total comprehensive loss for the period	-	-	-	(1,705,885)	(1,705,885)
Transfers between reserves	-	-	(56,526)	56,526	-
Contributions by and distributions to owners:					
Issue of shares	999,174	2,176,862	-	-	3,176,036
Share capital reduction	(1,008,149)	(4,572,148)	-	5,580,297	-
Total contributions by and distributions to owners	(8,975)	(2,395,286)	-	5,580,297	3,176,036
31 January 2015	10,183	-	298,367	(1,552,749)	(1,244,199)

The notes on pages 15 to 35 form part of these financial statements.

Shuropody Limited

Consolidated statement of changes in equity
for the year ended 31 January 2016

The purpose of each reserve within equity is as follows:

Share capital	*The nominal value of allotted, called up and fully paid up ordinary share capital*
Share premium	Amount subscribed for share capital in excess of nominal value
Revaluation reserve	Cumulative revaluation gains in respect of medical equipment recognised up to 31 December 2013. Subsequent to that date medical equipment has been held at deemed cost. Transfers are made to the profit and loss account each year in respect of the impact of depreciation on the revalued assets.
Profit and loss account	Cumulative net gains and losses recognised in the statement of comprehensive income, net of dividends paid

The notes on pages 15 to 35 form part of these financial statements.

Shuropody Limited

Consolidated statement of cash flows
for the year ended 31 January 2016

	Note	Year ended 31 January 2016 £	13 months ended 31 January 2015 £
Cash flows from operating activities			
Loss for the financial year		**(2,043,552)**	(1,705,885)
Adjustments for:			
Depreciation and impairment of fixed assets	12	**505,068**	547,543
Loss on disposal of fixed assets		**51,537**	225,138
Net interest payable		**345,206**	275,257
Tax on loss on ordinary activities	9	**(17,876)**	(46,446)
Decrease in stocks		**187,315**	584,892
(Increase)/decrease in trade, other debtors and prepayments		**(27,708)**	84,847
(Decrease)/increase in trade, other creditors and accruals		**(64,626)**	179,396
Cash (outflow)/inflow from operations		**(1,064,636)**	144,742
Interest paid		**(135,612)**	(119,880)
Taxation paid		**-**	-
Net cash (used in)/generated from operating activities		**(1,200,248)**	24,862
Cash flows from investing activities			
Purchase of tangible fixed assets		**(271,871)**	(506,675)
Net cash used in investing activities		**(271,871)**	(506,675)
Cash flows from financing activities			
New loans		**1,100,000**	1,363,973
Loans repaid		**(106,163)**	(53,704)
Capital element of finance lease repaid		**(16,116)**	(15,969)
Net cash generated through financing activities		**977,721**	1,294,300
Net (decrease)/increase in cash and cash equivalents		**(494,398)**	812,487
Cash and cash equivalents at beginning of year		**1,476,128**	663,641
Cash and cash equivalents at end of year		**981,730**	1,476,128
Cash and cash equivalents comprise:			
Cash at bank and in hand		**981,730**	1,476,128
Bank overdrafts		**-**	-
		981,730	1,476,128

The notes on page 15 to 35 form part of these financial statements.

Shuropody Limited

Company balance sheet
at 31 January 2016

Company number 06355404	Note	2016	2016	2015 As restated (note 23)	2015 As restated (note 23)
		£	£	£	£
Fixed assets					
Tangible assets	12		821,430		969,219
Investments	13		100		100
			821,530		969,319
Current assets					
Stocks	14	304,481		464,191	
Debtors	15	569,675		535,141	
Cash at bank and in hand		981,730		1,476,128	
		1,855,886		2,475,460	
Creditors: amounts falling due within one year	16	9,321,266		5,927,448	
Net current liabilities			(7,465,380)		(3,451,988)
Total assets less current liabilities			(6,643,850)		(2,482,669)
Creditors: amounts falling due after more than one year	17		2,547,150		1,649,108
Net liabilities			(9,191,000)		(4,131,777)
Capital and reserves					
Called up share capital	19		10,183		10,183
Profit and loss account			(9,201,183)		(4,141,960)
Shareholders' deficit			(9,191,000)		(4,131,777)

The financial statements were approved by the director and authorised for issue on 12/6/17

M Pinnock
Director

The notes on pages 15 to 35 form part of these financial statements.

