

Company number: 08642347

## **Doc Topco Limited**

**Annual Report and Consolidated Financial Statements  
for the year ended 31 March 2019**



**Contents**

Company Information	1
Group Strategic Report	2
Directors' Report	15
Independent Auditors' Report	18
Consolidated Statement of Comprehensive Income	20
Consolidated Statement of Financial Position	21
Parent Company Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Parent Company Statement of Changes in Equity	25
Consolidated Statement of Cash Flows	26
Notes to the Financial Statements	27

## **Company Information** **For the year ended 31 March 2019**

### **Directors**

Paul Mason (Chairman)  
Kenneth Wilson (CEO) (appointed 30 July 2018)  
Jon Mortimore (CFO)  
Cheryl Hood  
Tara Alhadeff

### **Secretary**

Prism Cosec Ltd (appointed 20 August 2018)  
Elder House, St Georges Business Park  
207 Brooklands Road  
Weybridge  
Surrey  
KT13 0TS

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **Bankers**

Barclays Bank plc  
HSBC Bank plc

### **Registered Office**

Cobbs Lane  
Wollaston  
Northamptonshire  
NN29 7SW

Doc Topco Limited is a private company registered in England and Wales, limited by shares.

## Group Strategic Report For the year ended 31 March 2019

### Heritage

*Dr. Martens is an iconic British brand founded in 1960 in Northamptonshire. Originally produced for workers looking for tough, durable boots, the brand was quickly adopted by diverse youth subcultures and associated musical movements. Dr. Martens have since transcended their working-class roots while still celebrating their proud heritage and, nearly six decades later, “Docs” or “DMs” are worn by people around the world who use them as a symbol of empowerment and their own individual attitude.*

### Financial Highlights

- **Another year of strong growth:**
  - Volume (pairs) sold up 20% to 8.3m pairs (FY18: 6.9m),
  - Revenue up 30% to £454.4m (FY18: £348.6m),
  - EBITDA<sup>1,2</sup> up 70% to £85.0m (FY18: £50.0m),
  - Operating Profit up 69% to £68.0m (FY18: £40.2m).
- **Good performance from all channels:**
  - LFL<sup>3,6</sup> retail revenue growth 18%,
  - Opened 20 stores to 109 own stores<sup>4</sup> globally,
  - Ecommerce revenue growth 67% to £72.7m (FY18: £43.6m),
  - Wholesale<sup>5</sup> revenue growth 23% to 255.0m (FY18: £207.9m).
- **Balanced global growth:**
  - All major markets experienced double digit revenue and EBITDA growth with 77% revenue generated outside UK (FY18: 75%),
  - Excellent growth in Americas with revenue up 37% to £161.1m (FY18: £117.4).
- **Continued good progress against strategy:**
  - Direct to consumer (“DTC”) channels represent 44% revenue (FY18: 40%),
  - Ecommerce in EMEA and Americas upgraded and re-platformed,
  - Germany successfully transitioned from 3<sup>rd</sup> party distributor to owned and operated subsidiary basis,
  - New IT ERP system implemented in EMEA and on track to go-live in America in autumn with Asia to follow in 2020.

### Strategy

*Our aim is to continuously improve our engagement with consumers and generate sustainable financial growth whilst always maintaining the brands authenticity and proposition of rebellious self-expression. To support this aim we have identified four strategic pillars “D-O-C-S” as follows:*

- **DTC Acceleration:**
  - Grow our DTC channels (together both retail and Ecommerce),
  - Leverage best practice and innovation,
- **Operational Excellence:**
  - Build an integrated, efficient supply chain and invest in IT infrastructure to support future growth,
  - Build organisation capability and develop our people,
- **Consumer Obsession:**
  - Put consumers at the heart of all decisions,
  - Continue to develop authentic products that consumers want to wear,
- **Sustainable Global Growth:**
  - Grow in both new and existing markets,
  - Take increasing control of in market distribution and marketing.

*We track performance against our strategy to measure activity using both financial and non-financial indicators including alternative performance measures such as EBITDA before exceptionals and LFL retail growth described in the notes below:*

<sup>1</sup> Earnings before exchange gain/losses, interest, taxation, depreciation and amortisation.

<sup>2</sup> Before exceptional items of £5.2m (FY18: £1.8m).

<sup>3</sup> Like for like growth of same own store revenue on a constant currency basis representing stores open for at least a full accounting 12 month period.

<sup>4</sup> Own stores on streets and malls operated under arm's length leasehold arrangements.

<sup>5</sup> Wholesale revenue including distributor (export) customers.

<sup>6</sup> Constant currency applies the same exchange rate to the FY19 & FY18 non-GBP results, based on FY19 budgeted rates.

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**

During the year, the financial position of the Group improved, pairs sold grew by 20% to 8.3m, Revenue grew by 30% to £454.4m, EBITDA<sup>1,2</sup> grew by 70% to £85.0m and Operating Profit was up 69% to £68.0m (FY18: £40.2m).

**Results – at a glance**

		Growth				
		FY19	FY18	Actual	Constant Currency <sup>6</sup>	LFL <sup>4</sup>
		£m	£m	%	%	%
Revenue:	Retail	126.7	97.1	30%	29%	18%
	E-commerce	72.7	43.6	67%	64%	
	DTC	199.4	140.7	42%	40%	
	Wholesale <sup>5</sup>	255.0	207.9	23%	21%	
		454.4	348.6	30%	29%	
Gross margin		260.5	186.0	40%	38%	
EBITDA <sup>1, 2</sup>		85.0	50.0	70%	61%	
Operating profit		68.0	40.2	69%		
Key Statistics	Pairs sold (m)	8.3	6.9	20%		
	No. stores <sup>3</sup>	109	94	16%		
	DTC mix %	44%	40%	+4pts		
	Gross margin %	57.3%	53.4%	+3.9pts		
	EBITDA <sup>1,2</sup> %	18.7%	14.3%	+4.4pts		

<sup>1</sup> EBITDA – Earnings before exchange gain/losses, interest, taxation, depreciation and amortisation.

<sup>2</sup> Before exceptional items of £5.2m (FY18: £1.8m).

<sup>3</sup> Own stores on streets and malls operated under arm's length leasehold arrangements.

<sup>4</sup> Like for like growth of same own store revenue on a constant currency basis.

<sup>5</sup> Wholesale revenue including distributor (export) customers.

<sup>6</sup> Constant currency applies the same exchange rate to the FY19 & FY18 non-GBP results, based on FY19 budgeted rates.

**Total revenues grew by 30%** from £348.6m to £454.4m with good growth across all channels. Retail revenue grew by 30% to £126.7m with LFL revenue growth from own stores of 18% (represented by same own stores on a constant currency basis). During the year the Group opened 20 new stores and closed 5 stores, and now trades from 109 own stores. Ecommerce revenue was particularly strong, up 67% to £72.7m, and represented 16% total revenue (FY18: 12%) driven by replatforming and improved functionality in Americas and EMEA and full year of trading in China on T Mall. Wholesale revenue grew 23% to £255.0m (FY18: £207.9m) with good growth across all regions.

**Gross margins improved by 3.9%pts to 57.3%** due to improved channel mix (DTC margins approximately 25%pts higher than wholesale gross margins), annualisation of price growth in EMEA, lower levels of discounts and markdowns in DTC channels and beginning of supply chain efficiencies.

**EBITDA<sup>1,2</sup> grew by 70% to £85.0m** (FY18: £50.0m) and EBITDA % margin grew by 4.4%pts to 18.7%, with improved EBITDA margin % mainly better gross margins and operational gearing.

**Operating profit was £68.0m** (FY18: £40.2m), up 69%.

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**

Operating profit £68.0m (FY18: £40.2m) summarised below: -

	<b>FY19</b>	<b>FY18</b>	<b>Growth</b>
	£m	£m	%
Revenue	<b>454.4</b>	348.6	30%
Gross margin	<b>260.5</b>	186.0	40%
Operating expenses	<b>(175.5)</b>	(136.0)	29%
<b>EBITDA</b>	<b>85.0</b>	<b>50.0</b>	<b>70%</b>
Depreciation/amortisation	<b>(10.6)</b>	(6.5)	-
Loss on disposal	-	(0.1)	-
Forex gains/losses	<b>(1.2)</b>	(1.4)	-
<b>Operating profit before exceptionals</b>	<b>73.2</b>	<b>42.0</b>	<b>74%</b>
Exceptionals	<b>(5.2)</b>	(1.8)	-
<b>Operating profit</b>	<b>68.0</b>	<b>40.2</b>	<b>69%</b>
 <i>Gross margin %</i>	 <i>57.3%</i>	 <i>53.4%</i>	 <i>+3.9pts</i>
<i>EBITDA %</i>	<i>18.7%</i>	<i>14.3%</i>	<i>+4.4pts</i>
<i>Operating profit – before exceptionals</i>	<i>16.1%</i>	<i>12.0%</i>	<i>+4.1pts</i>
<i>– after exceptionals</i>	<i>15.0%</i>	<i>11.5%</i>	<i>+3.5pts</i>

Pre exceptional operating expenses increased by 29% to £175.5m (FY18: £136.0m) primarily due to investment in new and maturing retail stores, volume related increases and supply chain investment to begin to drive further efficiencies.

