Registered number: 07139142

C-RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 24 APRIL 2021

COMPANY INFORMATION

DIRECTORS	Julian Dunkerton Ruth Daniels Shaun Wills
REGISTERED OFFICE	Unit 60 The Runnings Cheltenham Gloucestershire GL51 9NW
REGISTERED NUMBER	07139142
INDEPENDENT AUDITOR	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London EC4A 3TR

C-RETAIL LIMITED

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INTRODUCTION

The directors present their annual strategic report for C-Retail Limited for the 52-week period ended 24 April 2021.

BUSINESS REVIEW

C-Retail Limited operates Superdry stores in the UK which sells own brand clothing, footwear and accessories. It operates as part of the retail segment of its parent entity, Superdry Plc.

The results for the Company show a loss before taxation of £2,907,000 *(2020: loss of £66,574,000)* for the period. Before exceptional items the results for the Company show an operating loss of £2,313,000 *(2020: profit of £8,785,000)*, largely driven by the impact of the Covid-19 pandemic as described more below. Gross profit margin on sales has increased from the prior year, reflecting the limited risk distributor transfer pricing agreements adopted by the Group (2021: 81%, *2020: 70%*).

The exceptional costs in the period of £492,000 *(2020: £57,161,000)* are mainly due to the reversal of previously recognised impairments of amounts owed by Group undertakings (credit of £1,341,000) and additional store impairment and onerous lease provision charges (£1,704,000), as explained further in note 4. The remaining exceptional costs are for restructuring costs (£109,000) and impairments to intangible assets (£20,000).

Turnover for the period was £53,108,000 *(2020: £131,587,000)*, largely driven by the forced closure of our store estate as a result of Covid-19 related national or regional lockdowns. Even when the stores were able to trade, the high street experienced substantially reduced footfall from social distancing measures. There was a slight change to the permanent store footprint in the year to 90 stores *(2020: 98 stores)*.

This period has seen an increased level of investment with £2,593,000 *(2020: £1,427,000)* invested into tangible assets. The Company has net cash reserves of £3,458,000 *(2020: £39,346,000)* and net liabilities of £65,063,000 *(2020: net liabilities £63,051,000)*.

Comments on the anticipated future developments of the Company can be found in the directors' report.

COVID-19

Throughout the pandemic there has been a significant level of uncertainty with restrictions regularly changing depending on local Government advice. Taking decisive actions to protect the long-term financial position of the Superdry Group, whilst ensuring the ongoing well-being, health, and safety of our colleagues and customers, has continued to be our top priority.

The Group has continued to trade online and with wholesale customers throughout the lockdown periods, sustaining operations in our distribution centres, whilst ensuring all appropriate measures were taken to ensure the health and safety of our staff. During the year, the UK lost 53% of store trading days due to lockdown related store closures. However, by the end of April 2021, most of our owned UK stores had reopened. Store closures also affected our trade customers and franchise stores.

Because of the enforced store closures in FY21 and in order to preserve as many jobs as possible through the peak of the pandemic we furloughed staff across our international owned store estate, corporate offices and distribution centres. The support we received from applicable furlough schemes by the Company to date totals £7.3m, with £5.6m recognised in 2021.

The Company also benefitted from UK Business Rates relief, equivalent to £15.7m in 2021 *(2020: £1.3m)*. Currently, this scheme has only been extended for a small number of our qualifying stores and the expected benefit in FY22 is estimated at £5m. In addition, the Company was eligible for £1.1m of local government grants across several markets *(2020: £nil)*.

COVID-19 (continued)

Improving operational efficiency and overall liquidity has continued to be a focus during the pandemic through reduced capex, tight control over day-to-day spend and working collaboratively with suppliers. This includes £20.6m of rent, service charges and associated VAT outstanding at year end, due to the continuing disruption from enforced closures. When our stores reopened, we ensured availability of all necessary cleaning equipment, hygiene products and Personal Protective Equipment (PPE) to keep our employees and customers safe, in line with local government guidelines.

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Superdry Plc, which include those of the Company, are disclosed on pages 56 to 66 of the Group's 2021 Annual Report which does not form part of this report.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors of Superdry Plc manage the Group's operations on a segmental basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of C-Retail Limited. The development, performance and position of the retail segment of Superdry Plc, which includes the Company, is discussed on page 76 of the Group's 2021 Annual Report which does not form part of this report.

SECTION 172(1) STATEMENT

In compliance with sections 172 and 414CZA (Companies Act 2006), the Board makes the following statement in relation to FY21. The Board recognises that the medium and long-term success of the Group, and its social licence to operate, is linked to value creation for its stakeholders.

Our stakeholders, what matters to them and how engagement happens, are set out in the table below. Our purpose, culture and values and full details of our employee engagement and feedback mechanisms can be found on pages 48 to 55 of the Group's 2021 Annual Report which does not form part of this report. Superdry strives to meet the highest standards of conduct and has policies and procedures in place to support this goal (for example – our Code of Conduct, Using Social Media Policy, Anti-Bribery and Corruption Policy and training, and our Modern Slavery Statement and Ethical Supplier Code of Practice (both published at corporate.superdry.com)).

The below stakeholder engagement table illustrates some of the keyways in which the directors consider and interact with our stakeholders:

Stakeholder	Key considerations	Engagement activities
Shareholders	Financial results, Dividends and EPS, Sustainability/ESG matters, Strategy, Efficiency, Remuneration	Annual General Meeting, Annual/interim results, corporate website, Consultation with investors and voting advisory organisations, Investor events/ roadshows, Stock market news, Liaison through corporate brokers, Media, Company Secretary and Investor, Relations inboxes

Stakeholder	Key considerations	Engagement activities
Consumers and trade customers	Value for money, Accessibility of product, Garment quality and reliability, Design, Customer service, Store and website experiences, Sustainability and ESG matters	Direct contact in stores, Global Sales Meeting, Monitoring/reporting of sales, footfall, website traffic and internet, search analyses, Customer satisfaction surveys, Customer services direct contact, social media and websites, Annual Report, KPIs
Colleagues	Employment, Pay and benefits, Job security, Work/life balance, Mental health, Diversity and Inclusion, Career opportunities, Sustainability and ESG matters, Health and safety	Superdry Voice/Retail Voice meetings, Pulse Surveys, Senior Women's Forum, Diversity and Inclusion Forum, Workplace (internal communications platform), All staff events (Head Office), NED for workforce engagement, 'Threads' magazine for store colleagues, Sustainability Warriors, SD Voice surveys
Environment	The impact of the Group's operations on the environment e.g., CO2 emissions, use of plastic packaging, organic cotton production, sustainable farming practices	Sustainable Development Goals, Sustainable stories on our website, social media, Engagement with organic cotton farmers, Awards/recognition of our work
Community and wider society	Corporate governance, Health and safety, Employment and conditions, Charitable donations, Sponsorship, Sustainability	'Family and friends' events at Head Office, College placements and work experience, Social media and websites, Volunteering in the community, Support for local charities, Invictus Games support
Suppliers	Payment terms, Fair contractual arrangements, Communication, Success of Superdry, Anti-bribery and corruption, Ethical behaviour, corporate governance, Sustainability	Supplier conferences, Face-to-face meetings and visits, Day-to-day contact between colleagues and suppliers, Modern Slavery Statement, Superdry Supply Chain Ethical, Trading page of corporate website and Ethical Trading Code of Practice, Respect and Dignity programme
Media	Reports and stories, Regular communication, Sustainability	News releases/stories, Stock market announcements, Interviews, Visits and meetings, social media, Websites
Government and regulators	Compliance with law and best practice, corporate governance, Health and safety, Modern slavery, Data security	Meetings/briefings, Consultations, Dialogue with trade bodies, Specialist advisers, Interactions with tax authorities

For details on some of the specific engagements that take place with the Company's stakeholders, and how the directors have considered each of the relevant stakeholders, see pages 68 to 74 of the Group's 2021 Annual Report which does not form part of this report.

This report was approved by the board on 27 January 2022 and signed on its behalf.

Shaun Wills
Director

DIRECTORS' REPORT FOR THE PERIOD ENDED 24 APRIL 2021

The directors present their annual report and the audited financial statements for the 52-week period ended 24 April 2021.

RESULTS AND DIVIDENDS

The loss for the financial period amounted to £2,458,000 (*2020: loss of £61,411,000*). Gross margin has increased by 1100bps year-on-year to 72% (*2020: 70%*) as a result of the Group utilising a limited risk distributor transfer pricing model, which sees the cost of sales into the Company flexed to fix an overall target operating margin in line with this model.