Shuropody Limited

Company statement of changes in equity for the year ended 31 January 2016

	Share capital £	Share premium £	Profit and loss account £	Total equity £
1 February 2015	10,183	-	(4,141,960)	(4,131,777)
Comprehensive loss for the year:				
Loss and total comprehensive loss for the year	-	-	(5,059,223)	(5,059,223)
31 January 2016	**10,183**	**-**	**(9,201,183)**	**(9,191,000)**

Company statement of changes in equity for the period ended 31 January 2015

	Share capital £	Share premium £	Profit and loss account £	Total equity £
1 January 2014	19,158	2,395,286	(4,913,259)	(2,498,815)
Comprehensive loss for the period:				
Loss and total comprehensive loss for the period	-	-	(4,808,998)	(4,808,998)
Contributions by and distributions to owners:				
Issue of shares	999,174	2,176,862	-	3,176,036
Share capital reduction	(1,008,149)	(4,572,148)	5,580,297	-
Total contributions by and distributions to owners	(8,975)	(2,395,286)	5,580,297	3,176,036
31 January 2015	10,183	-	(4,141,960)	(4,131,777)

The purpose of each reserve within equity is as follows:

Share capital	The nominal value of allotted, called up and fully paid up ordinary share capital
Share premium	Amount subscribed for share capital in excess of nominal value
Profit and loss account	Cumulative net gains and losses recognised in the statement of comprehensive income, net of dividends paid

The notes on pages 15 to 35 form part of these financial statements.

1 Accounting policies

Shuropody Limited is a company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 23.

The financial statements have been presented in the company's functional currency, pounds sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies. Judgement in applying accounting policies and key sources of estimation uncertainty are set out in note 2.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been consistently applied:

Going concern

The group's business activities together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 1 and 2.

As described in the strategic report, the trading environment remains challenging and the group has reported an operating loss after exceptional items of £1,716,222 (2015 - £1,477,074) and a loss before tax of £2,061,428 (2015 - £1,752,331). The group has net liabilities of £3,287,751 (2015 - £1,244,199), net current liabilities of £1,901,618 (2015 - £1,012,830) and cash reserves of £981,730 (1,476,128) at the balance sheet date.

The director has prepared detailed trading and cash flow forecasts through to May 2018, factoring in the impact of the CVA disclosed within "post balance sheet events", and having regard to the committed additional funding line of £750,000 agreed with Tnui as part of the CVA. They also reflect the terms of a letter received from Tnui confirming that, notwithstanding the formal terms, the existing loans (amounting to c£6.2m at 31 January 2017) will only become payable if there are adequate funds to make the scheduled repayments without impacting the group's ability to settle its other obligations as they fall due. These forecasts, which take into account all reasonably foreseeable circumstances and incorporate the benefits the performance improvements discussed in the business review and trading update, indicate that the group has sufficient available funding in order to meet liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

1 Accounting policies *(continued)*

Going concern (continued)

After making enquiries, and considering the uncertainties described above, the director has a reasonable expectation that the group has adequate financial resources and funding facilities to continue in operational existence for the foreseeable future. Accordingly, he continues to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements present the results of Shuropody Limited 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 consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

Turnover

Turnover is derived from the sale of footwear and accessories and the provision of podiatry services.

Turnover is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of consideration received, excluding value added tax.

Revenues in respect of footwear and accessories are recognised in the period in which the goods are accepted by the customer.

Revenues in respect of podiatry treatment plans are initially recognised in the balance sheet as deferred income and credited to profit and loss upon the provision of the treatments. Deferred income in respect of vouchers which have not been redeemed at the balance sheet date is calculated based on management's assessment of the average treatment plan redemption cycle and an estimated rate of attrition based on vouchers which will never be redeemed.

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the subsidiary or acquired trade at the date of acquisition. Goodwill arising on acquisitions is included within intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised over a 5 year period.