In January 2017 the Group began a 4-year project to upgrade and replace all of its legacy IT systems with Microsoft Dynamics (D365). Exceptional costs in the year of £5.2m included £1.6m in relation to the new IT system, with EMEA going live in August 2018 and Americas build subsequently beginning (with the latter due to go live Autumn 2019). In addition a provision for legal obligations and litigation of £1.5m was charged, a Guaranteed Minimum Pension equalization charge of £0.5m was incurred (which was non-cash) in relation to the past service cost of certain members of the defined benefit pension scheme, consulting fees of £0.8m were incurred in relation to certain financing arrangements and operational changes ahead of the originally planned 'Brexit' date of 31<sup>st</sup> March 2019 with the balance of £0.8m, mainly restructuring and redundancy costs. In the prior year exceptional costs of £1.8m were incurred including £0.8m in relation to the new IT systems with the balance mainly restructuring and redundancy costs.

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**
**Region analysis: (excluding exceptional items)**

The results can be further analysed by region as follows: -

	FY19 £m	FY18 £m	Growth	
			Actual %	Constant Currency %
Revenue				
Americas	161.1	117.4	37%	35%
EMEA	206.2	155.9	32%	32%
Asia	87.1	75.3	16%	14%
	454.4	348.6	30%	29%
EBITDA <sup>1</sup>				
Americas	33.0	18.5	78%	75%
EMEA	43.4	24.9	74%	67%
Asia	19.8	17.1	16%	9%
Support costs <sup>2</sup>	(11.2)	(10.5)	-7%	-7%
	85.0	50.0	70%	61%

<sup>1</sup>Before exceptional items of £5.2m (FY18: £1.8m).

<sup>2</sup>Support costs represent group related support costs not directly attributable to each regions operation and including Group Finance, Legal, Group HR, Global Brand and Design, Directors and other group only related costs and expenses.

**Americas**

The Americas region grew revenue by 37% to £161.1m with very good growth from DTC channels, up 48%, driven by LFL retail revenue growth (constant currency) of 30%, opening of 4 new stores (2 in New York and 2 in LA) to 25 own stores and Ecommerce growth 56%. During the year wholesale revenue grew by 31%.

**EBITDA grew by 78% to £33.0m (FY18: £18.5m).**

**EMEA**

EMEA revenue grew by 32% to £206.2m (FY18: £155.9m). DTC channels grew revenue by 41% with retail up 33% and Ecommerce up by 56%. Like for like own store retail revenue (constant currency) was up 12% and, during the year, 8 new stores were opened (2 in the UK, 3 in Germany, 2 in France and 1 in the Netherlands) with 36 own stores in UK, 8 in Netherlands, 6 in France, 3 in both Germany and Belgium and 1 in Ireland. The focus of new own store openings will now be mainly France and Germany. Wholesale revenue grew by 26% with good growth across all countries. During the year Germany was successfully transitioned from 3<sup>rd</sup> party distributor basis to an owned and operated subsidiary and we now have a direct relationship with all wholesale accounts to focus and broaden the account mix and product selection.

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**

Revenue in EMEA can be further analysed as follows:-

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	<b>FY19</b>	<b>FY18</b>	<b>Growth</b>
	£m	£m	%
UK	<b>103.5</b>	87.4	18%
Continental Europe	<b>102.7</b>	68.5	50%
<b>EMEA</b>	<b>206.2</b>	<b>155.9</b>	<b>32%</b>

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**EBITDA was up 74% to £43.4m (FY18: £24.9m).**

**Asia**

Asia revenue was up 16% to £87.1m primarily driven by another strong year of growth in Japan. Revenue by major market is summarised below: -

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	<b>FY19</b>	<b>FY18</b>	<b>Growth</b>
	£m	£m	%
Japan	<b>41.6</b>	28.7	45%
S.Korea	<b>23.2</b>	24.6	(6%)
Other S.E Asia	<b>22.3</b>	22.0	1%
<b>Asia</b>	<b>87.1</b>	<b>75.3</b>	<b>16%</b>

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Japan had good growth across all channels, with total revenue up 45% to £41.6m. During the year, 6 new stores were opened (taking the total to 17 own stores).

**EBITDA grew by 16% to £19.8m (FY18: £17.1m).**

**Support costs**

Support costs increased by £0.7m (7%) to £11.2m. (FY18: £10.5m) with the increase mainly investment in people and processes to support growth.



**Group Strategic Report (continued)**  
**For the year ended 31 March 2019****Retail development**

During the year the Group opened 20 new own retail stores (via arm's length leasehold arrangements) as follows:

	<b>31 March 2018</b>	<b>Opened</b>	<b>Closed</b>	<b>31 March 2019</b>
<b>Americas</b>	<b>22</b>	<b>4</b>	<b>(1)</b>	<b>25</b>
<b>EMEA</b>				
- UK	36	2	(2)	36
- France	4	2	-	6
- NL/BL*	10	1	-	11
- Germany	-	3	-	3
- Ireland	1	-	-	1
	<b>51</b>	<b>8</b>	<b>(2)</b>	<b>57</b>
<b>Asia</b>				
- Japan	11	6	-	17
- S.Korea	5	-	(1)	4
- Hong Kong	5	2	(1)	6
	<b>21</b>	<b>8</b>	<b>(2)</b>	<b>27</b>
<b>Total</b>	<b>94</b>	<b>20</b>	<b>(5)</b>	<b>109</b>

\*Netherlands & Belgium

The Group also trades from 54 concession counters in department stores in S.Korea (FY18: 56). All stores, once mature, are profitable.

**Leases**

The Group operates its own retail stores via arm's length leasehold arrangements (apart from two stores that are freehold) and also leases certain warehouses and offices. At 31 March 2019, the average lease term remaining across all property related leases to end of term was 5.4 years, and only 3.7 years to tenant only break. The annual rent commitment was £18.4m and undiscounted total lease commitment was £99.8m, reducing to £69.2m to lease break.

From 1<sup>st</sup> April 2019 the Group will adopt IFRS 16 'Leases'. The standard replaces IAS17 and addresses the definition of a lease and its recognition and measurement. The standard has no economic impact, no effect on operations and no effect on cash flows with its impact purely accounting related. The impact will affect the presentation of assets, liabilities, the income statement and classification of cash flows relating to leases. The Group intends to adopt the standard via the 'Modified Retrospective Approach' and will continue to closely monitor market adoption and evolving best practice whilst assessing the impact on the financial results and agreeing key assumptions with the auditors (in particular the discount rate to be used to capitalise leases being the 'incremental cost of borrowing' which is different to the more usual cost of capital calculation).

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**

The following table summarises the Group's rent commitments analysed between retail stores and other property related leases.

	<b>Retail</b>	<b>Other</b>	<b>Total</b>
	£m	£m	£m
Annual rent commitment <sup>1</sup>	15.0	3.4	18.4
Future rent commitment			
To lease break	49.8	19.4	69.2
To lease term	76.7	23.1	99.8
Term remaining (years)			
To lease break	3.3	5.7	3.7
To lease term	5.1	6.8	5.4
No. units <sup>2,3</sup>	108	19	127

<sup>1</sup>Annual rent commitment of £18.4m is £1.9m lower than the rent charged to EBITDA in the year of £20.3m mainly due to the annual rent commitment including a full year cost for all new stores opened in the year of £0.9m but being exclusive of lease incentive accounting of £0.5m and variable turnover related rent of £1.3m and rent from leases ending within 12 months.

<sup>2</sup>Total retail units operated under leasehold arrangements. In addition, there are two further retail units owned under freehold arrangements and 1 retail unit included here, where the lease was signed in the final month of the year but was still being fitted out at the balance sheet date. This unit has now opened.

<sup>3</sup>Including leased warehouses, offices and showrooms.

**Profit before tax**

The following table analyses the results for the year from operating profit to profit before tax.

	<b>FY19</b>	<b>FY18</b>
	£m	£m
Operating profit	68.0	40.2
Net interest cost on bank debt	(5.3)	(5.3)
	62.7	34.9
Non-cash interest on investor loan notes and preference shares <sup>1</sup>	(33.8)	(34.2)
<b>Profit before tax</b>	<b>28.9</b>	<b>0.7</b>
Tax	(11.7)	(6.4)
<b>Profit/(loss) after tax</b>	<b>17.2</b>	<b>(5.7)</b>
Net bank interest cover to EBITDA (times)	16.0x	9.4x

<sup>1</sup>Including amortised loan issue costs of £0.8m (FY18: £0.7m)

**The Group made an operating profit of £62.7m after interest costs on bank debt (FY18: £34.9m).**

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**

Net interest costs on bank debt remained level at £5.3m with lower average debt offset by increased proportion of higher margin debt (following partial repayment of lower margin debt) and fx revaluation. The average interest rate payable on the bank debt was 6.7% (2018: 6.7%). The noncash interest on the A and B preference shares is capitalised into those funding instruments with A preference shares carrying a coupon 6% and the B preference shares carrying a coupon 12%. On 5<sup>th</sup> July 2018 £50.0m of A & B preference shares were redeemed and on 31<sup>st</sup> October 2018 a further £10.0m of A & B preference shares were redeemed. This is summarised below:

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	<b>31<sup>st</sup> March 2018</b>	<b>Redemptions</b>	<b>Interest</b>	<b>31<sup>st</sup> March 2019</b>
	£m	£m	£m	£m
A Preference shares	64.9	(11.1)	3.4	57.2
B Preference shares	278.5	(48.9)	29.6	259.2
	<b>343.4</b>	<b>(60.0)</b>	<b>33.0</b>	<b>316.4</b>

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**The Group made a profit before tax of £28.9m** (FY18: £0.7m) with Profit after tax of £17.2m (FY18 Loss: (£5.7m)).