The directors did not recommend a dividend (*2020: nil*) (note 22), and no further dividends after the period end have been proposed.

FUTURE DEVELOPMENTS

Whilst significant market uncertainty remains, we do expect a recovery in total revenue in FY22, driven by improving store trading from gradually improving footfall throughout the year, although not reaching historic levels. The Group expects margin to increase across all channels with a transition towards a full price stance, supported by further mix benefits from the switch back into stores.

It is expected to generate operating leverage from reduced store rents and payroll compared to pre-Covid levels, although with anticipated increases in costs due to one-off benefits recognised in the year, such as the return of UK business rates, the end of furlough support, and the normalisation of other variable and discretionary costs. There will be a continued focus on cash generation and working capital efficiency in the coming year.

We remain committed to the high street. Post year-end we announced our exit from our Regent Street store and our move to open our new global flagship store on London's Oxford Street, which opened in November 2021.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including market risk (including fixed interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. From the perspective of the Company, the financial risk management is managed at a Group level within Superdry Plc and not managed separately. Accordingly, the financial risk management policies of Superdry Plc, which include those financial risks of the Company, are disclosed on pages 190 to 195 of the Group's 2021 Annual Report.

DIRECTORS

The directors who were in office during the period and up to the date of signing the financial statements, unless otherwise stated, were:

Julian Dunkerton
Ruth Daniels
Shaun Wills (appointed 26 April 2021)

The directors, in accordance with the Articles of Association, are not required to retire by rotation.

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and is currently in force; it is available through Superdry Plc for directors of the Group and of the related subsidiaries. The Company also purchased and maintained throughout the period directors' and officers' liability insurance in respect of itself and its directors.

EMPLOYEES

The Company operates within the employee practices of Superdry Plc, which are managed at a Group level and not managed separately. Accordingly, the employee practices of Superdry Plc, which include those of the Company, are disclosed on pages 48 to 55 of the Group's 2021 Annual Report, which does not form part of this report.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotions of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Company continues to develop a policy of direct and systematic communication on all relevant matters including the Company's business performance and current market issues with employees.

The Group operates several employees' forums: Superdry Voice Groups (UK Retail and Head office), the Senior Women's Forum, a Diversity and Inclusion Group and European works councils. The Group also runs Superday staff engagement surveys and feedback surveys.

The ultimate parent company operates three employee share schemes: A Performance Share Plan (PSP), a Save As You Earn (SAYE) scheme and a Buy as You Earn (BAYE) scheme.

POLITICAL AND CHARITABLE DONATIONS

The Company did not make any disclosable political donations in the current period or prior period.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Details on how the Company interacts with all its stakeholders can be found in the s172 statement in the Strategic Report.

CARBON AND ENERGY REPORTING

The environmental impact of the Company is linked with the impact of the Group as a whole. The carbon and energy reporting of the Group is disclosed on pages 36 to 43 of the Group's 2021 Annual Reporting, which does not form part of this report.

SUBSEQUENT EVENTS

The Covid-19 pandemic has continued to have a disruptive impact on the Group's operations and trading performance. There have been enforced store closures and shortened trading hours in a small number of the Group's store estate, as well as a continued impact on footfall.

In December 2021 the Omicron variant of Covid-19 rapidly spread through the UK and Europe, the Group's largest markets, which prompted local governments to tighten restrictions particularly around the use of face masks. However, the restrictions have not been as severe as previous waves, with no widespread enforced closures. The impact to trade has therefore not been as significant compared to earlier in the pandemic. It is not possible to quantify any potential impact from the spread of the Omicron variant, or to separate it from the general ongoing Covid-19 related uncertainty.

This trading volatility and uncertainty during our peak trading period has been exacerbated by the decision to accelerate the return to a full price stance, which materially impacts the underlying trading dynamics (driving higher margin, lower volume sales as a consequence of reduced mark-down penetration).

The ongoing disruption to the trading environment as a result of the Covid-19 pandemic is considered to be non-adjusting subsequent events for the purposes of these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

The directors 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.

GOING CONCERN

A review of the business performance is set out in the strategic report. Sales have decreased by 60% in the year and there is a reported operating loss after exceptional credits of £2,805,000 *(2020: £65,946,000)*.

The financial statements have been prepared on the basis that the Company is a going concern. The ability of the Company to continue as a going concern is closely related to the Group's ability to continue as a going concern. The business is reliant on the ability and agreement of the Group to provide sufficient funding for the Company to realise its assets and discharge its liabilities, and therefore continue its operations for a period of not less than 12-months from the date of signing the financial statements. The Company has received a letter of support from Superdry Plc that it will continue to provide the necessary finance for a period of not less than 12-months from the date of signing the financial statements.

In making their assessment of the going concern of the Company, the Directors have therefore considered the cash flow requirements of the Group. The ability of the Group to continue to trade as a going concern is dependent on the availability of sufficient, committed bank facilities, underpinned by its ability to meet its banking covenants. The following information has been adapted from the equivalent disclosures of the Superdry Plc Interim results for the 26-week period to 23 October 2021, updated to refer to the Company where appropriate.

Background – Impact of continuing lockdowns and social distancing restrictions
The lasting impact of the pandemic saw unprecedented levels of disruption throughout FY21, which have continued into FY22, with trading and operations having been disrupted for nearly two full years.

Following the "initial wave" of lockdowns, beginning March 2020 and impacting much of the first quarter of FY21, infection rates in our key markets substantially reduced by late September 2020 and, with the majority of the Group's owned store estate reopening, the prevailing view at that time was that further widespread lockdowns appeared unlikely.

However, the announcement of a second wave of lockdowns resulted in temporary store closures in the UK and certain EU markets from late October 2020, albeit with a brief opening period before a further hard lockdown from January through to April 2021. Together with the wider factors affecting open stores, such as social distancing measures and broader economic and health concerns, the Group saw a continued suppression of footfall in stores through FY22 to date, which has been only partially offset by Ecommerce sales.

This dynamic has continued across our markets to varying degrees though calendar year 2021, most recently as a consequence of the Omicron variant which began spreading rapidly in December, our busiest trading month of the year. However, unlike previous infection waves, social distancing and the accompanying footfall declines were largely self-imposed by the general public, with comparatively few measures imposed by governments (particularly in the UK). Consequently the impact on trading, while challenging, has been less severe than in previous waves given the store estate's ability to continue trading throughout.

Although there is no certainty that there will not be further lockdowns, this most recent variant suggests that we may see fewer binary effects than previously. In addition, vaccine rollouts and booster programmes are progressing well in many of our core markets and government communications reflect an increasing pressure to keep economies open.

There are several key mitigations that the Group has undertaken to partially offset the adverse revenue impacts of these lockdowns:

- We recognised £7.7m of one-off rent savings in FY21 and £4.6m in H1 FY22 relating to the disrupted periods with further savings expected to be realised in the remainder of FY22. These one-off rent benefits are in addition to the ongoing lease renewal savings that have been achieved to date, which we expect will continue to be realised as we review the Group's store estate.
- Reduced future stock purchases to offset the carry over and recoding of core product, which remains the largest cash mitigation.

GOING CONCERN (continued)

Liquidity headroom
The Group has an Asset Backed Lending ('ABL') facility for up to £70m, due to expire in February 2023, just after the end of the 12 month period covered by this going concern assessment. The Group will look to refinance this facility prior to its expiry. The Group's ability to preserve and manage cash has been clearly evidenced (and detailed in the Mitigating actions section, below), with the Group maintaining a positive net cash balance in excess of £20m throughout FY21, despite the pressures of the pandemic.

In addition, the Group has an overdraft facility of up to £10m available on a rolling annual basis, albeit as this is not committed, it has not been considered by Group management as part of the going concern or viability assessment.

Base case
The Group's going concern assessment has been based on a 12-month financial plan (the 'Plan') derived from the latest FY22 and FY23 forecasts. Though the effects of Covid-19 on consumer behaviour long term are yet to be fully understood, the trading dynamics seen in the most recent months of FY22 to date are reflected in the Plan.