Estimates of useful economic life are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

1 Accounting policies *(continued)*

Negative goodwill

Negative goodwill arising on the acquisition of a business is the difference between the fair value of the consideration paid and the fair value of the net assets and liabilities acquired. Negative goodwill is released to the profit and loss account in line with the usage of the non-monetary assets acquired at acquisition. This is calculated as follows:

- tangible fixed assets: over the useful economic life of the assets
- stock: over the period of use

Tangible fixed assets

Tangible fixed assets are stated at historical cost or valuation 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's medical equipment was revalued in 2011. As permitted by the FRS 102 transitional rules, the group has elected to treat the revalued amount of medical equipment under previous UK GAAP as the deemed cost. Medical equipment is therefore stated at the deemed cost plus the historical cost of subsequent additions, less subsequent disposals, accumulated depreciation and any impairment losses.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold property	-	20% straight line or the period of the lease if shorter
Plant and machinery	-	20% straight line
Motor vehicles	-	50% straight line
Fixtures and fittings	-	20% straight line
Office equipment	-	20% straight line
Medical equipment	-	14% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 in the statement of comprehensive income.

Impairment of fixed assets and intangible assets

Assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1 Accounting policies *(continued)*

Fixed asset investments

The company's investments in subsidiary undertakings are stated at cost less any provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment is recognised immediately in the statement of comprehensive income.

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.

Financial assets

Financial assets comprise cash at bank and in hand, trade debtors, other debtors and accrued income; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. Financial assets that are receivable within one year are measured at the undiscounted amount of cash or other consideration expected to be received. The group considers evidence of impairment for all individual trade and other debtors, and any subsequent impairment is recognised in the statement of comprehensive income.

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

Financial liabilities

Financial liabilities comprise other loans, trade creditors, other creditors, amounts owed to group undertakings, obligations under finance leases, and accruals; these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method. Financial liabilities that are payable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid.

Financial liabilities that attract coupon rates of interest that are deemed to be different to a market rate of interest are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1 Accounting policies *(continued)*

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the statement of comprehensive income.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax 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 future taxable profits.

Deferred tax balances are not recognised in respect of permanent differences, except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leased assets

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 statement of comprehensive income over the shorter of estimated useful economic life and the period 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 period 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.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease. Lease incentives, such as rent free periods, are recognised as a reduction to the lease expense on a straight-line basis over the lease term.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of obligations under the lease.

1 Accounting policies *(continued)*

Pension costs

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the period in which they become payable.

Exceptional items

Exceptional items are defined as material items which derive from events or transactions that fall within the ordinary activities of the group, but which are unusual in nature and therefore not considered to be reflective of the underlying financial performance of the group. Accordingly, the director considers that they should be separately disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view of the group's financial performance.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the director has made the following judgements:

- Determine whether it is appropriate to prepare the financial statements on a going concern basis. This determination is based upon an assessment of the group's financial obligations over a period of not less than one year from the date of approval of the financial statements, the adequacy of current funding available to the group and the expected future trading performance of the group. Further detail on the director's going concern assessment is set out in note 1.

- Determine whether there are indicators of impairment of the group's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Treatment plan deferred revenue (see note 16)*

  The group has recognised deferred income to reflect podiatry treatment vouchers sold, but unredeemed as at the end of the reporting period. The liability is determined at each balance sheet date based on management's assessment of the average treatment plan redemption cycle and an estimated rate of attrition to reflect vouchers which will never be redeemed. Management have assumed an attrition rate of 2.5% for outstanding vouchers sold within 12 months of the balance sheet date, 65% for vouchers aged between 12 and 24 months, 75% for vouchers aged between 24 and 36 months, 80% for vouchers aged between 36 and 48 months and 90% for vouchers older than 48 months.

- *Tangible fixed assets (see note 12)*

  Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

Other key sources of estimation uncertainty (continued)

- *Onerous leases, lease incentives and dilapidations (see note 16)*

An onerous lease assessment is made where management has made a firm decision at the reporting date to exit a loss-making store at the earliest available date. In making this assessment, an estimate of the cost of exiting the store is made and a provision is recognised based on the future unavoidable costs associated with the lease, less any expected contribution towards the cost from ongoing trade.

Lease incentives are recognised on a straight-line basis over the lease term. The period of the lease includes future terms beyond the minimum non-cancellable period where it is assessed at the inception of the lease that there is reasonable certainty that the group will exercise the option to extend the lease.

Provisions for dilapidations are made at the point where the group has no other reasonable alternative to mitigate the payment, usually at the point where it is committed to exiting the lease. Provisions are based on the director's best estimate of costs to be incurred.

3 Exceptional items

During the year, the group incurred costs of £199,964 (2015 - £Nil) associated with marketing the business for a sale to a new investor.