Based on the UK rate of corporation tax of 19% this should result in a current tax charge of £5.5m (FY18: £0.1m). The current tax charge of £11.7m (FY18: £6.4m) is £6.2m higher (FY18: £6.3m higher) and this is mainly due to the interest charged on preference shares being no longer deductible for UK corporation tax purposes.

**Funding and covenant compliance**

In common with many other private equity held businesses, the funding status assumes the Group achieves its strategic goals and resulting strong growth, with total financing repayment (which is predominantly bullet, at the end of the term) funded by either a refinancing, disposal event, strong cash generation or combination thereof.

At 31<sup>st</sup> March 2019 the Group had £75.6m of bank debt. On 13 May 2019 the Group gained consent from its lenders to extend certain of its facilities as follows:-

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	<b>31<sup>st</sup> March 2019</b>		<b>Extended to</b>	
	<b>Debt</b>	<b>Repay</b>	<b>Debt</b>	<b>Repay</b>
	£m		£m	
A Loan	3.2	Jan 20	3.2	Jan 20
B Loan	36.4	Jan 21	36.4	Jan 22
C Loan	36.0	Jan 22	36.0	Jul 22
<b>Bank Debt</b>	<b>75.6</b>		<b>75.6</b>	
Revolving facility	35.0	Jan 20	35.0	Oct 21

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The Directors have reviewed the Group's financial projections and budgets for the foreseeable future and, in particular, the principle assumptions that underpin those budgets and projections. The critical assumptions have also been stress tested with plausible but pessimistic changes to those assumptions. As a result, the Directors have a reasonable expectation that the Group has adequate resources and covenant headroom to continue into the foreseeable future.

The Preference Shares are held by either the same party who holds the majority of the Company's equity or a combination of that party and previous equity owner and do not have a repayment date. The bank debt is secured by a fixed and floating charge over all the assets of the Group. The Preference Shares are unsecured.

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**

**Trading cashflow – before exceptionals** EBITDA converted into trading cash flow at 65% (FY18: 88%) and is summarised below:

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	<u>FY19</u>	<u>FY18</u>
	£m	£m
EBITDA	85.0	50.0
Movement in working capital	(12.9)	10.3
CAPEX	<u>(17.1)</u>	<u>(16.4)</u>
<b>Trading Cashflow</b>	<u><b>55.0</b></u>	<u><b>43.9</b></u>

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The working capital cash outflow of £12.9m was mainly due to higher trade debtors resulting from stronger wholesale trading in the fourth quarter of the financial year and is 98% current. Higher inventory build was broadly funded by higher trade creditors. In the prior year, the working capital cash inflow of £10.3m was mainly due to a reduction in inventory resulting from increased focus on seasonal clearance.

Capex was £17.1m (FY18: £16.4m) and is summarised below:-

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	<u>FY19</u>	<u>FY18</u>
	£m	£m
New stores	3.8	6.3
Refurbish existing stores	2.3	1.9
IT – ERP system	6.6	4.1
– Other	1.6	0.9
Other	<u>2.8</u>	<u>3.2</u>
<b>CAPEX</b>	<u><b>17.1</b></u>	<u><b>16.4</b></u>

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**Net cashflow after interest and exceptionals**

Net cashflow after interest costs and exceptionals is summarised below: -

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	<u>FY19</u>
	£m
<b>Trading cashflow</b>	<b>55.0</b>
Net interest paid	(5.2)
Exceptionals	(4.7)
Tax paid	(12.1)
Exchange <sup>1</sup>	3.1
<b>Free cashflow</b>	<u><b>36.1</b></u>
Opening cash	86.4
Preference share redemptions	(60.0)
Repayment bank debt	(4.1)
<b>Closing cash</b>	<u><b>58.4</b></u>

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*The cash exchange gain in the year of £3.1m was primarily due to the actual cash arising on trading profit in the year being higher than the average exchange rate used to translate international profits to GBP (£1.1m) and also the actual cash arising on working capital movements during the year being lower than the actual closing rate at 31 March 2019.*

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**Group Strategic Report (continued)**  
**For the year ended 31 March 2019****Pensions**

Airwair International Limited (a subsidiary of the Group), operates a defined benefit pension scheme in the UK, which is closed to new members, and provides both pensions in retirement and death benefits to members. At the most recent triennial valuation date (September 2016), on an actuarial funding valuation basis, the scheme had assets with a value of £63.1m and estimated future liabilities (technical provisions) of £60.2m, resulting in a surplus of £2.9m.

In January 2014, Airwair International Limited agreed a more prudent funding basis with the Trustees of the scheme, whereby cash contributions would be made to the scheme, with a value of £1.25m p.a. until the deficit was £nil. Under this Target Funding Measure Basis ("TFM"), the estimated future liabilities were calculated with a discount rate 0.5%pts lower than the actuarial funding basis, with all other assumptions remaining the same and assets valued monthly such that once a surplus is achieved all future payments cease under this basis. The scheme achieved a surplus under the TFM basis at the end May 2017 and, following agreement with the Trustees, payments ceased in July 17. No further contributions have been made to the scheme since this date.

A detailed description of all pension commitments including the IAS19 accounting valuation (which is prepared on a different valuation basis (of liabilities) to the actuarial funding valuation basis; the latter being used to agree with the pension trustees whether cash attributions are or are not required to be made and the former being purely for accounting purposes) is given in note 26 of the Financial Statements. The surplus under the scheme is not recognised as an asset benefitting the Group on the balance sheet on the basis that the Group is unlikely to derive any economic benefits from that surplus.

Following the outcome of the Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC (and others) court judgment on 26 October 2018, there is further clarity in respect of GMP equalisation and the obligations that this places on schemes. Although the actual impact of equalising the Plan's GMPs remains uncertain, an approximation of the requirement is included in the disclosures given in note 26 as past service costs of £0.5m.

**Funding**

The Group is funded by cash, bank debt and Preference Shares (with the latter carrying a fixed coupon) and equity. Further details on the capital structure and debt are given in note 17 of the Financial Statements. The repayment profile has been previously explained, funding summarised below:

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	<u>31 March-19</u>
<b>Cash</b>	<b>58.4</b>
<b>Bank Debt<sup>1</sup></b>	
- A	(3.2)
- B	(36.4)
- C	<u>(36.0)</u>
<b>Net Bank Debt</b>	<b>(75.6)</b>
<b>Preference Shares</b>	<b>(57.2)</b>
- A	
- B	<u>(259.2)</u>
<b>Net Funding</b>	<b><u>(333.6)</u></b>

<sup>1</sup>Excluding unamortised issue costs and fees of £1.3m

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At 31 March 2019, the ratio of EBITDA to gross bank debt (excluding unamortised fees) was 0.9x (FY18: 1.6x) and the ratio of EBITDA to net debt bank debt (excluding unamortised fees) was 0.20x (FY18: -0.15x).

## Group Strategic Report (continued) For the year ended 31 March 2019

### Balance sheet

The balance sheet is summarised below: -

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	<b>31 March-19</b>
	£m
Freeholds	6.1
Other fixed assets	31.9
Working capital	39.2
Deferred tax	6.0
Goodwill	240.7
<b>Operating net assets</b>	<b>323.9</b>
Cash	58.4
Bank debt <sup>1</sup>	(74.3)
Preference shares	(316.4)
<b>Net liabilities</b>	<b>(8.4)</b>

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<sup>1</sup>Bank debt net of £1.3m unamortised debt issue costs

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The working capital balance of £39.2m predominately reflects inventory of £53.9m.

### **Post balance sheet event**

On 3<sup>rd</sup> June 2019 the Group redeemed £35.0m of the 'A' preference shares and 'B' preference shares (pro-rata) from free cash resources.

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**

Five Year Financial History is summarised below:

	FY19	FY18	FY17	FY16	FY15	CAGR%
	£m	£m	£m	£m	£m	
Revenue						
-Retail	126.7	97.1	78.9	57.2	44.7	30%
-E-commerce	72.7	43.6	32.4	21.0	16.9	44%
-DTC	199.4	140.7	111.3	78.2	61.6	34%
-Wholesale <sup>4</sup>	255.0	207.9	179.3	154.2	173.7	10%
	454.4	348.6	290.6	232.4	235.3	18%
Gross Margin	260.5	186.0	148.7	112.5	108.7	24%
EBITDA <sup>1,2</sup>	85.0	50.0	37.5	29.6	39.1	21%
Operating Profit	68.0	40.2	31.0	24.1	37.3	17%
<i>Key Statistics</i>						
- Pairs sold (m)	8.3	6.9	6.0	5.7	6.5	
- No Stores <sup>3</sup>	109	94	71	56	45	
DTC mix (%)	44%	40%	38%	34%	26%	
Gross Margin (%)	57.3%	53.4%	51.2%	48.4%	46.2%	
EBITDA (%)	18.7%	14.3%	12.9%	12.7%	16.6%	
<i>Revenue by Region</i>						
-Americas	161.1	117.4	106.0	91.7	95.9	14%
-EMEA	206.2	155.9	118.2	94.4	101.3	19%
-Asia	87.1	75.3	66.4	46.3	38.1	23%
	454.4	348.6	290.6	232.4	235.3	18%
Mix- Americas (%)	36%	34%	36%	39%	41%	
EMEA (%)	45%	44%	41%	41%	43%	
Asia (%)	19%	22%	23%	20%	16%	

<sup>1</sup> EBITDA – Earnings before exchange gain/losses, interest, taxation, depreciation and amortisation.