In determining the Plan, Group management has made a number of assumptions regarding the Group's trading performance in light of the Coronavirus pandemic. The most significant of those are:
- All trading channels benefit from ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020, the full benefit of which is not yet realised, given the ongoing footfall suppression throughout 2021.
- Stores trade for the remainder of FY22 and entirety of FY23 following the reopening of those European markets which remained closed at the start of the financial year. Footfall is assumed to recover steadily over the remainder of FY22 as stores reopen and consumer demand returns, reflecting the macroeconomic uncertainties in FY22 and the ongoing channel shift towards online, though stabilising at a lower level than previously forecast, and below pre-Covid-19 levels. Profitability will be delivered through increased full price trading margins, and the recurring benefits of renegotiated leases.
- Ecommerce trading benefits from the underlying channel shift towards digital from physical retailing (versus pre-Covid levels), together with planned investments to improve the website user experience. Following the return to a full price trading stance during FY22, the latest FY23 projections now reflect this lower volume, high margin trading dynamic, and the associated variable cost savings.
- Wholesale performance begins to modestly recover in FY23, reflecting the latest forward order book and the continuation of FY22 trends such as increased In Season Orders to online partners, recovering to pre-Covid-19 levels over the medium term. A more normalised delivery phasing is planned, following the disruption experienced during FY22.
- Intake pressures on the gross margin rate are largely offset through the continued full price trading and selective price increases, together with channel mix benefits as stores (our highest margin channel) trade for the duration of the year.
- Marketing spend continues to increase in FY23 to reflect increased performance marketing in the short-term together with longer-term brand investment as part of the turnaround.

Reverse stress test
Given the base case reflects both the results of the turnaround plan, and the uncertainties surrounding forecasts due to Covid-19, the Group has modelled a 'reverse stress test' scenario.

A reverse stress test calculates the shortfall to forecast sales in the Plan that the Group would be able to absorb after implementing feasible mitigating actions before either:
a) requiring additional sources of financing, in excess of those that are committed; or
b) breaching the lending covenants on the Group's committed facility

Given the projected headroom over the Group's covenants, and our proven ability to manage cash, the Group Board considers the likelihood of breaching its facilities to be remote. This assessment is linked to a robust assessment of the principal risks facing the Group, and the reverse stress test reflects the potential impact of these risks being realised.

GOING CONCERN (continued)

Mitigating actions
If performance deviates materially from the Base Case Plan, the impact could result in a reduction in liquidity and/or a longer period of lower profitability, which in turn could risk covenant breaches. Group management has considered what plausible mitigating actions are available to them, including:

- a reduction in uncommitted capital expenditure;
- a reduction in overheads and discretionary spend, particularly marketing and variable pay;
- reducing the purchase quantities of new season stock through lower short-order volumes, and the deferral and cancellation of orders;
- negotiating extended supplier payment terms; and,
- incremental clearance activity through our off-price channels.

For the purposes of the going concern calculations, we have modelled only the first two in the above list and held the remainder as contingent activities.

Covenant testing
The Group's relationship with its lending group remains strong, with several covenant resets agreed during the pandemic as the macroeconomic impact of social distancing and lockdown restrictions continued to extend past initial expectations when the financing was agreed in August 2020.

The amended covenants in the ABL facility are tested quarterly and are based around the Group's adjusted fixed charge (rent and interest). The covenants are tested on a 'frozen GAAP' basis and hence unaffected by IFRS 16, "Leases".

Under the reverse stress test, which tests for the breakeven point against the covenants associated with the Group's borrowing facilities, the October 2022 (Q2 FY23) covenant test would breach first. However, Group management considers the revenue shortfall required to cause this breach to be remote. The Group directors are confident that under the mitigated reverse stress test there is sufficient liquidity headroom over the going concern period.

If this scenario was to occur, Group management would approach lenders for a covenant waiver or reset. Whilst there would be no guarantee that such a waiver or reset would be made available, in making their assessment Group management notes that it currently has a good relationship with the Group's lenders and has held positive discussions throughout the year. These lenders have been made aware of all key inputs into the Base Case Plan, as well as the implications of the short-term disruption, and have agreed to re-gear the covenants on several occasions, to reflect the unforeseen duration and magnitude of the impact from Covid-19.

Significant judgements
In using these financial forecasts for the going concern assessment, the Group's Directors recognise that significant judgement was required to decide what assumptions to make regarding the impact of the coronavirus pandemic on the retail sector and wider economy and specifically to Superdry, and the ability to execute the turnaround plans required to recover brand health and return the business to profitable growth. Consequently, though the level of visibility has improved year-on-year, there remains more uncertainty than would usually be the case in making the key judgements and assumptions that underpin the financial forecasts for the business. The Group directors believe that this uncertainty is reflected in the Base Case Plan, and trading year to date continues to give us confidence that we are through the worst effects of the pandemic.

The Plan does not anticipate a further, extended period of store closures, and the likelihood of this scenario is deemed remote, particularly in light of recent evidence following the reaction of Governments to the Omicron variant in our key markets.

GOING CONCERN (continued)

While it is conceivable that there is a further territory-wide lockdown, key factors in making this judgment include:

- vaccine rollouts and booster programmes are progressing well in many of our core markets;
- social distancing restrictions have been relaxed far more significantly than in between previous lockdowns, with broader cultural acceptance of the need for hygiene measures (e.g. mask-wearing and hand sanitising);
- Government communications reflect an increasing pressure to keep economies open, illustrated by furlough support coming to an end on 30 September 2021 in the UK;
- The UK ended most social distancing measures on 26 January 2022.

Summary
After considering the forecasts, sensitivities and mitigating actions available to Group management and having regard to the risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis.

PROVISION OF INFORMATION TO AUDITOR

The Directors who held office as at the date of approval of this Directors' report confirm that so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and that each Director has taken all the steps that they ought to have taken as a Director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006. Deloitte LLP have been deemed re-appointed as statutory auditor to the financial statements under section 487 of the 2006 Act.

This report was approved by the board on 27 January 2022 and signed on its behalf.

Shaun Wills
Director
Unit 60
The Runnings
Cheltenham
Gloucestershire
GL51 9NW

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF C-RETAIL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of C-Retail Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 24 April 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss;
- the statement of financial position;
- the statement of changes in equity;
- the summary of significant accounting policies; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 and financial statements. 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.

Other information (continued)
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.

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.

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty such as HMRC legislation in relation to government grants and Coronavirus Job Retention Scheme income.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT, restructuring, modelling and forensic specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

Store asset impairment and onerous property related contract provisions

The impairment model and determination of onerous contract provisions is determined by the Superdry Plc (the 'Group's) Five Year Plan. Our procedures included ensuring the appropriate allocation of cash flows derived from the Five Year Plan across the store portfolio, challenging the key assumptions utilised in the cash flow forecasts and testing the mechanical accuracy of the impairment and onerous contract models.

Going concern

The ability of the Company to continue as a going concern is related to the Group's ability to continue as a going concern. The ability of the Group to continue to trade as a going concern is dependent on the availability of sufficient, committed bank facilities, underpinned by its ability to meet its banking covenants. Our procedures included engaging modelling specialists to perform testing on the mechanical accuracy of the model used to prepare the Group's cash flow forecast, challenging the key assumptions within the going concern assessment and assessing the impact of reverse stress testing on the Group's funding position and covenant calculations.

Inventory provisioning

The valuation of inventory involves management judgement in recording provisions for slow moving or obsolete inventory, and for excess inventory held as a result of reduced trading caused by global coronavirus restrictions. Our procedures included assessing the historical accuracy of management's provisioning percentages for aged inventory, using data analytics to assess the sell through rates of inventory in the year and post year end to identify any slow moving lines and challenging management's assumptions in determining any specific inventory provisions.

Accounting for accounts payable

We increased the extent of our testing on accounts payable as a result of the transactional processing control deficiencies identified in this area in the prior year. Our procedures included testing a sample of supplier statement reconciliations and using data analytics to match post year end and pre year liabilities.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF C-RETAIL LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

Ed Hanson

Edward Hanson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 January 2022

C-RETAIL LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 24 APRIL 2021

	Note	**Period ended 24 April 2021 £000**	Period ended 25 April 2020 £000
TURNOVER	5	**53,108**	131,587
Cost of sales		**(10,126)**	(39,068)
GROSS PROFIT		**42,982**	92,519
Administrative expenses		**(51,977)**	(103,013)
Other operating income	6	**6,682**	1,709
OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEMS		**(2,313)**	8,785
Exceptional items	7	**(492)**	(57,161)
OPERATING LOSS	6	**(2,805)**	(65,946)
Interest receivable	9	**5,052**	5,053
Interest payable	9	**(5,154)**	(5,681)
LOSS BEFORE TAXATION		**(2,907)**	(66,574)
Tax credit	10	**449**	5,163
LOSS FOR THE FINANCIAL PERIOD		**(2,458)**	(61,411)

The notes on pages 18 to 43 form part of these financial statements.

All of the activities of the Company are classified as continuing.