During the prior period, the group incurred costs of £168,408 in respect of a settlement agreement with a former director and other redundancy costs.

During the prior period legal and professional fees of £64,244 were incurred in respect of a capital restructuring that was undertaken in January 2015.

During the prior period, the group undertook a strategic review of its stores during the year which resulted in a number of store closures and relocations. The impact of associated costs and accounting adjustments in the period ended 31 January 2015 was a charge of £360,708. Arising from this review, a number of tangible fixed assets were disposed of or written off which resulted in a loss on disposal of £225,138.

4 Turnover

Analysis of turnover by class of business:

	Year ended 31 January 2016 £	**13 months ended 31 January 2015 £**
Footwear and accessories	**8,910,139**	10,991,305
Podiatry services	**7,914,280**	8,538,550
	16,824,419	19,529,855

Turnover arises solely within the United Kingdom.

5 Operating loss

	Year ended 31 January 2016 £	13 months ended 31 January 2015 £
This has been arrived at after charging/(crediting):		
Inventory recognised as an expense	**4,957,298**	5,992,047
Depreciation and impairment of tangible fixed assets	**505,068**	547,543
Loss on disposal of tangible fixed assets	**51,537**	225,138
Hire of other assets - operating leases	**2,200,842**	2,461,580
Fees payable to the company's auditor for the audit of the company's annual accounts	**25,500**	15,000
Fees payable to the company's auditor for the audit of the company's subsidiaries	**6,500**	5,000
Other assurance related services	**4,500**	-
Tax compliance fees	**5,000**	5,000

Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

6 Employees

	Year ended 31 January 2016 £	13 months ended 31 January 2015 £
Staff costs consist of:		
Wages and salaries	**5,821,728**	6,819,432
Social security costs	**360,438**	460,449
Other pension costs	**59,242**	104,748
	6,241,408	7,384,629

The average number of employees, including directors, during the year was 501 (2015 - 515).

7 Directors' remuneration

	Year ended 31 January 2016 £	13 months ended 31 January 2015 £
Directors' emoluments	**141,470**	446,728
Company contributions to money purchase pension scheme	**7,625**	23,684
Compensation for loss of office	**-**	114,000

The total amount payable to the highest paid director in respect of emoluments was £43,750 (2015 - £117,967). Company pension contributions of £Nil (2015 - £9,750) were made to a money purchase scheme on their behalf.

8 Interest payable and similar charges

	Year ended 31 January 2016 £	13 months ended 31 January 2015 £
Bank loans and overdrafts	**9**	31
Finance leases and hire purchase contracts	**4,476**	4,394
Bank charges	**112,195**	118,513
Other interest payable	**228,983**	152,329
	345,663	275,267

9 Taxation on loss on ordinary activities

	Year ended 31 January 2016 £	13 months ended 31 January 2015 £
UK Corporation tax		
Current tax on loss for the year	**-**	-
Deferred tax		
Origination and reversal of timing differences	**(16,418)**	(46,446)
Effect of change in tax rate	**(1,458)**	-
Movement in deferred tax provision	**(17,876)**	(46,446)
Taxation on loss on ordinary activities	**(17,876)**	(46,446)

9 Taxation on loss on ordinary activities *(continued)*

The tax assessed for the year/period is different to the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	Year ended 31 January 2016 £	13 months ended 31 January 2015 £
Loss on ordinary activities before tax	**(2,061,428)**	(1,752,331)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 21.46%)	**(412,286)**	(376,050)
Effects of:		
Expenses not deductible for tax purposes	**132,736**	61,442
Other differences	**(2,405)**	(22,437)
Deferred tax asset not recognised	**264,079**	290,599
Taxation on loss on ordinary activities	**(17,876)**	(46,446)

Factors that may affect future tax charges

The UK main corporation tax rate was reduced to 20%, with effect from 1 April 2015.

On 8 July 2015 the Chancellor proposed further cuts to the main rate of corporation tax to 19% and then 18% with effect from 1 April 2017 and 1 April 2020 respectively and these reductions were substantively enacted on 26 October 2015. On 16 March 2016, the Chancellor announced that the UK main corporation tax rate would be cut further to 17% in 2020.

These rate changes will reduce future tax charges accordingly.

No deferred tax asset has been recognised in respect of trading losses of £5,600,658 (2015 - £3,373,140) or capital allowances in the company.