<sup>2</sup> Before exceptional items of £5.2m (FY18: £1.8m).

<sup>3</sup> Own stores on streets and malls operated under arm's length leasehold arrangements.

<sup>4</sup> Wholesale revenue including distributor (export) customers.

**Principal risks and uncertainties**

The Directors periodically review the risks affecting the business including; intellectual property, key accounts loss, financial risk, sourcing risk, disaster recovery and human resources. In addition, the Risk Committee, comprising the COO, CFO, CHRO and General Counsel meet quarterly to review the risk register and mitigating actions. These risks and uncertainties are detailed overleaf.

*Intellectual property*

The Group safeguards its intellectual property by registering all relevant trademarks and trade dress and vigorously enforces its intellectual property rights. During the year action was taken against identified brand infringement in a number of markets with particular focus on lookalike products in key markets.

**Group Strategic Report (continued)**  
**For the year ended 31 March 2019**

**Key account loss**

The Group's largest customers continue to be located in the USA where the top 5 accounts represented 24% of USA revenue (2018: 23%) and 8% of total revenue (2018: 8%). The Group is aware of and monitors the impact of economic conditions on its customers. Credit risk is mitigated by the regular review of the Group's customers' performance and overdue debts as well as the review of customers' credit ratings.

**Financial risks**

The financial management framework incorporates detailed monthly reporting, quarterly forecasting and investment appraisals which are intended to identify and mitigate financial risk. The main risks arising from the Group's financial instruments are interest rate and liquidity risk. These are monitored through compliance with Bank financial covenants. Liquidity risk is mitigated by managing strong operating cash generation and cash collection is monitored throughout the Group. The Group also benefits from a natural hedge within its USD trading and inventory purchasing and has also begun to use forex contracts for UK USD purchases. In addition, appropriate portions of its external debt are denominated in Hong Kong \$, Euro and Japanese Yen. Deferred credit terms are only granted to customers who demonstrate appropriate payment history and satisfy credit worthiness procedures.

**Sourcing risk**

The Group operates from a diversified supply base, with no reliance on any single country or factory. During the year, the Group sourced product from 6 different countries including the UK (for "Made in England" product), China, Vietnam, Thailand, Laos and Bangladesh (2018: 6 countries). In Asia, the Group purchases (under arm's length, 3rd party arrangements) from 12 factories (2018: 12) mainly located in China and Vietnam.

**Disaster recovery**

The Group's core systems can run from either the UK or USA and are periodically tested to ensure that they can be fully operational within a short period of time following any system failure.

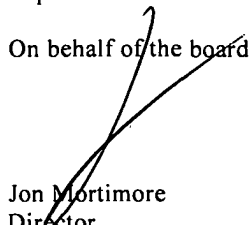
**Human resources**

The Group keeps employees informed of matters affecting them as well as the financial and economic factors affecting performance. The Group supports its employees' continuous development through regular ongoing conversations, offering learning opportunities on a group and individual basis where necessary. The Group is committed to improving training and assesses the opportunity to do so on an individual basis. Managers are eligible for bonuses based on the profitability of the business and an Annual Award programme is in place for employees who deliver exceptional performance, and this year a 'thank you' bonus was paid to all employees because of the strong trading performance of the Group. The Group is committed to equality and diversity and does not tolerate discrimination of any kind.

**Social and Environmental**

In 2018, the Group became a signatory to the British Retail Consortium's initiative "Better Retail, Better World" which has at its heart the UN Sustainable Development Goals. During the year, the Group has been developing an updated sustainability strategy with a specialist consultant, to address the areas where the Group can make a meaningful impact. A number of targets are in the process of being defined, focussing on sustainability by design, use of sustainability components, reduction of waste, packaging and human rights in the supply chain. The Environmental Social Governance ("ESG") committee oversees the programme of actions in this important area which also includes modern slavery, restricted substances and environmental management. We continue to monitor the social and environmental compliance in all of our supplier factories through 3<sup>rd</sup> party audits and drive improvements where needed.

On behalf of the board

  
Jon Mortimore  
Director  
8 July 2019



## **Directors' Report** **For the year ended 31 March 2019**

The Directors present their annual report and financial statements for the year ended 31 March 2019. The financial statements are for Doc Topco Limited (the "Company") and its subsidiaries (together, the "Group").

### **Directors**

The following Directors have, unless otherwise stated, held office throughout the year and up to the date of approval of this report:

P Mason (Chairman)  
K C Wilson (CEO) (appointed 30 July 2018)  
J W Mortimore (CFO)  
C Y Hood  
T Alhadeff

### **Matters disclosed in the Group Strategic Report**

The following information has been disclosed in the Group Strategic Report:

- Results for the year
- Employee involvement
- Future developments (Strategy)
- Disabled employees (Human resources)

### **Dividends**

The Directors do not propose the payment of a dividend for the year (2018: £nil).

### **Going concern**

The Group's business activities, together with the factors likely to affect future developments, its financial position, and its exposure to risks are described in the Strategic Report on page 13.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as well as the principal risks and uncertainties. Based on the Group's cash flow forecasts and trading projections, the Directors are satisfied that the Group and the Company will be able to operate for the foreseeable future.

### **Research and development**

The Group differs from many footwear sourcing companies in that it retains significant shoe-making technical expertise. This allows it to invest resources in developing footwear for comfort and fit and to test new materials to enhance performance using its own factory and test laboratory. More specifically the Group ensures that all Industrial safety footwear is designed to meet international technical standards.

**Directors' Report (continued)**  
**For the year ended 31 March 2019**

**Financial instruments and financial risk management**

Details of the financial instruments and financial risks faced by the Group and its policies for managing these are given in note 25.

**Hedging policy**

The Group's current policy is to hedge material foreign exchange risk associated with highly probable forecast transactions, firm commitments and monetary items denominated in foreign currencies relating to the inventory purchased for the UK wholesale and Retail/ E-commerce markets. This is to hedge the risk of changes in the relevant spot exchange rate.

**Directors' responsibilities**

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group 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 IFRSs as adopted by the European Union and applicable UK Accounting Standards (including FRS 101) have been followed, subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- present fairly the financial position, financial performance and cash flows of the Group and parent Company.

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

**Directors' Report (continued)**  
**For the year ended 31 March 2019**

**Statement of disclosure to auditor**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, they have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all the relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

On behalf of the Board

Jon Mortimore  
Director  
8 July 2019

# Independent Auditors' Report to the members of Doc Topco Limited

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We have audited the financial statements of Doc Topco Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Parent Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Parent Company Statement of Changes of Equity; Consolidated Statement of Cash Flows, and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

## In our opinion:

- ▶ the financial statements give a true and fair view of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- ▶ the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- ▶ the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union in accordance with the provisions of the Companies Act 2006; and
- ▶ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## 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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent Auditors' Report to the members of Doc Topco Limited (continued)

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### 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 Directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 16, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

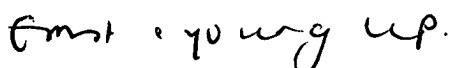
### Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



Julie Carlyle (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
8 July 2019

**Consolidated Statement of Comprehensive Income  
For the year ended 31 March 2019**

	Notes	Total 2019 £m	Total 2018 £m
<b>Revenue</b>	3	<b>454.4</b>	<b>348.6</b>
<b>EBITDA* Pre exceptional items</b>	3	<b>85.0</b>	<b>50.0</b>
Exceptional items	4	(5.2)	(1.8)
<b>EBITDA* Post exceptional items</b>	3	<b>79.8</b>	<b>48.2</b>
Depreciation and amortisation		(10.6)	(6.5)
Loss on disposal		-	(0.1)
Foreign exchange losses	4	(1.2)	(1.4)
<b>Operating profit</b>	4	<b>68.0</b>	<b>40.2</b>
Finance expense:			
Bank debt – net (cash)		(5.3)	(5.3)
Loan note interest (non-cash)		-	(12.3)
Preference interest (non-cash)		(33.0)	(21.2)
Amortisation loan issue costs (non-cash)		(0.8)	(0.7)
<b>Total financing expense</b>		<b>(39.1)</b>	<b>(39.5)</b>
<b>Profit before income tax</b>		<b>28.9</b>	<b>0.7</b>
Income tax expense	8	(11.7)	(6.4)
<b>Profit/(loss) for the year attributable to the owners of the parent</b>		<b>17.2</b>	<b>(5.7)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of post-employment benefit obligations	26	0.5	(0.4)
Tax relating to post employment benefit obligations	26	-	0.1
		<b>0.5</b>	<b>(0.3)</b>
<b>Items that may subsequently be reclassified to profit or loss**</b>			
Currency translation differences		3.1	(5.2)
Cash flow hedges	19	0.2	(0.2)
<b>Other comprehensive income/(expense)</b>		<b>3.8</b>	<b>(5.7)</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b>21.0</b>	<b>(11.4)</b>

\*EBITDA – Earnings before exchange gain/losses, interest, taxation, depreciation and amortisation.

\*\* These items have no tax effect.

The profit for the year and total comprehensive income for the year are entirely attributable to the owners of the parent.