The Company had no other comprehensive income in either financial period other than that dealt with in the Statement of profit or loss and so no Statement of comprehensive income has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

C-RETAIL LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 24 APRIL 2021

	Note	£000	24 April 2021 £000	£000	25 April 2020 £000
FIXED ASSETS					
Intangible assets	12		**9,987**		11,145
Tangible assets	13		**13,605**		15,526
			23,592		26,671
CURRENT ASSETS					
Stocks	14	**25,593**		26,041	
Debtors	15	**58,458**		54,219	
Deferred tax asset	16	**8,316**		7,867	
Corporation tax		**-**		2,177	
Cash at bank and in hand		**3,458**		50,328	
		95,825		140,632	
CREDITORS: Amounts falling due within one year	17	**(150,181)**		(178,688)	
NET CURRENT LIABILITIES			**(54,356)**		(38,056)
TOTAL ASSETS LESS CURRENT LIABILITIES			**(30,764)**		(11,385)
CREDITORS: Amounts falling due after more than one year	18		**(7,627)**		(10,471)
PROVISIONS FOR LIABILITIES	19		**(26,672)**		(41,195)
NET LIABILITIES			**(65,063)**		(63,051)
CAPITAL AND RESERVES					
Called up share capital	21		**-**		-
Accumulated losses			**(65,063)**		(63,051)
SHAREHOLDER'S DEFICIT			**(65,063)**		(63,051)

The notes on pages 18 to 43 form part of the financial statements.

The financial statements on pages 15 to 43 were approved by the Board and authorised for issue on 27 January 2022.

On behalf of the Board:

Shaun Wills
Director

Registered number: 07139142

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 24 APRIL 2021

	Note	Called up share capital £000	Accumulated losses £000	Total equity £000
At 27 April 2019		-	(2,013)	(2,013)
Employee share awards	11	-	373	373
Loss for the financial period		-	(61,411)	(61,411)
Total comprehensive expense and loss for the financial period		-	(61,038)	(61,038)
At 25 April 2020		-	(63,051)	(63,051)
Employee share awards	11	-	446	446
Loss for the financial period		-	(2,458)	(2,458)
Total comprehensive expense and loss for the financial period		-	(2,012)	(2,012)
At 24 April 2021		-	(65,063)	(65,063)

1. GENERAL INFORMATION

C-Retail Limited (the "Company") is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. It operates several Superdry stores in the UK which sells own brand clothing, footwear and accessories. It operates as part of the retail segment of its parent entity, Superdry Plc.

The registered office is Unit 60, The Runnings, Cheltenham, Gloucestershire, GL51 9NW.

2. STATEMENT OF COMPLIANCE

The individual financial statements of C-Retail Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The current period is for the 52-week period ended 24 April 2021 ('2021'). The prior period is for the 52-week period ended 25 April 2020 ('2020').

3.2 Going concern

The financial statements have been prepared on the basis that the Company is a going concern. The ability of the Company to continue as a going concern is closely related to the Group's ability to continue as a going concern. The business is reliant on the ability and agreement of the Group to provide sufficient funding for the Company to realise its assets and discharge its liabilities, and therefore continue its operations for a period of not less than 12-months from the date of signing the financial statements. The Company has received a letter of support from Superdry Plc that it will continue to provide the necessary finance for a period of not less than 12-months from the date of signing the financial statements.

In making their assessment of the going concern of the Company, the Directors have therefore considered the cash flow requirements of the Group. The ability of the Group to continue to trade as a going concern is dependent on the availability of sufficient, committed bank facilities, underpinned by its ability to meet its banking covenants. The following information has been adapted from the equivalent disclosures of the Superdry Plc Interim results for the 26-week period to 23 October 2021, updated to refer to the Company where appropriate.

3.2 Going concern (continued)

Background – Impact of continuing lockdowns and social distancing restrictions
The lasting impact of the pandemic saw unprecedented levels of disruption throughout FY21, which have continued into FY22, with trading and operations having been disrupted for nearly two full years.

Following the "initial wave" of lockdowns, beginning March 2020 and impacting much of the first quarter of FY21, infection rates in our key markets substantially reduced by late September 2020 and, with the majority of the Group's owned store estate reopening, the prevailing view at that time was that further widespread lockdowns appeared unlikely.

However, the announcement of a second wave of lockdowns resulted in temporary store closures in the UK and certain EU markets from late October 2020, albeit with a brief opening period before a further hard lockdown from January through to April 2021. Together with the wider factors affecting open stores, such as social distancing measures and broader economic and health concerns, the Group saw a continued suppression of footfall in stores through FY22 to date, which has been only partially offset by Ecommerce sales.

This dynamic has continued across our markets to varying degrees though calendar year 2021, most recently as a consequence of the Omicron variant which began spreading rapidly in December, our busiest trading month of the year. However, unlike previous infection waves, social distancing and the accompanying footfall declines were largely self-imposed by the general public, with comparatively few measures imposed by governments (particularly in the UK). Consequently the impact on trading, while challenging, has been less severe than in previous waves given the store estate's ability to continue trading throughout.

Although there is no certainty that there will not be further lockdowns, this most recent variant suggests that we may see fewer binary effects than previously. In addition, vaccine rollouts and booster programmes are progressing well in many of our core markets and government communications reflect an increasing pressure to keep economies open.

There are several key mitigations that the Group has undertaken to partially offset the adverse revenue impacts of these lockdowns:

- We recognised £7.7m of one-off rent savings in FY21 and £4.6m in H1 FY22 relating to the disrupted periods with further savings expected to be realised in the remainder of FY22. These one-off rent benefits are in addition to the ongoing lease renewal savings that have been achieved to date, which we expect will continue to be realised as we review the Group's store estate.
- Reduced future stock purchases to offset the carry over and recoding of core product, which remains the largest cash mitigation.

Liquidity headroom
The Group has an Asset Backed Lending ('ABL') facility for up to £70m, due to expire in February 2023, just after the end of the 12 month period covered by this going concern assessment. The Group will look to refinance this facility prior to its expiry.

The Group's ability to preserve and manage cash has been clearly evidenced (and detailed in the Mitigating actions section, below), with the Group maintaining a positive net cash balance in excess of £20m throughout FY21, despite the pressures of the pandemic.

In addition, the Group has an overdraft facility of up to £10m available on a rolling annual basis, albeit as this is not committed, it has not been considered by Group management as part of the going concern or viability assessment.

3.2 Going concern (continued)

Base case
The Group's going concern assessment has been based on a 12-month financial plan (the 'Plan') derived from the latest FY22 and FY23 forecasts. Though the effects of Covid-19 on consumer behaviour long term are yet to be fully understood, the trading dynamics seen in the most recent months of FY22 to date are reflected in the Plan.

In determining the Plan, Group management has made a number of assumptions regarding the Group's trading performance in light of the Coronavirus pandemic. The most significant of those are:

- All trading channels benefit from ongoing product improvements, operational initiatives and marketing activity to support the brand reset which began in October 2020, the full benefit of which is not yet realised, given the ongoing footfall suppression throughout 2021.
- Stores trade for the remainder of FY22 and entirety of FY23 following the reopening of those European markets which remained closed at the start of the financial year. Footfall is assumed to recover steadily over the remainder of FY22 as stores reopen and consumer demand returns, reflecting the macroeconomic uncertainties in FY22 and the ongoing channel shift towards online, though stabilising at a lower level than previously forecast, and below pre-Covid-19 levels. Profitability will be delivered through increased full price trading margins, and the recurring benefits of renegotiated leases.
- Ecommerce trading benefits from the underlying channel shift towards digital from physical retailing (versus pre-Covid levels), together with planned investments to improve the website user experience. Following the return to a full price trading stance during FY22, the latest FY23 projections now reflect this lower volume, high margin trading dynamic, and the associated variable cost savings.
- Wholesale performance begins to modestly recover in FY23, reflecting the latest forward order book and the continuation of FY22 trends such as increased In Season Orders to online partners, recovering to pre-Covid-19 levels over the medium term. A more normalised delivery phasing is planned, following the disruption experienced during FY22.
- Intake pressures on the gross margin rate are largely offset through the continued full price trading and selective price increases, together with channel mix benefits as stores (our highest margin channel) trade for the duration of the year.
- Marketing spend continues to increase in FY23 to reflect increased performance marketing in the short-term together with longer-term brand investment as part of the turnaround.

Reverse stress test
Given the base case reflects both the results of the turnaround plan, and the uncertainties surrounding forecasts due to Covid-19, the Group has modelled a 'reverse stress test' scenario.