10 Loss for the financial year/period

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the period includes a loss after tax of £5,059,223 (2015 - £4,808,998) which is dealt with in the financial statements of the parent company.

11 Intangible fixed assets

Group and company	Purchased Goodwill £	Negative goodwill £	Total £
Cost			
At 1 February 2015 and 31 January 2016	48,491	(625,000)	(576,059)
Amortisation			
At 1 February 2015 and 31 January 2016	48,941	(625,000)	(576,059)
Net book value			
At 31 January 2016	-	-	-
At 31 January 2015	-	-	-

12 Tangible fixed assets

Group	**Leasehold property** £	**Plant and machinery** £	**Motor vehicles** £	**Fixtures and fittings** £	**Office equipment** £	**Medical equipment** £	**Total** £
Cost or valuation							
At 1 February 2015	407,279	6,631	34,000	2,516,465	518,238	715,019	4,197,632
Additions	18,864	-	-	237,429	12,101	3,477	271,871
Disposals	(10,100)	(23)	-	(320,436)	(21,090)	(12,498)	(364,147)
At 31 January 2016	**416,043**	**6,608**	**34,000**	**2,433,458**	**509,249**	**705,998**	**4,105,356**
Depreciation							
At 1 February 2015	212,885	756	16,536	1,904,329	346,365	271,011	2,751,882
Provided for the year	57,531	2,016	13,832	249,574	57,513	124,602	505,068
Disposals	(6,853)	(3)	-	(285,666)	(15,030)	(5,059)	(312,611)
At 31 January 2016	**263,563**	**2,769**	**30,368**	**1,868,237**	**388,848**	**390,554**	**2,944,339**
Net book value							
At 31 January 2016	**152,480**	**3,839**	**3,632**	**565,221**	**120,401**	**315,444**	**1,161,017**
At 31 January 2015	194,394	5,875	17,464	612,136	171,873	444,008	1,445,750

12 Tangible fixed assets *(continued)*

Company	**Leasehold property** £	**Plant and machinery** £	**Motor vehicles** £	**Fixtures and fittings** £	**Office equipment** £	**Total** £
Cost						
At 1 February 2015	407,279	6,631	34,000	2,473,902	497,465	3,419,277
Additions	18,864	-	-	229,793	12,100	260,757
Disposals	(10,100)	(23)	-	(319,401)	(18,460)	(347,984)
At 31 January 2016	**416,043**	**6,608**	**34,000**	**2,384,294**	**491,105**	**3,332,050**
Depreciation						
At 1 February 2015	212,885	756	16,536	1,890,752	329,129	2,450,058
Provided for the year	57,531	2,016	13,832	237,024	54,891	365,294
Disposals	(6,853)	(3)	-	(285,194)	(12,682)	(304,732)
At 31 January 2016	**263,563**	**2,769**	**30,368**	**1,842,582**	**371,338**	**2,510,620**
Net book value						
At 31 January 2016	**152,480**	**3,839**	**3,632**	**541,712**	**119,767**	**821,430**
At 31 January 2015	194,394	5,875	17,464	583,150	168,336	969,219

12 Tangible fixed assets *(continued)*

In 2011 the directors undertook an exercise to revalue the medical equipment held by the group. The majority of these assets were initially acquired as part of the acquisition of the trade and assets of the Scholl retail division of E Moss Limited by Shuropody Limited in 2008 and were assessed as having a fair value of £nil at the time of the acquisition. The directors considered that revaluing the medical equipment more appropriately reflected the strategic importance of the podiatry business to the group.

The market value of the medical equipment as at 31 December 2011 was assessed as £560,000 based on a valuation performed by DLT Chiropody, a third party supplier. The revaluation resulted in an increase in the carrying value of medical equipment of £502,625 which was credited to the revaluation reserve.

An interim valuation of the medical equipment as at 31 January 2015 was performed by DLT Chiropody. No adjustment has been made to the carrying value of the group's medical equipment as the directors did not consider the impact to be material to the financial statements. In the opinion of the director, the carrying value is not significantly different to the open market value of the medical equipment as at 1 January 2014, the date of transition to FRS 102 and in accordance with the transitional provisions of FRS 102, the group has elected to treat the revalued amount of medical equipment under previous UK GAAP as deemed cost at the date of transition.