**Consolidated Statement of Financial Position  
As at 31 March 2019**

Company registration number: 08642347

	Notes	2019 £m	2018 £m
<b>Non-current assets</b>			
Intangible assets	10	251.8	248.5
Property, plant and equipment	11	26.9	23.6
Deferred tax assets	20	6.0	4.4
Pension fund surplus	26	-	-
		<b>284.7</b>	<b>276.5</b>
<b>Current assets</b>			
Inventories	13	53.9	39.8
Trade and other receivables	14	53.1	43.1
Derivatives and financial assets	19	0.1	-
Cash and cash equivalents	15	58.4	86.4
		<b>165.5</b>	<b>169.3</b>
<b>Total assets</b>		<b>450.2</b>	<b>445.8</b>
<b>Current liabilities</b>			
Trade and other payables	16	(53.2)	(45.9)
Borrowings – Bank	17	(3.2)	(4.1)
Provisions	18	(1.5)	-
Derivatives and financial liabilities	19	-	(0.1)
Income tax payable		(6.6)	(5.5)
		<b>(64.5)</b>	<b>(55.6)</b>
<b>Non-current liabilities</b>			
Trade and other payables	16	(5.7)	(2.9)
Borrowings – Bank*	17	(71.1)	(72.6)
– Redeemable preference shares	17	(316.4)	(343.4)
Provisions	18	(0.9)	(0.7)
		<b>(394.1)</b>	<b>(419.6)</b>
<b>Total liabilities</b>		<b>(458.6)</b>	<b>(475.2)</b>
<b>Net liabilities</b>		<b>(8.4)</b>	<b>(29.4)</b>

\* Included in bank debt is £1.3m of unamortised fees (2018: £2.1m).

**Consolidated Statement of Financial Position (continued)**  
**As at 31 March 2019**

	Notes	2019 £m	2018 £m
<b>Equity attributable to owners of the parent</b>			
Share capital	21	-	-
Share premium reserve	22	-	10.0
Hedging reserve	22	0.1	(0.1)
Capital redemption reserve	22	(186.0)	-
Foreign currency translation reserve	22	7.4	4.3
Retained earnings	22	170.1	(43.6)
<b>Total equity</b>		<b>(8.4)</b>	<b>(29.4)</b>

The notes on pages 27 to 68 are an integral part of these financial statements.

The financial statements were approved and authorised by the Board of Directors and signed on its behalf by:

Jon Mortimore  
Director  
8 July 2019



## Doc Topco Limited

### Parent Company Statement of Financial Position As at 31 March 2019

Company registration number: 08642347

	Notes	2019 £m	2018 £m
<b>Non-current assets</b>			
Investments	12	141.7	141.7
<b>Non-current assets</b>			
Trade and other receivables	14	184.4	211.4
<b>Current assets</b>			
Trade and other receivables	14	1.6	0.6
<b>Total assets</b>		<b>327.7</b>	<b>353.7</b>
<b>Current liabilities</b>			
Trade and other payables	16	(2.1)	(0.9)
<b>Non-current liabilities</b>			
Borrowings – Redeemable preference shares	17	(316.4)	(343.4)
<b>Total liabilities</b>		<b>(318.5)</b>	<b>(344.3)</b>
<b>Net assets</b>		<b>9.2</b>	<b>9.4</b>
<b>Equity attributable to owners of the parent</b>			
Share capital	21	-	-
Share premium reserve	22	-	10.0
Capital redemption reserve	22	(186.0)	-
Retained earnings	22	195.2	(0.6)
<b>Total equity</b>		<b>9.2</b>	<b>9.4</b>

The retained loss for the financial year dealt with in the accounts of the parent Company was (£0.2m) (2018: (£0.3m)).

The notes on pages 27 to 68 are an integral part of these financial statements.

The financial statements were approved and authorised by the Board of Directors and signed on its behalf by:

Jon Mortimore  
Director  
8 July 2019

**Consolidated Statement of Changes in Equity**  
**For the year ended 31 March 2019**

	Share capital £m	Share premium £m	Hedging reserve £m	Capital redemption reserve £m	Foreign exchange translation reserve £m	Retained earnings £m	Total equity £m
<b>At 1 April 2017</b>	-	10.0	0.1	-	9.5	(37.6)	(18.0)
<i>Comprehensive income</i>							
Loss for the year	-	-	-	-	-	(5.7)	(5.7)
Other comprehensive expense	-	-	(0.2)	-	(5.2)	(0.3)	(5.7)
Total comprehensive expense for the year	-	-	(0.2)	-	(5.2)	(6.0)	(11.4)
<b>At 31 March 2018</b>	-	10.0	(0.1)	-	4.3	(43.6)	(29.4)
<i>Comprehensive income</i>							
Profit for the year	-	-	-	-	-	17.2	17.2
Other comprehensive income	-	-	0.2	-	3.1	0.5	3.8
Total comprehensive income for the year	-	-	0.2	-	3.1	17.7	21.0
Cancellation of Share Premium <sup>1</sup>	-	(10.0)	-	-	-	10.0	-
Capital redemption reserve creation <sup>1</sup>	-	-	-	(223.8)	-	223.8	-
Capital redemption reserve distributions <sup>1</sup>	-	-	-	37.8	-	(37.8)	-
<b>At 31 March 2019</b>	-	-	0.1	(186.0)	7.4	170.1	(8.4)

<sup>1</sup> On 5 July 2018 the Company redeemed £50.0m of preference shares in relation to £9.3m on A shares and £40.7m of B shares. On 31 October 2018, a further £10.0m of preference shares were redeemed in relation to £1.8m of A shares and £8.2m of B shares. The aggregate of £60.0m consisted of £10.0m of share premium, £37.8m of preference share capital repayments and £12.2m of accrued interest.

The notes on pages 27 to 68 are an integral part of these financial statements.

**Parent Company Statement of Changes in Equity  
For the year ended 31 March 2019**

	Share capital £m	Share premium £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
<b>At 1 April 2017</b>	-	10.0	-	(0.3)	9.7
(Loss) for the year	-	-	-	(0.3)	(0.3)
Total comprehensive (expense) for the year	-	-	-	(0.3)	(0.3)
<b>At 31 March 2018</b>	-	10.0	-	(0.6)	9.4
(Loss) for the year	-	-	-	(0.2)	(0.2)
Total comprehensive (expense) for the year	-	-	-	(0.2)	(0.2)
Cancellation of Share Premium <sup>1</sup>	-	(10.0)	(186.0)	196.0	-
<b>At 31 March 2019</b>	-	-	(186.0)	195.2	9.2

<sup>1</sup> See note on page 24.

The notes on pages 27 to 68 are an integral part of these financial statements.

**Consolidated Statement of Cash Flows**  
**For the year ended 31 March 2019**

	Notes	2019 £m	2018 £m
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	68.1	51.5
Taxation paid		(12.1)	(5.5)
<b>Cash generated from operating activities</b>		<b>56.0</b>	<b>46.0</b>
<b>Cash flows from investing activities</b>			
Additions to intangible assets	10	(7.1)	(5.7)
Additions to property, plant and equipment	11	(10.0)	(10.7)
<b>Cash used in investing activities</b>		<b>(17.1)</b>	<b>(16.4)</b>
<b>Cash flows from financing activities</b>			
Finance income		0.1	0.2
Finance expense		(5.3)	(5.5)
Preference share repayments		(60.0)	-
New bank loans and facilities drawn down		10.0	-
Repayments of amounts drawn down in relation to the above		(10.0)	-
Bank loan and facilities repayments		(4.1)	(4.0)
<b>Cash used in financing activities</b>		<b>(69.3)</b>	<b>(9.3)</b>
Net (decrease)/increase in cash and cash equivalents		(30.4)	20.3
Cash and cash equivalents at beginning of year		86.4	67.2
Effect of exchange on cash held		2.4	(1.1)
<b>Cash and cash equivalents at end of year</b>		<b>58.4</b>	<b>86.4</b>

	2019 £m	2018 £m
<b>Cash flow from cash</b>		
EBITDA pre – exceptional items	85.0	50.0
Change in net working capital	(12.9)	10.3
Capital expenditure	(17.1)	(16.4)
<b>Operating cash flow</b>	<b>55.0</b>	<b>43.9</b>
Exceptional items (see note 4)	(4.7)	(1.8)
Pension contributions in excess of charge	-	(0.4)
Net interest paid	(5.2)	(5.3)
Taxation	(12.1)	(5.5)
Net cash foreign exchange <sup>1</sup>	3.1	(7.7)
<b>Free cash flow</b>	<b>36.1</b>	<b>23.2</b>
Preference share redemption	(60.0)	-
Net movements on bank loan and facilities	(4.1)	(4.0)
Net cash flow	(28.0)	19.2
Opening cash	86.4	67.2
<b>Closing cash</b>	<b>58.4</b>	<b>86.4</b>

<sup>1</sup> Including £1.1m gain relating to cash and the balance mainly relating to working capital.

The notes on pages 27 to 68 are an integral part of these financial statements.

## Notes to the Financial Statements For the year ended 31 March 2019

### 1. Corporate information

Doc Topco Limited is a private company, limited by shares and is incorporated and domiciled in the UK. The Company's registered office is Cobbs Lane, Wollaston, Northamptonshire, NN29 7SW.

The principal activity of the Group is the design, development, procurement, marketing, selling and distribution of footwear, under the Dr Martens brand.

### 2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to the periods presented, unless otherwise stated. Amounts are presented in GBP and to the nearest million pounds (to one decimal place) unless otherwise noted.

#### Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group's consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for derivative financial instruments and pension scheme assets that have been measured at fair value. The Company's individual financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

#### Group consolidated financial statements

The Group has applied IFRS as adopted by the EU in preparing these financial statements. Certain amounts in the income statement and the statement of financial position have been grouped together for clarity, with their breakdown being shown in the notes to the financial statements. The distinction presented in the statement of financial position between current and non-current entries has been made on the basis of whether the assets and liabilities fall due within one year or more.

#### Disclosure exemptions – Parent company individual financial statements

In preparing its individual financial statements under FRS 101, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors';
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Going concern**

The Group's financial statements show details of its financial position including, in note 25, details of its financial instruments and exposure to risk.

After reviewing the Group's budget for the next financial period, other medium term plans and considering the risks outlined in note 25, the Directors, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to remain compliant with the terms of its borrowings. Therefore, the Directors have used the going concern basis in preparing the financial statements.

**Adoption of new and revised standards**

*Initial adoption of IFRS 9 Financial Instruments*

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement, covering the classification, measurement and derecognition of financial assets and financial liabilities, together with a new hedge accounting model and the new expected credit loss model for calculating impairment. The standard has an effective date of 1 January 2018.

The new standard has had the following effects on the Group's financial statements:

- The Group's impairment provision on financial assets measured at amortised cost (such as trade and other receivables) has been calculated in accordance with IFRS 9's expected credit loss model, which differs from the incurred loss model previously required by IAS 39. The Group's history of low credit losses as a result of strong customer relationships and trade receivable controls and cash sales for retail and E-commerce channels indicates a low risk exposure for the portfolio looking forward, and as a result, no change to the provision value or opening balance within equity has been recognised.
- At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships.
- The Group has chosen to utilise the exemption allowing it not to restate comparative information with respect to classification and measurement change (including impairment) and the new hedge accounting requirements will be applied prospectively.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The Group continued measuring all financial assets held at fair value.

Trade and other receivables and other non-current financial assets are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as Debt instruments at amortised cost.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

*Initial adoption of IFRS 15 Revenue from Contracts with Customers*

IFRS 15 has replaced IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard has an effective date of 1 January 2018.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Adoption of new and revised standards (continued)**

*Initial adoption of IFRS 15 Revenue from Contracts with Customers (continued)*

The Group has applied the standard using the modified retrospective method with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 April 2018.

In line with IFRS 15, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations. The Group has performed the five-step model on each of these elements, identifying the contracts, the performance obligations, transaction price and then allocating this to determine the timing of revenue recognition. The revenue channels that have been separately assessed are as follows:

- Retail revenue
- E-Commerce revenue, including delivery charge income
- Wholesale revenue

For each of the revenue channels the timing of revenue recognition has had a minimal impact as a result of the adoption of IFRS 15. Adoption of the standard has therefore not had a material impact on the revenue recognised.

Some contracts for the sale of goods provide customers with a right of return and rebates. Before adopting IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration receivable, net of returns and rebates. Under IFRS 15, this now gives rise to variable consideration.

- *Rights of return*  
When a contract provides a customer with a right to return, the Group previously estimated expected returns based on historic trends and recognised as an other payable. Under IFRS 15, the consideration is variable because the contract allows the customer to return the product. The Group used the expected value method to estimate the goods that will not be returned and recognise a refund liability and an asset for the goods to be recovered.
- *Rebates*  
Prior to adopting IFRS 15, the Group estimated rebates using the probability-weighted average amount of rebates approach. Under IFRS 15, rebates give rise to variable consideration. To estimate this the Group applied the 'most likely amount' method.

*Other standards adopted*

The following standards adopted in the current financial year have not had a significant impact on the financial statements of the Group: -

- IFRIC 22 Foreign Currency Transactions and Advance Consideration

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**New standards and interpretations not yet applied**

At the date of authorisation of these financial statements, the following standards and interpretations that are relevant to the Group, which have not been applied in these financial statements, were in issue but not yet effective.

- IFRS 16 Leases – for accounting periods beginning on or after 1 January 2019

IFRS 16 will replace IAS 17 and related interpretations. The standard addresses the definition of a lease, recognition and measurement of leases, and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. On adoption of IFRS 16 the Group will recognise within the Statement of Financial Position a right of use asset and lease liability for all applicable leases, similar to finance leases under IAS 17. Within the Statement of Comprehensive Income, rent expense under IAS17 will be replaced by depreciation and interest expense of the lease liability and right of use asset. This will result in a decrease in operating expenses and an increase in finance costs.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as a change in lease term or future payments. The lessee will generally recognise the remeasurement of the lease liability with a corresponding adjustment to the right-of-use asset. The Group operates as a lessee for the majority of its' retail stores and office/showroom locations. The Group has additional leases for vehicles and office equipment.

The actual impact of applying IFRS 16 will depend on a variety of factors, including the Group's incremental borrowing rate as at 1 April 2019 to 31 March 2020, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options, and the extent to which the Group chooses to use practical expedients and recognition exemptions. The standard will also impact a number of statutory measures such as operating profit and cash generated from operations, and alternative performance measures used by the Group.

The Group is currently completing the detailed assessment of the standard, however the impact is expected to be reasonably material. Please refer to note 24 for the Group's undiscounted operating lease commitments outstanding at 31 March 2019.

The Group is planning to apply the following practical expedients: -

- Internal borrowing rate; by applying one rate to a portfolio of similar leases;
- Excluding initial direct costs from the right-of-use asset value;
- Using hindsight to determine the lease length;
- Utilising the onerous lease impairment review undertaken under IAS 37 prior to transition; and
- Applying the exemption for short-term leases.

Other standards and interpretations or amendments thereto which have been issued, but are not yet effective, are not expected to have a material impact on the Group's consolidated financial statements.



**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2019. Control is achieved when the Group has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**Revenue recognition**

The Group's revenue arises from the sale of products to customers. Contracts with customers generally have one performance obligation. The Group has concluded that the revenue from the sale of products should be recognised at a point in time when control of the goods is transferred to the customer, which is dependent on the revenue channel. Revenue is recognised at the invoiced price less any associated discounts.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Revenue recognition (continued)**

Control is passed to the customer on the following basis under each of the revenue channels as follows: -

- Retail channel: upon completion of the transaction.
- E-commerce channel: upon receipt of the goods by the customer.
- Wholesale channel: upon delivery of the goods or upon despatch to customer if the Company takes responsibility for delivery.

The payment terms across each of these revenue channels varies. The payments for retail are received at the transfer of control. E-commerce payments are received in advance of transfer of control by less than one week as there is a timing difference between receipt of cash on order and receipt of goods by the customer. Wholesale customers pay on terms generally between 30 and 60 days.

Provisions for returned goods are calculated based on future expected levels returns for each channel, assessed across a variety of factors such as historical trends, economic factors and other measures.

**Intangible assets**

*Goodwill*

Business combinations are accounted for by applying the acquisition method. Goodwill acquired represents the excess of the fair value of the consideration over the fair value of the identifiable net assets acquired.

After initial recognition, positive goodwill is measured at cost less any accumulated impairment losses. At the date of acquisition, the goodwill is allocated to cash generating units, usually at business segment level or statutory company level as the case may be, for the purpose of impairment testing and is tested at least annually for impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill, the recoverable amount is estimated at each year end date and whenever there is an indication of impairment. On subsequent disposal or termination of a business acquired, the profit or loss on termination is calculated after charging the carrying value of any related goodwill. Negative goodwill is recognised directly in the Statement of Comprehensive Income.

*Software*

Software is carried at cost less accumulated amortisation and any provision for impairment. Cost includes the original purchase price of the asset and the costs incurred attributable to bringing the asset to its working condition for intended use. Additional costs in relation to the software are capitalised only so far as they fulfil the criteria of being separable intangible assets. These assets are considered to have finite useful lives, and are amortised on a straight line basis over the expected useful economic life of each of the assets, which is considered to be three years. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

**Property, plant and equipment**

Property, plant and equipment is carried at cost less accumulated depreciation and provision for impairment. Depreciation is calculated to write down the cost of the assets less estimated residual value over its expected useful life as follows:

- |                                 |  |
|---------------------------------|--|
| - Freehold properties           | 2% straight line method                                  |
| - Leasehold land and buildings  | 2% straight line method or over the life of the lease    |
| - Plant and machinery           | 15% straight line method and 25% reducing balance method |
| - Office and computer equipment | 20% and 33⅓% straight line method                        |

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Property, plant and equipment (continued)**

Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period that the asset is derecognised.

**Impairment**

The carrying amounts of the Group's assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each year end date and whenever there is an indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

**Operating leases**

Operating leases are those where substantially all of the benefits and risks of ownership remain with the lessor. Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease. Any lease incentives are spread over the life of the lease.

**Investments**

Investments in the Company's own financial statements are stated at cost less any provision for impairment.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Inventories are valued at weighted average cost, including freight to warehouse and duty. Net realisable value is based on estimated selling price less any costs expected to be incurred to completion or disposal.

**Finance expenses**

Financial expenses consist of interest payable on various forms of debt. It is recognised in the Statement of Comprehensive Income under the effective interest rate method.

**Exceptional costs**

Exceptional costs consist of material non-recurring items and items arising outside of the normal trading of the Group. The notes to the accounts give a narrative to the charge for the year.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax movement recognised in the period. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Deferred tax

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Taxation (continued)**

liabilities are recognised for taxable temporary differences arising in investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

Financial assets are measured as follows: -

Trade receivables are measured at amortised cost.