A reverse stress test calculates the shortfall to forecast sales in the Plan that the Group would be able to absorb after implementing feasible mitigating actions before either:

a) requiring additional sources of financing, in excess of those that are committed; or
b) breaching the lending covenants on the Group's committed facility

Given the projected headroom over the Group's covenants, and our proven ability to manage cash, the Group Board considers the likelihood of breaching its facilities to be remote.

This assessment is linked to a robust assessment of the principal risks facing the Group, and the reverse stress test reflects the potential impact of these risks being realised.

3.2 Going concern (continued)

Mitigating actions
If performance deviates materially from the Base Case Plan, the impact could result in a reduction in liquidity and/or a longer period of lower profitability, which in turn could risk covenant breaches. Group management has considered what plausible mitigating actions are available to them, including:

- a reduction in uncommitted capital expenditure;
- a reduction in overheads and discretionary spend, particularly marketing and variable pay;
- reducing the purchase quantities of new season stock through lower short-order volumes, and the deferral and cancellation of orders;
- negotiating extended supplier payment terms; and,
- incremental clearance activity through our off-price channels.

For the purposes of the going concern calculations, we have modelled only the first two in the above list and held the remainder as contingent activities.

Covenant testing
The Group's relationship with its lending group remains strong, with several covenant resets agreed during the pandemic as the macroeconomic impact of social distancing and lockdown restrictions continued to extend past initial expectations when the financing was agreed in August 2020.

The amended covenants in the ABL facility are tested quarterly and are based around the Group's adjusted fixed charge (rent and interest). The covenants are tested on a 'frozen GAAP' basis and hence unaffected by IFRS 16, "Leases".

Under the reverse stress test, which tests for the breakeven point against the covenants associated with the Group's borrowing facilities, the October 2022 (Q2 FY23) covenant test would breach first. However, Group management considers the revenue shortfall required to cause this breach to be remote. The Group directors are confident that under the mitigated reverse stress test there is sufficient liquidity headroom over the going concern period.

If this scenario was to occur, Group management would approach lenders for a covenant waiver or reset. Whilst there would be no guarantee that such a waiver or reset would be made available, in making their assessment Group management notes that it currently has a good relationship with the Group's lenders and has held positive discussions throughout the year. These lenders have been made aware of all key inputs into the Base Case Plan, as well as the implications of the short-term disruption, and have agreed to re-gear the covenants on several occasions, to reflect the unforeseen duration and magnitude of the impact from Covid-19.

Significant judgements
In using these financial forecasts for the going concern assessment, the Group's Directors recognise that significant judgement was required to decide what assumptions to make regarding the impact of the coronavirus pandemic on the retail sector and wider economy and specifically to Superdry, and the ability to execute the turnaround plans required to recover brand health and return the business to profitable growth. Consequently, though the level of visibility has improved year-on-year, there remains more uncertainty than would usually be the case in making the key judgements and assumptions that underpin the financial forecasts for the business. The Group directors believe that this uncertainty is reflected in the Base Case Plan, and trading year to date continues to give us confidence that we are through the worst effects of the pandemic.

The Plan does not anticipate a further, extended period of store closures, and the likelihood of this scenario is deemed remote, particularly in light of recent evidence following the reaction of Governments to the Omicron variant in our key markets.

3.2 Going concern (continued)

While it is conceivable that there is a further territory-wide lockdown, key factors in making this judgment include:

- vaccine rollouts and booster programmes are progressing well in many of our core markets;
- social distancing restrictions have been relaxed far more significantly than in between previous lockdowns, with broader cultural acceptance of the need for hygiene measures (e.g. mask-wearing and hand sanitising);
- Government communications reflect an increasing pressure to keep economies open, illustrated by furlough support coming to an end on 30 September 2021 in the UK;
- The UK ended most social distancing measures on 26 January 2022.

Summary
After considering the forecasts, sensitivities and mitigating actions available to Group management and having regard to the risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing these financial statements. Accordingly, the financial statements continue to be prepared on the going concern basis.

3.3 Exemptions for qualifying entities under FRS 102

The Company has adopted the following exemptions, which are allowed by FRS 102 (paragraph 1.12), to qualifying entities: -

- the requirement to present a Statement of cash flows (section 7 of FRS 102 and paragraph 3.17 (d)) as the Company is a qualifying entity, and its ultimate parent company, Superdry Plc, includes the Company's cash flows in its own consolidated financial statements;
- a reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 paragraph 4.12(a) (iv));
- the requirement for financial instruments disclosures including (i) categories of financial assets, financial liabilities and (ii) disclosure of items of income, expense, gains or losses relating to financial instruments for the financial period;
- the requirement to disclose key management personnel compensation in total (FRS 102 paragraph 33.7); and
- the requirement to disclose related party transactions with fellow wholly owned Group subsidiaries (FRS 102 paragraph 33.1a).

3.4 Revenue recognition

Turnover comprises revenue recognised by the Company in respect of goods sold during the period, exclusive of Value Added Tax and trade discounts.

Revenue from the provision of sale of goods is recognised at the point of sale of a product to the customer. Store sales are settled in cash or by credit or payment card. It is Company policy to sell its products to the customer with a right to exchange within 28 days. Provisions are made for own store returns based on the expected level of returns, which in turn is based upon the historical rate of returns.

3.5 Intangible assets and amortisation

Intangible assets acquired separately from a business are recognised initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is identifiable and is controlled by the entity through custody of legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the Statement of profit or loss. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives as follows:

Website and software	- 5 years straight line
Brands	- 10 years straight line
Goodwill	*- 20 years straight line*
Lease premiums	- over the life of the lease on a straight-line basis

Brands comprise the fair value of identifiable brands included within the acquired trade and assets. Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets acquired at the date of acquisition. The expected useful life of the goodwill was assessed as being 20 years at the time of acquisition.

We have chosen these periods as it is deemed most appropriate given the lives of the assets.

3.6 Tangible assets and depreciation

Tangible assets are stated at historical cost less accumulated depreciation and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Cost includes the original purchase price and the costs attributable to bringing the asset into its working condition but excludes interest.

Depreciation is provided at rates calculated to write down the cost of the assets, less their estimated residual values, over their remaining useful economic lives as follows:

Furniture, fixtures and fittings	- 5-7 years on a straight-line basis
Computer equipment	- 3-5 years on a straight-line basis
Buildings	- 50 years on a straight-line basis
Leasehold improvements	- 5-7 years on a straight-line basis
Motor vehicles	- 25% reducing balance

Land is not depreciated.

3.7 Impairment of non-financial assets

At each Statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of profit or loss, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation; thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of profit or loss.

3.8 Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of profit or loss on a straight-line basis over the lease term. Lease incentives are received in the form of cash contributions and rent-free periods. Some leases are sublet, with any sublet income being recognised in the Statement of profit or loss on a straight-line basis over the lease term.

Rent concessions
The Company has applied the amendments to FRS 102 related to rent concessions, where changes in operating lease payments that arise as a direct consequence of Covid-19 related rent concessions (until June 2022) are recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. Any expected credit notes outstanding at the period end are recognised in in debtors.

Cash contributions
Cash contributions from landlords for store fitouts are initially recognised as a deferred cash contribution liability on the Statement of financial position at the point the recognition criteria in the lease is met, and credited to administrative expenses in the Statement of profit or loss on a straight-line basis over the life of the lease. Cash contributions are not discounted.

Rent-free periods
A deferred rent-free period liability is built up on the Statement of financial position during the rent-free period, which is then credited to the Statement of profit or loss on a straight-line basis over the life of the lease. Rent-free periods are not discounted.

3.9 Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost comprises costs associated with the purchase and bringing of stock to their current location and condition and is based on the weighted average principle. Provisions are made for obsolescence, mark-downs and shrinkage.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Statement of profit or loss. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of profit or loss.

3.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable (loss)/profit for the period or prior periods. Tax is calculated based on tax rates and laws that have been enacted or substantively enacted by the period-end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period-end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are not discounted.

3.11 Foreign currencies

The Company's functional and presentational currency is the pound sterling and amounts are rounded to the nearest thousand.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Statement of profit or loss.

3.12 Interest receivable

Interest receivable comprises interest receivable on funds invested and is recognised in the Statement of profit or loss using the effective interest method.

3.13 Financial instruments

Financial Assets
Basic financial assets, including trade and other debtor and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate; this loss is recognised in the Statement of profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all the risks and rewards of ownership of the asset are transferred to another party.