The historical cost of medical equipment is:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cost	**302,820**	311,841	-	-
Accumulated depreciation based on historical cost	**170,091**	109,547	-	-
Historical cost net book value	**132,729**	202,294	-	-

The net book value of tangible fixed assets includes an amount of £28,204 2015 - £34,535) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year/period was £6,331 (2015 - £5,755).

The director has conducted a review of the carrying value of fixed assets and identified impairments of £60,219 against group fixed assets and £33,979 against company fixed assets which have been recognised within the deprecation charges.

13 Fixed asset investments

Company	**Group undertakings £**
Cost	
At 1 February 2015 and 31 January 2016	**100**

13 Fixed asset investments *(continued)*

Subsidiary undertakings

The undertakings in which the company's interest at the year end is 20% or more are as follows:

Subsidiary undertakings	**Country of incorporation or registration**	**Class of share capital held**	**Proportion of share capital held**	**Nature of business**
Shuropody Footcare Limited	United Kingdom	Ordinary	100%	Podiatry services

Shuropody Footcare Limited is included within the consolidated financial statements. Shuropody Footcare Limited is considered to be a subsidiary undertaking by virtue of the fact that all voting share capital is held by Shuropody Limited.

14 Stocks

	Group 2016 £	**Group 2015 £**	**Company 2016 £**	**Company 2015 £**
Finished goods and goods for resale	**389,508**	576,823	**304,481**	464,191

There is no material difference between the replacement cost of stocks and the amounts stated above.

An impairment loss of £31,062 (2015 - £59,247) was recognised against stocks deemed to be slow moving or obsolete.

15 Debtors

	Group 2016 £	**Group 2015 £**	**Company 2016 £**	**Company 2015 £**
Trade debtors	**146,308**	119,709	**146,308**	119,709
Other debtors	**87,306**	75,002	**87,306**	74,750
Prepayments and accrued income	**356,210**	367,405	**336,061**	340,682
Deferred taxation	**3,295**	-	-	-
	593,119	562,116	**569,675**	535,141

All amounts shown under debtors fall due for payment within one year.

The charge recognised in profit or loss for the year/period in respect of bad and doubtful trade debtors was £403 (2015 - £Nil)

15 Debtors *(continued)*

	Group deferred taxation £	Company deferred taxation £
At 1 February 2015	(14,581)	-
Credited to profit and loss	17,876	-
At 31 January 2016	**3,295**	-

Deferred taxation

The amount of deferred tax recognised is as follows:

	Group 2016 £	Group 2015 £
Capital gains	(32,889)	(48,343)
Short term timing differences	1,224	-
Accelerated capital allowances	34,960	33,762
Deferred tax assets/(liabilities)	**3,295**	**(14,581)**

16 Creditors: amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company As restated (note 23) 2015 £
Other loans	**728,841**	423,451	**728,841**	423,451
Trade creditors	**734,744**	1,154,954	**661,133**	1,036,690
Amounts owed to group undertakings	-	-	**6,679,211**	3,387,748
Other taxation and social security	**231,845**	322,993	**192,589**	281,321
Obligations under finance lease and hire purchase contracts	**13,430**	16,116	-	-
Other creditors	**6,380**	7,137	**2,260**	7,137
Accruals and deferred income	**2,150,735**	1,703,246	**1,057,232**	791,101
	3,865,975	3,627,897	**9,321,266**	5,927,448

The hire purchase liabilities are secured over the assets to which they relate.

17 Creditors: amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company As restated (note 23) 2015 £
Other loans	**2,547,150**	1,649,108	**2,547,150**	1,649,108
Obligations under finance lease and hire purchase contracts	-	13,430	-	-
	2,547,150	1,662,538	**2,547,150**	1,649,108

Maturity of debt:

	Other loans 2016 £	Other loans 2015 £	Finance leases 2016 £	Finance Leases 2015 £
In one year or less, or on demand	**728,841**	423,451	**13,430**	16,116
In more than one year but not more than two years	**1,646,439**	144,580	-	13,430
In more than two years but not more than five years	**900,711**	1,504,528	-	-
	2,547,150	1,649,108	-	13,430

Other loans consist of 'A', 'B', 'C' and 'D' loan notes with nominal values of £1,000,000, £350,000, £600,000 and £500,000 respectively and £649,108 in respect of a deferred rent liability.