**Trade and other receivables**

Trade receivables are unconditional amounts of consideration receivable by the Group. Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and on demand deposits, and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Financial liabilities**

The Company classifies all of its financial liabilities as liabilities at amortised cost.

*Initial recognition*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Details of the Group's equity are included in note 21.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Trade and other payables**

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

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets, and settle the liabilities simultaneously.

**Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently carried at amortised cost using the effective interest rate method so that any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings. Details of the Group's borrowings are included in note 17.

**Borrowing costs**

The Group expenses borrowing costs in the period the costs are incurred. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as part of the specific asset and amortised over the estimated useful life of the asset. Details of the Group's borrowings are included in note 17.

**Foreign currency translation**

The functional currency of each company in the Group is that of the primary economic environment in which the entity operates. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the period-end. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income. On consolidation, the assets and liabilities of the Group entities that have a functional currency different from the presentation currency are translated into sterling at the closing rate at the date of that statement of financial position. Income and expenses for each income statement are translated at average exchange rates for the period. Exchange differences are recognised in other comprehensive income.

**Pension costs**

*Defined contribution pension schemes*

For defined contribution schemes the amount charged to the income statement represents the contributions payable to the plans in the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

*Defined benefit pension scheme*

The Group operates a defined benefit pension scheme, which requires contributions to be made to separately administered funds. The UK scheme was closed to new members on 31st January 2006, from which time membership of a defined contribution plan was available. No asset is recognised in the Statement of Financial Position in respect of defined benefit pension plans due to the uncertainty over future obligations. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the Group expects to recover by way

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Pension costs (continued)**

of refunds from the plan or reductions in future contributions. The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from service in the current year, benefit changes, curtailments and settlements. Past-service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

**Derivative financial instruments and hedging activities**

The Group uses derivative financial instruments, such as foreign exchange forward contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Assets and liabilities held at fair value are categorised into levels that have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Derivative financial instruments consist of foreign exchange forward contracts, which are categorised within Level 2.

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months. Foreign exchange forward contracts are recorded as a current asset and liability.

The Group designates certain derivatives as either:

- a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- c) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in note 19. Movements on the hedging reserve in other comprehensive income are shown in the Statement of Comprehensive Income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. From 1 April 2018 the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Derivative financial instruments and hedging activities (continued)**

hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedger ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: -

- There is 'an economic relationship' between the hedged item and the hedged instrument.
- The effect of credit risk does not 'dominate the value changes; that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedge item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

**Foreign exchange forward contracts derivatives**

The Company Group has entered into a number of foreign exchange forward contracts to cover the foreign exchange risk associated with merchandise purchases in USD, and fix sterling price points using low risk treasury instruments.

**Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'Other gains/(losses) – net'. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, when the hedged forecast transaction results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset cost. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory, or in depreciation in the case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'Other gains/(losses) – net'.

**Significant judgements and estimates**

The preparation of the Group's financial statements in conforming with IFRS requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates. Information about such judgements and estimation is contained in the accounting policies and / or notes to the financial statements and the key areas are summarised below:

**Key judgements**

The following judgements have had the most significant effect on amounts recognised in the financial statements:

**Provisions for expected credit losses of trade receivables**

Expected credit losses are calculated based on a combination of factors, including the ageing of the receivable balances, historical experience of groupings customer segments that have similar loss patterns, current credit status of the customer and forward looking information such as current economic conditions.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**2. Accounting policies (continued)**

**Significant judgements and estimates (continued)**

*Inventory provisions*

Inventory provisioning requires significant judgement on which inventory lines should be classed as obsolete. Inventory age, historic sales patterns and trading forecasts are used when classifying inventory lines to be provided against.

*Corporation tax*

There is significant judgement involved in determining the Group's corporation tax provision. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates to whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which the determination is made. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies (see notes 8 and 20).

**Key sources of estimation uncertainty and assumptions**

The following estimates are dependent upon assumptions that which could change in the next financial year and have a material effect on the carrying amount of assets and liabilities recognised at the balance sheet date:

*Carrying value of non-financial assets*

Determining the carrying value of an asset or cash generating unit (CGU) requires the use of estimates of future cash flows and discount rates in order to calculate the present value of the cash flows. For details see note 10.

*Retirement benefit liabilities*

Determining the fair value of the defined benefit pension scheme, which relates to the pension of the Group, requires assumptions to be made by management and the Group's independent qualified actuary around the actuarial valuations of the scheme's assets and liabilities. For details see note 26.



**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**3. Analysis of operating results**

All revenue is attributed to the continuing activity, design, development, procurement, selling, distribution and marketing of footwear and related accessories.

Revenue can be further analysed as follows:

	External sales		
	2019 £m	2018 £m	Growth %
<b>Revenue by geographical market</b>			
Americas	161.1	117.4	37%
EMEA	206.2	155.9	32%
Asia	87.1	75.3	16%
<b>Net external sales</b>	<b>454.4</b>	<b>348.6</b>	<b>30%</b>
<b>Revenue by channel</b>			
Retail	126.7	97.1	30%
E-commerce	72.7	43.6	67%
Wholesale <sup>1</sup>	255.0	207.9	23%
<b>Net external sales</b>	<b>454.4</b>	<b>348.6</b>	<b>30%</b>

<sup>1</sup>Wholesale revenue including distributor (export) customers.

EBITDA can be analysed as follows:

Region	2019 £m	2018 £m	Growth %
Americas	33.0	18.5	78%
EMEA	43.4	24.9	74%
Asia	19.8	17.1	16%
Support costs (see note below)	(11.2)	(10.5)	7%
<b>EBITDA pre- exceptional items</b>	<b>85.0</b>	<b>50.0</b>	<b>70%</b>
Exceptional items (see note overleaf)	(5.2)	(1.8)	
EBITDA post exceptional items	79.8	48.2	
Depreciation and amortisation	(10.6)	(6.5)	
Loss on disposal	-	(0.1)	
Foreign exchange differences	(1.2)	(1.4)	
<b>Operating profit</b>	<b>68.0</b>	<b>40.2</b>	

Note: Support costs represent Group related support costs not directly attributable to each regions operations and include: Group Finance, Legal, Group HR, Global Brand and Design, Directors and other Group related expenses.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**4. Operating profit**

Operating profit is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Raw materials and consumables (cost of sales)	193.8	162.6
Staff costs (see note 7)	74.2	53.1
Advertising and marketing	26.7	17.0
Operational expenses	7.1	6.1
Operating lease charges	20.3	17.4
Property taxes	3.4	3.0
Other operating charges	43.9	39.4
<b>Operating expenses before depreciation, foreign exchange, amortisation and exceptional items</b>	<b>369.4</b>	<b>298.6</b>
Exceptional items	5.2	1.8
<b>Operating expenses before depreciation, foreign exchange and amortisation</b>	<b>374.6</b>	<b>300.4</b>
Depreciation of property, plant and equipment	7.2	6.2
Amortisation of intangibles	3.4	0.3
Loss on disposal	-	0.1
Foreign exchange losses (see below)	1.2	1.4
<b>Total operating expenses after depreciation, amortisation and exceptional items</b>	<b>386.4</b>	<b>308.4</b>

*Foreign exchange losses comprise the following:*

Foreign exchange losses relating to working capital	0.3	3.0
Foreign exchange losses/(gains) relating to bank loans	0.9	(1.6)
<b>Total foreign exchange losses</b>	<b>1.2</b>	<b>1.4</b>

Exceptional items comprise of the following:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Exceptional costs (see note below)*	5.2	1.8

\* £3.2m allowable for tax purposes, tax impact would be calculated on total exceptionals at 12% (FY18: 19%).

In January 2017 the Group began a 4 year project to upgrade and replace all of its legacy IT systems with Microsoft Dynamics (D365). Exceptional costs in the year of £5.2m included £1.6m in relation to the new IT system, with EMEA going live in August 2018 and Americas build then beginning (with the latter due to go live Autumn 2019). In addition a provision for legal obligations and litigation of £1.5m was charged, a Guaranteed Minimum Pension equalisation of £0.5m was incurred in relation to the past service cost of the defined benefit pension scheme (which is non cash), consulting fees of £0.8m were incurred in relation to certain financing arrangements and warehouse optimisation advice in EMEA, with the balance of £0.8m mainly restructuring and consulting costs. In the prior year, exceptional costs of £1.8m included £0.8m in relation to the new IT system with the balance mainly restructuring and redundancy costs.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**5. Auditors remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	<b>93</b>	<b>77</b>
Fees payable to the Company's auditor for other services:		
The audit of the Company's subsidiaries	<b>505</b>	<b>313</b>
Other assurance services	<b>6</b>	<b>5</b>
Tax advisory services	<b>85</b>	<b>77</b>
Other services	<b>6</b>	<b>5</b>
	<b>695</b>	<b>477</b>

**6. Directors' remuneration**

The remuneration of Directors of the Company is set out below.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and benefits	<b>1,208</b>	<b>1,475</b>
Pension costs	<b>-</b>	<b>9</b>

The highest paid director received salaries and benefits of £622,000 (2018: £740,000) and pension contributions to the defined contribution scheme of £Nil (2018: £9,000). The highest paid director is not entitled to receive benefits under the defined benefits pension scheme and does not participate in a share option scheme or any other long term incentive scheme.

No retirement benefits are accruing to Directors under a defined contribution scheme (2018: nil).