Financial Liabilities
Basic financial liabilities, including trade and other creditors and amounts owed to Group undertakings, 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 receipts discounted at a market rate of interest.

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. Trade creditors 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company has not applied hedge accounting.

Financial assets and liabilities are offset, and 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.

3.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are recognised for dilapidations when an obligation exists. Provisions for onerous leases are recognised when the unavoidable costs of meeting or exiting the lease obligations exceed the economic benefits expected to be received under the lease.

Changes in the value of the provisions are recognised as an administrative expense.

3.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

3.16 Capital and reserves

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

The accumulated losses earnings reflect the accumulated profits and losses of the Group.

3.17 Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the Statement of changes in equity.

3.18 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

3.19 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements and paid holiday arrangements.

Short-term benefits
Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

3.19 Employee benefits

Defined contribution pension plans
The Company operates several defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

3.20 Share based payments – Group operated schemes

The Company financial statements include several equity settled share-based compensation plans which are operated by the Group. The fair value of the shares under such plans is recognised as an expense in the Statement of profit or loss. Where relevant, fair value is determined using the Black-Scholes Option Pricing Model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives excluding the impact of any non-market vesting conditions. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. At each Statement of financial position date, the Group revises its estimate of the number of share incentives that are expected to vest. The impact of the revision on original estimates, if any, is recognised in the Statement of profit or loss, with a corresponding adjustment to equity over the remaining vesting period.

3.21 Share based payments – Founder Share Plan

The Founders of Superdry operate a share-based compensation plan that award both cash and shares. For the purposes of FRS 102 it is an equity settled share-based compensation plan. The Founder Share Plan (see note 11 for further details) falls within the scope of FRS 102 despite the Company neither purchasing, nor issuing the shares, nor the cost of the cash being a company expense. Fair value is determined using the Monte Carlo Pricing Model. The amount to be expensed over the vesting period is determined by reference to the fair value of share incentives, adjusted at the grant of each share incentive for dilution assumptions. These dilution assumptions are not revised after the grant of the share incentive. Non-market vesting conditions are considered as part of the assumptions about the number of share incentives that are expected to vest. The impact of the revision on original estimates, if any, is recognised in the Statement of profit or loss, with a corresponding adjustment to equity over the remaining vesting period. The measurement period for the market-based vesting criteria expired over the course of the current year; an amount for the scheme is expensed in the current year to reflect the original exercise period.

3.22 Other operating income

Included in other operating income are amounts receivable from government grants. Government grants are not recognised until there is reasonable assurance that the conditions attached to them will be met and that the grants will be received. Government grants are recognised in the Statement of profit or loss on a systematic basis over the periods in which the Company recognises an expense for the related costs for which the grants are intended to compensate.

3.23 Exceptional items

Adjustments that constitute exceptional items are disclosed separately in the Statement of comprehensive income. In determining whether events or transactions are treated as exceptional items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

Examples of charges or credits meeting the above definition, and which have been presented as exceptional items in the current and/or previous years include store asset impairments, onerous lease provisions, and the impairment of amounts owed by Group undertakings.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical judgements in applying accounting policies

Management consider that judgements made in the process of applying the Company's accounting policies that could have a significant effect on the amounts recognised in the financial statements are as follows:

Exceptional items
The Company separately reports exceptional items, as it believes that these measures provide additional useful information on ongoing performance and trends to shareholders and management.

Judgement is required in determining whether an item should be classified as an exceptional item.

The Company's definition of exceptional items is outlined in note 3.23 and has been applied consistently year on year.

During the year the Company has recorded, before taxation, exceptional costs of £492,000 (*2020: £57,161,000)*. The exceptional items relate to reversals of impairments to intercompany receivables £1,341,000 (*2020: impairment of £41,203,000*), impairment of store assets £873,000 (*2020: impairment of £2,726,000*), onerous lease provision charges £831,000 (*2020: charges of £13,232,000*), restructuring costs £109,000 (*2020: £nil*) and impairments to intangible assets £20,000 (*2020: £nil*). Refer to note 7 for further details on exceptional items.

Key sources of estimation uncertainty

Management considers that accounting estimates and assumptions made in relation to the following items have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Store impairments
Store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose, although as all the Group's owned stores are leasehold, only value in use has been considered in the impairment assessment. Value in use is calculated from expected future cash flows using suitable discount rates and including management assumptions and estimates of future performance.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Store impairments (continued)
An impairment charge of £1,151,000 *(2020: £2,726,000)* and an impairment reversal of £278,000 *(2020: £nil)* were recognised in the period (net impairment of £873,000, *2020: £2,726,000*).

For impairment testing purposes, the Group has determined that each store is a CGU. Each CGU is tested for impairment if any indicators of impairment have been identified. Given the decline in store sales in the year, all owned stores have been tested for impairment in the current year. Store asset carrying values are considered net of the carrying value of any cash contribution received in relation to that store.

The key estimates for the value in use calculations are those regarding expected changes in future cash flows and the allocation of central costs. The key assumptions used in determining store cash flows are the growth in both sales and gross margin set out in the medium-term plan.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a five-year period (the medium-term financial plan), which has regard for historic performance, knowledge of the current market and the impact of the Covid-19 pandemic, together with the Group's views on the achievable growth, all of which have been reviewed and approved by the Board. The medium-term financial plan is prepared on a 'top down' basis and has been attributed to individual stores based on their historic performance relative to the rest of the store estate, as well as the store's sensitivity to the impact of the Covid-19 pandemic. Disruption caused by Covid-19 is estimated to continue throughout FY22 with a gradual recovery of footfall. The subsequent assumptions regarding future store sales recovery, as outlined in the going concern statement, are considered key estimates.

Cash flows beyond this five-year period as set out in the medium-term financial plan are extrapolated using long-term growth rates that are indicative of country-specific rates. The cash flows are discounted using the appropriate discount rate. The cash flows are modelled for each store through to their lease expiry date. Lease extensions have only been assumed in the modelling where they have been agreed with landlords.

Central costs are attributed to store CGUs where they can be allocated on a reasonable and consistent basis, and assumptions are required to determine the basis for allocation. In addition to directly attributable store costs, other relevant operating costs have been attributed to store CGUs on a reasonable and consistent basis where possible, which include certain distribution, IT, HR and marketing expenses, totalling 10-14% of the overall annual cost base.

Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGUs. The discount rate used for UK stores is 10.2% *(2020: 9.3%)*. Discount rates are not considered a sensitive assumption – a 500bps change in the discount rates, which is not considered to be reasonably possible, would result in a £29,000 decrease in the net impairment.

Further significant costs (or credits) may be recorded in future years dependent on the longer-term impact of Covid-19 and the success of the brand reset.

Sensitivity analysis has been performed using various reasonably possible scenarios:

- A decrease of 10% in the year 1 sales growth would increase net impairment by £342,000.
- A decrease of 100bps in the gross margin rate would increase net impairment by £771,000.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Onerous lease provisions
Management has also assessed whether impaired and unprofitable stores require an onerous lease provision. An onerous lease provision has been recognised when management believes that the unavoidable costs of meeting or exiting the lease obligations exceed the benefits expected to be received under the lease.

The calculation of the net present value of future cash flows is based on the same assumptions for growth rates and expected changes to future cash flows as set out above for store impairments, discounted at the appropriate risk adjusted rate.

Based on the factors set out above, the Company has reassessed the onerous lease provision as being £23,902,000 (2020: £39,394,000). Further significant costs (or credits) may be recorded in future years dependent on the longer-term impact of Covid-19 and the success of the brand reset.

Sensitivity analysis has been performed using various reasonably possible scenarios:

- A decrease of 10% in the year 1 sales growth would increase the onerous lease provision by £2,812,000.
- A decrease of 100bps in the gross margin rate would increase the onerous lease provision £15,543,000.

5. TURNOVER

The whole of the turnover is attributable to the retail of clothing, footwear and accessories.

Turnover, analysed geographically between markets, was as follows:

	2021 **£000**	2020 £000
United Kingdom	**53,108**	131,587
	53,108	131,587

An analysis of revenue (including turnover) by category is as follows:

	2021 **£000**	2020 £000
Sale of goods	**53,108**	131,587
Government grants	**6,682**	1,709
Rental income	**789**	626
Interest receivable	**5,052**	5,053
	65,631	138,975

6. OPERATING LOSS

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

	2021 £000	2020 £000
Amortisation – intangible assets (note 12)	**1,193**	2,275
Depreciation of tangible assets: (note 13)	**3,637**	6,598
Loss on disposal of intangible assets	**1**	3
Loss on disposal of tangible assets	**4**	17
Stock recognised as an expense	**10,259**	38,237
Impairment of stock (included in cost of sales)	**380**	-
Write back of stock (included in cost of sales)	**-**	(819)
Operating lease charges	**19,182**	21,988
Loss/(gain) on foreign currency	**624**	(31)
Government grants including gross furlough (note 25)	**6,682**	1,709
Exceptional items (note 7)	**492**	57,161

Auditor's remuneration of £180,000 *(2020: £80,000)* for C-Retail Limited has been borne by Superdry Plc, a related party, and is not recharged to this entity. All fees payable by the Company relate to the audit of the financial statements.