The 'A' loan notes are due for repayment in instalments of £333,333 on 31 December 2017, 31 December 2018 and 31 December 2019 and attract interest of 8% per annum.

Following renegotiation of terms during the year, the 'B' loan notes are due for repayment on 31 December 2017, and attract interest of 8% per annum.

The 'C' loan notes were drawn down in tranches of £400,000 and £200,000 on 25 November 2015 and 16 December 2015 respectively. The 'C' loan notes do not attract a coupon rate of interest, but a redemption premium of 20% per annum is payable on redemption and has been accrued in these financial statements. The 'C' loan notes are due for repayment on 31 December 2017.

The 'D' loan notes were drawn down on 27 January 2016. The 'D' loan notes do not attract a coupon rate of interest, but a redemption premium of 20% per annum is payable on redemption and has been accrued in these financial statements. The 'D' loan notes are due for repayment in instalments of £250,000 on 31 May 2016 and 30 June 2016. Repayment of these amounts has been deferred subsequent to the year end.

The deferred rent liability has a remaining term of 32 months and attracts interest of 2.5% per annum.

17 Creditors: amounts falling due after more than one year *(continued)*

Details of post balance sheet events which impact both the quantum and timing of repayment of the loans are included within note 1 "going concern" and note 24 to these financial statements.

18 Financial instruments

	Group 2016 £	Group 2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**1,215,344**	1,671,091
	1,215,344	1,671,091
Financial liabilities		
Financial liabilities measured at amortised cost	**4,497,827**	3,345,885
Financial liabilities measured at fair value of future payments	**649,108**	720,784
	5,146,935	4,066,669

Financial assets measured at amortised cost comprise trade debtors, other debtors and cash.

Financial liabilities measured at amortised cost comprise other loans (attracting market interest rates), trade creditors, obligations under finance leases, other creditors and accruals.

Financial liabilities measured at the fair value of future payments comprise other loans attracting a rate of interest assessed as being different to the market rate.

19 Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
611,000 ordinary shares of 1 pence each	**6,110**	6,110
407,333 'A' ordinary shares of 1 pence each	**4,073**	4,073
	10,183	10,183

The 'A' Ordinary shares have the right to receive an "Enhanced Participating Dividend" set at 10% of net profits in priority to the Ordinary shareholders with effect from financial years ending 31 December 2018.

20 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £59,242 (2015 - £104,748). Contributions amounting to £9,061 (2015 - £Nil) were payable to the fund at the end of the year/period.

21 Commitments under operating leases

The group and company had total commitments under non-cancellable operating leases as set out below:

	Land and buildings 2016 £	Land and Buildings 2015 £
Not later than 1 year	**1,811,030**	1,787,575
Later than 1 year and not later than 5 years	**3,112,215**	3,500,439
Later than 5 years	**557,875**	540,167
Total	**5,481,120**	5,828,181

22 Related party transactions

Included within other loans is an amount of £2,626,882 (2015 - £1,351,775) owing to the Business Growth Fund, a shareholder. Interest and redemption premiums of £175,107 (2015 - £173,549) were accrued on these loans during the year.

The company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with its wholly owned subsidiaries.

Loans and transactions concerning directors and officers of the company

At 31 January 2016 F M Duffy was owed £Nil (2015 - £114,000) by the company, being the outstanding settlement payment.

On 26 January 2015 the group undertook a capital reorganisation whereby directors' and shareholders' loans totalling £3,176,037 were converted into equity. All interest owed on these loans was waived.

Key management personnel includes the statutory directors of the group and certain senior non-statutory directors recruited on an interim basis. The total compensation paid to key management personnel for services provided to the group was £611,242 (2015 - £598,875).