Amortisation is recognised within administrative expenses.

7. EXCEPTIONAL ITEMS

The following items have been included within 'Exceptional items' for the period ended 24 April 2021:

	2021 £000	2020 £000
Store asset impairment charge	**873**	2,726
Onerous lease provision charge	**831**	13,232
Bad debt provision – intercompany	**(1,341)**	41,203
Restructuring costs	**109**	-
Impairment of intangible assets	**20**	-
Exceptional items	**492**	57,161

7. EXCEPTIONAL ITEMS (continued)

(i) Store asset impairment charge
Comprehensive reviews have been performed in both the current and prior reporting periods across the owned store portfolio to identify any stores which were either unprofitable, or where the anticipated future performance would not support the carrying value of assets. The current period review was performed following the continuing impact of the Covid-19 pandemic on trading performance across the store portfolio.

An impairment charge of £1,151,000 *(2020: £2,726,000)* and an impairment reversal of £278,000 *(2020: £nil)* were recognised in the period (net impairment of £873,000, *2020: £2,726,000*).

(ii) Onerous lease provision charge
Management has also assessed whether impaired and unprofitable stores require an onerous lease provision. An onerous lease provision has been recognised when management believes that the unavoidable costs of meeting or exiting the lease obligations exceed the benefits expected to be received under the lease. Based on the factors set out above, the Company has reassessed the onerous lease provision as being £23,902,000 (2020: £39,394,000). This resulted in a net charge of £831,000 included in exceptional items, as seen in note 19.

(iii) Bad debt provision – intercompany
Management has estimated the impairment of amounts owed by Group undertakings. The estimated impairment of amounts owed by Group undertakings reflects management's estimate of the expected future receipts from the borrower based on the borrowers' medium-term financial plans discounted using the effective interest rate relevant to each receivable. An impairment on amounts owed by Group undertakings of £41,203,000 was recognised in the prior period. A reassessment of the impairment was performed in the current year, with a revised impairment of £39,862,000. The impairment reversal of £1,341,000 has been recognised within exceptional items, to match where the original impairment was recognised.

(iv) Restructuring costs
Exceptional items include £109,000 (2020: £nil) resulting from the restructuring programme announced in the FY20 Group Annual Report. This restructuring included redundancies in order to make the Group fit for the future. The Directors consider these to be adjusting items due to their one-off nature.

(v) Impairment of intangible assets
Exceptional items include an impairment charge for website and software intangible assets. A review was performed during the period over website and software intangible assets which are likely to be replaced or upgraded in the foreseeable future, leading to an impairment of £20,000. This is considered to be an adjusting item due to the one-off nature of this review.

8. EMPLOYEES AND DIRECTORS

	2021 £000	2020 £000
Wages and salaries	**22,458**	27,422
Social security costs	**1,209**	1,458
Other pension costs	**636**	693
Share-based payments	**446**	373
	24,749	29,946

The average monthly number of persons employed by the Company, including the directors, during the period was as follows:

	2021 No.	2020 No.
Administration	**109**	125
Retail	**1,010**	1,186
	1,119	1,311

The emoluments of the directors are paid by the parent company which makes no recharge to the Company.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	2020 £000
Interest receivable and similar income		
Intercompany interest receivable	**5,052**	5,052
Bank interest receivable	**-**	1
	5,052	5,053
Interest payable and similar expenses		
Intercompany interest payable	**(5,154)**	(5,681)
	(5,154)	(5,681)
Net interest income	**(102)**	(628)

10. TAX ON LOSS

(i) Analysis of tax credit in the period

	2021 £000	2020 £000
Current tax		
Corporation tax charge on loss for the period	-	-
Adjustments in respect of prior periods	-	(390)
Total current tax	-	(390)
Deferred tax		
Origination and reversal of timing differences	(266)	(3,699)
Deferred tax asset movements in respect of tax losses	(533)	-
Effect of tax rate changes	-	(439)
Adjustments in respect of prior periods	350	(635)
Total deferred tax	(449)	(4,773)
Total tax credit for the period	(449)	(5,163)

(ii) Reconciliation of tax credit

	2021 £000	2020 £000
Loss before taxation	(2,907)	(66,574)
Loss before taxation multiplied by standard rate of corporation tax in the UK 19.0% (2020: 19.0%)	(552)	(12,649)
Effects of:		
Expenses not deductible for tax purposes	-	7,844
Income not deductible for tax purposes	(247)	-
Fixed asset differences	-	1,046
Re-measurement of deferred tax – change in UK tax rate	-	(439)
Adjustment in respect of prior periods	350	(1,025)
Deferred tax not recognised	-	60
Total tax credit for the period	(449)	(5,163)

Post 24 April 2021, Finance Bill 2021 substantively enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. This was not enacted on the balance sheet date, 24 April 2021. Deferred tax balances as at 24 April 2021 have been measured at a rate of 19%.

If we were to restate the deferred tax assets at 24 April 2021 using the 25% future rate, the maximum potential impact would be an increase to the deferred tax asset recognised by c£2.6m.

11. EMPLOYEE SHARE AWARDS

(i) Performance Share Plan
Equity settled awards are granted to employees in the form of share awards. No consideration is payable by the employees when share awards vest, other than the nominal value of 5p per share. The vesting period is three years. Share awards will also expire if the employee leaves the Company prior to the exercise or vesting date subject to the discretionary powers of the Remuneration Committee of the Group.

The award of shares is made under the Superdry Performance Share Plan ('PSP') for shares in the parent company, Superdry Plc. In 2021, the Company changed the award mechanism under the PSP from a scheme with market-based vesting criteria to a Restricted Share Awards (RSA) plan with no performance or market-based vesting criteria attached. The shares granted during the year are restricted share-based conditional awards

Shares have no value to the participant at the grant date, but subject to the satisfaction of the vesting conditions can convert and give participants the right to be granted nil-cost shares at the end of the performance period. The total number of share awards outstanding at the end of the period is 466,237 *(2020: 111,928)*. None of the shares were exercisable at the period end date.

A charge of £157,000 has been recorded in the Statement of profit or loss for the PSP *(2020: £55,000)*.

(ii) Founder Share Plan
On 12 September 2017, the Founders of Superdry (the Founders), Julian Dunkerton and James Holder, announced the launch of a long-term incentive scheme, the Founder Share Plan (FSP) under which they agreed to share increases in their wealth with employees of the Group. The Founders had agreed to transfer into a fund 20% of their gain from any increase in the Group's share price over a threshold of £18.

The measurement period for the FSP ran from 1 October 2017 to 30 September 2020, and as such the measurement period for the market-based vesting criteria expired over the course of the current year.

The gain to be transferred into the fund was to be calculated using the market value of the shares, calculated as the average price of a Superdry plc share over the 20 dealing days prior to the maturity date (30 September 2020). When calculated, the market value of the shares on maturity did not meet the minimum threshold of £18 and therefore FSP scheme did not meet the vesting criteria.

The vesting period for the awards differed depending on the seniority of the colleagues in question. To be eligible for the award, employees needed to remain in employment on the vesting date, details of which are as follows:

- 50% - 31 January 2021
- 50% - 31 January 2022

Cash and share-settled elements – All other colleagues

- 50% - 31 January 2021
- 50% - 31 July 2021

11. EMPLOYEE SHARE AWARDS (continued)

(ii) Founder Share Plan (continued)

The award would have been settled in full by the Founders with no cost to the Group and hence in accordance with FRS 102 section 26 has been accounted for as an equity-settled share-based payment scheme. The fair value of the award was determined using a Monte Carlo pricing model.