23 First time adoption of FRS 102

Group

	Note	Equity as at 1 January 2014 £	Loss for the 13 months ended 31 January 2015 £	Equity as at 31 January 2015 £
As previously stated under former UK GAAP		(2,497,800)	(1,641,252)	(963,016)
Transitional adjustments				
Expensing of brand development costs	a)	(220,704)	(95,817)	(316,521)
Fair value adjustment to financial liabilities attracting off-market rates of interest	b)	71,057	18,171	89,228
Change in period for recognising lease incentives relating to new leases after date of transition	c)	-	(5,547)	(5,547)
Deferred tax on tangible fixed asset revaluations	d)	(66,903)	18,560	(48,343)
As stated in accordance with FRS 102		**(2,714,350)**	**(1,705,885)**	**(1,244,199)**

Company

	Note	Equity as at 1 January 2014 £	Loss for the 13 months ended 31 January 2015 £	Equity as at 31 January 2015 £
As previously stated under former UK GAAP		(2,357,033)	(4,722,992)	(3,903,989)
Transitional adjustments				
Expensing of brand development costs	a)	(212,839)	(98,630)	(311,469)
Fair value adjustment to financial liabilities attracting off-market rates of interest	b)	71,057	18,171	89,228
Change in period for recognising lease incentives relating to new leases after date of transition	c)	-	(5,547)	(5,547)
As stated in accordance with FRS 102		**(2,498,815)**	**(4,808,998)**	**(4,131,777)**

Transitional adjustments

a. Under previous UK GAAP, the group's accounting policy was to capitalise certain costs related to brand development as an intangible asset. FRS 102 contains specific guidance that costs associated with internally generated brands must be expensed. The group's accounting practice in respect of brand development costs has therefore been amended to align it with FRS 102 and such costs have been treated as expensed when incurred, with the change being retrospectively applied.

23 First time adoption of FRS 102

Transitional adjustments (continued)

b. FRS 102 defines financial liabilities attracting a non-market rate of interest as a financing transaction. Where an arrangement constitutes a financing transaction, the liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. The director has determined that certain financial liabilities attracting a 2.5% rate of interest are not at a market rate, and an adjustment has been made to discount the carrying value of the loans based on the assessed market rate of interest of 8% as at the date of transition and 31 January 2015.

c. FRS 102 requires that the benefit of lease incentives received on entering into new leases be spread over the lease term. Under previous UK GAAP these incentives were spread over the period to the next market rent review. The group has taken the optional exemption available under FRS 102 to continue to spread such incentives over the periods previously used for those leases entered into before the date of transition to FRS 102, being 1 January 2014. However, it has been necessary to change the period for those leases entered into since 1 January 2014. This has resulted in an increase in the rental expense for the year ended 31 January 2015 and an increase in deferred income.

d. FRS 102 requires that deferred tax is recognised on revaluations of tangible fixed assets. This was not required under previous UK GAAP unless there was a binding agreement to sell the revalued asset and the gains and losses expected to arise on sale had been recognised. This change has been retrospectively applied, leading to the recognition of additional deferred tax liabilities at the date of transition and a deferred tax credit for the period ended 31 January 2015.

Prior year adjustment (company)

The company has a liability due to its subsidiary undertaking which has no formal repayment terms. FRS 102 requires that creditors be shown as due within one year unless there is an unconditional right at the end of the reporting period to defer settlement of a creditor for a period of at least 12 months from the reporting date. Guided by the more specific requirements of FRS 102, an adjustment has been made to restate amounts due to group undertakings of £3,387,748 such that they are reclassified from creditors due after more than one year to show them as due within one year. This adjustment had no impact on the loss for the period or equity reported as at 31 January 2015.

24 Post balance sheet events

On 14 June 2016 the entire share capital of the company was acquired by PGP (Holdings) Limited (formerly named Shoon (Holdings) Limited). On the same date loans notes totalling £2,507,500 and accrued interest thereon were assigned from the Business Growth Fund to PGP (Holdings) Limited, and subsequently assigned to Tnui Asset Finance Limited.

Subsequent to the acquisition by PGP (Holdings) Limited, the ultimate controlling party of the business has been M Pinnock.

Subsequent to the change of control, and following a detailed review of the trading performance and prospects, the director has implemented several new initiatives designed to return the group to profitability. As part of this exercise, a number of legacy issues and under-performing retail sites were identified and in order to restore the future viability, it was concluded that the company should seek a Company Voluntary Arrangement ("CVA"). The proposals included a compromise agreement with certain legacy creditors which will result in the satisfaction of liabilities at 31 January 2017 of c1.4m in return for a payment equivalent to 2.7p in the £. The group will also withdraw from 11 retail sites and secured rent reductions at a further 12 sites. The proposals were put to the shareholders and creditors on 21 April 2017 and received unanimous approval from the shareholders and over 90% acceptance from the company's creditors and they are now being implemented. The CVA term ended on 8 June 2017.