The share-based payment charge associated with the FSP will accrue over five financial periods, up until financial year 2022. A charge of £289,000 has been recorded in the Statement of profit or loss for the FSP *(2020: £318,000).*

12. INTANGIBLE ASSETS

	Lease premiums £000	Brands £000	Goodwill £000	Website & software £000	Total £000
Cost					
At 25 April 2020	15,100	10,000	58,672	328	84,100
Additions	-	-	-	56	56
Disposals	-	-	-	(3)	(3)
At 24 April 2021	**15,100**	**10,000**	**58,672**	**381**	**84,153**
Accumulated amortisation					
At 25 April 2020	15,061	10,000	47,683	211	72,955
Charge for the period	39	-	1,116	38	1,193
Net impairment charge	-	-	-	20	20
Disposals	-	-	-	(2)	(2)
At 24 April 2021	**15,100**	**10,000**	**48,799**	**267**	**74,166**
Net book value					
At 24 April 2021	**-**	**-**	**9,873**	**114**	**9,987**
At 25 April 2020	39	-	10,989	117	11,145

Amortisation of intangible assets is included within administrative expenses in the statement of comprehensive income.

13. TANGIBLE ASSETS

	Land & Buildings	Leasehold improvements	Furniture, fixtures & fittings	Computer equipment	Motor Vehicles	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost						
At 25 April 2020	1,892	84,806	31,539	4,426	3	122,666
Additions	-	1,249	1,305	39	-	2,593
Disposals	-	(457)	(43)	(11)	-	(511)
At 24 April 2021	**1,892**	**85,598**	**32,801**	**4,454**	**3**	**124,748**
Accumulated depreciation						
At 25 April 2020	235	75,808	26,782	4,312	3	107,140
Charge for the period	37	1,469	2,031	100	-	3,637
Net impairment charge	-	805	68	-	-	873
Disposals	-	(456)	(40)	(11)	-	(507)
At 24 April 2021	**272**	**77,626**	**28,841**	**4,401**	**3**	**111,143**
Net book value						
At 24 April 2021	**1,620**	**7,972**	**3,960**	**53**	**-**	**13,605**
At 25 April 2020	1,657	8,998	4,757	114	-	15,526

14. STOCKS

	2021	2020
	£000	£000
Finished goods and goods for resale	**25,593**	26,041

There is no significant difference between the replacement cost of finished goods available for resale and their carrying amounts.

Stocks are stated after provisions for obsolescence of £684,000 *(2020: £1,017,000).*

15. DEBTORS

	2021 £000	2020 £000
Trade debtors	**1,276**	1,355
Amounts owed by Group undertakings	**47,301**	48,740
Other debtors	**3,098**	2,025
Prepayments and accrued income	**2,300**	2,099
Other tax and social security	**4,483**	-
	58,458	54,219

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at 4% p.a. on loan balances; no interest is charged on trading balances. Amounts owed by Group undertakings are stated after provision for impairment of £39,862,000 *(2020: £41,203,000)*.

Prepayments and accrued income include £2,077,000 *(2020: £1,715,000)* of prepaid rent and rates.

Trade debtors are stated after provision for impairment of £29,000 *(2020: £102,000)*.

16. DEFERRED TAX ASSET

	2021 £000	2020 £000
At beginning of period	**7,867**	3,094
Profit and loss – (charge)/credit in the period	**799**	3,699
Effect of changes in tax rate	**-**	439
Prior period adjustment	**(350)**	635
At end of period	**8,316**	7,867

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**4,430**	4,172
Short term timing differences	**109**	10
Losses	**3,777**	3,685
	8,316	7,867

The tax losses arise in the UK and will carry forward indefinitely, with no expiry date, for offset against profits of the same trade.

17. CREDITORS: Amounts falling due within one year

	2021 £000	2020 £000
Bank overdrafts	**-**	10,982
Trade creditors	**25,371**	8,042
Amounts owed to Group undertakings	**113,513**	150,597
Other taxes and social security	**-**	1,049
Corporation tax	**387**	-
Other creditors	**1,844**	342
Accruals and deferred income	**9,066**	7,676
	150,181	178,688

Amounts owed to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at 4% p.a. on loan balances; no interest is charged on trading balances.

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

18. CREDITORS: *Amounts falling due after more than one year*

	2021 £000	2020 £000
Lease incentives releases in one to two years	**2,265**	2,893
Lease incentives releases in two to five years	**4,117**	5,349
Lease incentives releases in in more than five years	**1,137**	2,027
Other creditors due in more than five years	**108**	202
	7,627	10,471

19. PROVISIONS FOR LIABILITIES

	Onerous lease provision £000	**Other provisions £000**	**Total £000**
At 25 April 2020	39,394	1,801	41,195
New provision	6,333	1,469	7,802
Released in the period	(5,502)	-	(5,502)
Utilisation	(16,323)	(500)	(16,823)
At 24 April 2021	**23,902**	**2,770**	**26,672**
Analysed as:			
Current provisions	7,186	1,469	8,655
Non-current provisions	16,716	1,301	18,017

The net charge of £831,000 has been recognised in exceptional items, see note 7.

19. PROVISIONS FOR LIABILITIES (continued)

i) Onerous lease provision

Onerous lease provisions represent the future minimum lease payments on loss-making stores. Onerous lease provisions are utilised over the remaining life of the lease, expected to be between 2021 and 2030.

ii) Other provisions

The other provisions category relates to the dilapidation provisions and additions in the year relate to the furlough provision. Dilapidations provisions of £1,301,000 (*2020: £1,801,000*) will be utilised upon the exit or expiry of various property leases which are expected to be between 2021 and 2031. The furlough provision of £1,469,000 (*2020: £nil*) is to cover any furlough related clawbacks and is expected to be utilised in the next financial year.

20. CAPITAL AND OTHER COMMITMENTS

On 24 April 2021 there were no capital commitments.

On 24 April 2021 and at 25 April 2020 respectively the Company had future minimum operating lease payments under non-cancellable operating leases as follows:

	Land and Buildings	
	2021	2020
	£000	£000
Within 1 year	**26,061**	31,079
Between 1 and 5 years	**64,073**	69,256
More than 5 years	**16,403**	15,213
	106,537	115,548

On 24 April 2021 and at 25 April 2020 respectively the Company had future minimum operating lease receipts under non-cancellable operating leases as follows:

	Land and Buildings	
	2021	2020
	£000	£000
Within 1 year	**103**	140
Greater than 1 year	**-**	103
	103	243

21. CALLED UP SHARE CAPITAL

	2021	2020
Issued and fully paid	**£000**	£000
2 Ordinary shares of £1 each	**-**	-

The shares have attached to them full voting, dividend and capital distribution rights.

22. DIVIDENDS

	2021	2020
	£000	£000
Recommended and paid in the year	-	-

23. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS 102 section 33.1A not to disclose transactions with wholly owned members of the Group headed by Superdry Plc.

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

On 24 April 2021, the immediate and ultimate parent undertaking and controlling party was Superdry Plc, a public limited company registered in the United Kingdom. This is the smallest and largest company to consolidate the Company's financial statements. A copy of the latest financial statements can be obtained from the Registrar of Companies, Cardiff.

25. GOVERNMENT ASSISTANCE

In response to Covid-19, the Company took early and decisive cash preservation measures across the business including deferral of tax payments and seeking reductions in business rates as a result of UK government support during the period stores were closed.

Government grants in relation to the UK's Coronavirus Job Retention Scheme (CJRS) represent a value of £5,554,000 *(2020: £1,709,000)*. A provision of £1,469,000 has been recognised to cover any existing furlough related clawbacks, as outlined in note 19.

Reductions in rates payments from local authorities represent a value of £15,659,000 *(2020: £1,340,000)*. Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Lost revenue and subsidy support in the UK of £1,128,000 has been recognised in the year *(2020: £nil)*.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. The value is presented within other operating income.

26. SUBSEQUENT EVENTS

Covid-19

The Covid-19 pandemic has continued to have a disruptive impact on the Group's operations and trading performance. There have been enforced store closures and shortened trading hours in a small number of the Group's store estate, as well as a continued impact on footfall.

In December 2021 the Omicron variant of Covid-19 rapidly spread through the UK and Europe, the Group's largest markets, which prompted local governments to tighten restrictions particularly around the use of face masks. However, the restrictions have not been as severe as previous waves, with no widespread enforced closures. The impact to trade has therefore not been as significant compared to earlier in the pandemic. It is not possible to quantify any potential impact from the spread of the Omicron variant, or to separate it from the general ongoing Covid-19 related uncertainty.

This trading volatility and uncertainty during our peak trading period has been exacerbated by the decision to accelerate the return to a full price stance, which materially impacts the underlying trading dynamics (driving higher margin, lower volume sales as a consequence of reduced mark-down penetration).

The ongoing disruption to the trading environment as a result of the Covid-19 pandemic is considered to be non-adjusting subsequent events for the purposes of these financial statements.