**7. Employee information**

The average monthly number of employees (including Directors) employed by the Group during the year was:

	<b>FTE*</b>		<b>Average</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Americas	<b>328</b>	<b>290</b>	<b>440</b>	<b>362</b>
EMEA	<b>513</b>	<b>474</b>	<b>859</b>	<b>781</b>
Asia	<b>259</b>	<b>173</b>	<b>288</b>	<b>203</b>
Global support functions	<b>277</b>	<b>237</b>	<b>283</b>	<b>240</b>
	<b>1,377</b>	<b>1,174</b>	<b>1,870</b>	<b>1,586</b>

\*FTE (Full Time Equivalent) is calculated by dividing the employees contracted hours by the Companies standard full time contract hours.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019****7. Employee information (continued)**

The aggregate payroll costs of these employees charged in the Statement of Comprehensive Income was as follows:

	2019	2018
	£m	£m
Wages and salaries	65.4	46.1
Social security costs	4.9	3.7
Pension costs	3.4	2.8
Other post-employment benefits	0.5	0.5
	<b>74.2</b>	<b>53.1</b>

**8. Taxation**

	2019	2018
	£m	£m
<b>Current tax</b>		
Current tax on UK profit for the year	11.2	5.2
Adjustment in respect of prior year <sup>1</sup>	(1.2)	-
Current tax on overseas profits for the year	3.3	3.3
	<b>13.3</b>	<b>8.5</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1.2)	(0.5)
Adjustment in respect of prior year <sup>2</sup>	(0.4)	(1.6)
	<b>(1.6)</b>	<b>(2.1)</b>
<b>Total income tax expense in the Statement of Comprehensive Income</b>	<b>11.7</b>	<b>6.4</b>
<b>Other comprehensive income</b>		
Current tax on UK profit for the year	-	(0.1)
<b>Total tax expense in the Statement of Comprehensive Income</b>	<b>11.7</b>	<b>6.3</b>

<sup>1</sup>Adjustments in respect of prior periods arise as a result of the finalisation and submission of the final tax computations to HMRC in relation to a review of the anti-hybrid mismatch provisions and their application to the tax position of the Company.

<sup>2</sup>Adjustments in respect of prior periods arise as a result of the finalisation tax computations in relation to USA timing differences.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019****8. Taxation (continued)**

	2019 £m	2018 £m
<b>Factors affecting the tax expense for the year:</b>		
Profit on ordinary activities before taxation	<b>28.9</b>	0.7
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	<b>5.5</b>	0.1
<i>Effects of:</i>		
Non-deductible expenses <sup>1</sup>	<b>6.8</b>	7.0
Temporary differences not provided for	<b>(0.1)</b>	-
Adjustments in respect of prior periods <sup>2</sup>	<b>(1.6)</b>	(1.6)
Effect of change in tax rate	<b>0.5</b>	1.4
Foreign tax	<b>0.5</b>	-
Other adjustments	<b>0.1</b>	(0.6)
<b>Total taxation expense</b>	<b>11.7</b>	6.3

<sup>1</sup>Non-deductible expenses relate to the disallowable proportion of the loan note and preference share interest.

<sup>2</sup>Adjustments in respect of prior periods arise as a result of the finalisation and submission of the final tax computations to HMRC in relation to a review of the anti-hybrid mismatch provisions and their application to the tax position of the Company.

**Factors that may affect future tax charges**

There have been a number of recent announcements made to the UK's main rate of corporation tax. The current rate of 19% with effect from 1 April 2017, with a further reduction to 17% substantively enacted on 6 September 2016 and due to take effect from 1 April 2020. Such changes will reduce the Company's future current tax charges accordingly.

**9. Profit attributable to members of the parent Company**

As permitted by section 408 of the Companies Act 2006, the parent Company's Statement of Comprehensive Income has not been included in these financial statements. The retained loss for the financial year of the parent Company was £0.2m (2018: £0.3m).

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**10. Intangible fixed assets**

<b>Group</b>	<b>Software £m</b>	<b>Goodwill £m</b>	<b>Total £m</b>
<b>Cost</b>			
<b>At 1 April 2017</b>	<b>4.8</b>	<b>240.7</b>	<b>245.5</b>
Additions	5.7	-	5.7
Disposals	(0.2)	-	(0.2)
Foreign exchange	(0.3)	-	(0.3)
<b>At 31 March 2018</b>	<b>10.0</b>	<b>240.7</b>	<b>250.7</b>
Additions	7.1	-	7.1
Reclassifications to tangible fixed assets <sup>1</sup>	(0.5)	-	(0.5)
<b>At 31 March 2019</b>	<b>16.6</b>	<b>240.7</b>	<b>257.3</b>
<b>Accumulated amortisation</b>			
<b>At 1 April 2017</b>	<b>2.5</b>	<b>-</b>	<b>2.5</b>
Charge for the year	0.3	-	0.3
Disposals	(0.2)	-	(0.2)
Foreign exchange	(0.4)	-	(0.4)
<b>At 31 March 2018</b>	<b>2.2</b>	<b>-</b>	<b>2.2</b>
Charge for the year	3.4	-	3.4
Reclassifications to tangible fixed assets <sup>1</sup>	(0.1)	-	(0.1)
<b>At 31 March 2019</b>	<b>5.5</b>	<b>-</b>	<b>5.5</b>
<b>Net book value</b>			
<b>At 31 March 2019</b>	<b>11.1</b>	<b>240.7</b>	<b>251.8</b>
<b>At 31 March 2018</b>	<b>7.8</b>	<b>240.7</b>	<b>248.5</b>

<sup>1</sup> Reclassifications relate to computer hardware initially capitalised under intangible assets. In the current year, these assets have been reclassified as tangible fixed assets.

**Impairment assessment**

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which requires the use of assumptions. The calculations use cash flow forecasts based on financial budgets approved by management covering a five-year period. Where the recoverable amount is less than the carrying value, an impairment results.

For the purposes of carrying out impairment tests, the Group's total goodwill has been allocated to a number of CGUs and each of these CGUs has been separately assessed and tested. The CGU's were agreed by the Directors as the geographical regions in which the Group operates. These regions are the lowest level at which goodwill is monitored and represents identifiable operating segment.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019****10. Intangible fixed assets (continued)**

The aggregate carrying amount of goodwill allocated to each CGU are as follows:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Americas	<b>114.1</b>	114.1
EMEA	<b>66.6</b>	66.6
Asia	<b>60.0</b>	60.0
	<b>240.7</b>	240.7

All CGUs were tested for impairment. No charge was made in the current year (2018: £nil).

*Significant judgements, assumptions and estimates*

All CGUs' recoverable amounts were measured using value in use. Detailed forecasts for the next five years have been used which are based on approved annual budgets and strategic projections representing the best estimate of future performance. Management consider forecasting over this period to appropriately reflect the business cycle of the CGU's.

There have been no changes to the composition of the Group's CGU's during the year.

In determining the value in use of CGUs it is necessary to make a series of assumptions to estimate the present value of future cash flows. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

*Operating cash flows*

The main assumptions within forecast operating cash flow include the achievement of future growth in retail, E-commerce and wholesale channels, sales prices and volumes (including reference to specific customer relationships and product lines), raw material input costs, the cost structure of each CGU, the impact of foreign currency rates upon selling price and cost relationships and the levels of maintenance capital expenditure required to support each sales channel.

*Pre-tax risk adjusted discount rates*

This rate reflects the specific risks relating to each segment and considers the countries and regions they operate in. This has been considered and for the Group has been calculated to be 10%. Pre-tax risk adjusted discount rates are derived from risk-free rates based upon long term government bonds in the territories and averaged for the Group.

*Long term growth rates*

To forecast beyond the detailed cash flows into perpetuity, a long term average growth rate has been used. In each case a rate of 2.5% has been used, in line with forecasts included within industry reports.

*Goodwill sensitivity analysis*

The results of the Group's impairment tests are dependent upon estimates and judgements made by management, particularly in relation to the key assumptions described above. Sensitivity analysis to potential changes in key assumptions has therefore been reviewed and there are no reasonably possible changes to key assumptions that would cause the carrying amount for any CGU to exceed its recoverable amount.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**11. Property, plant and equipment**

<b>Group</b>	<b>Freehold property £m</b>	<b>Leasehold £m</b>	<b>Plant &amp; machinery £m</b>	<b>Office equipment £m</b>	<b>Motor vehicles £m</b>	<b>Total £m</b>
<b>Cost or valuation</b>						
<b>At 1 April 2017</b>	<b>6.7</b>	<b>18.3</b>	<b>1.0</b>	<b>2.8</b>	<b>0.1</b>	<b>28.9</b>
Additions	0.1	9.3	0.5	0.8	-	10.7
Disposals	-	(1.3)	-	(0.2)	-	(1.5)
Foreign exchange	(0.6)	(1.1)	-	(0.1)	-	(1.8)
<b>At 31 March 2018</b>	<b>6.2</b>	<b>25.2</b>	<b>1.5</b>	<b>3.3</b>	<b>0.1</b>	<b>36.3</b>
Additions	0.4	7.0	0.9	1.7	-	10.0
Reclassifications from intangible fixed assets <sup>1</sup>	-	1.7	-	(1.2)	-	0.5
Foreign exchange	0.3	0.4	-	0.1	-	0.8
<b>At 31 March 2019</b>	<b>6.9</b>	<b>34.3</b>	<b>2.4</b>	<b>3.9</b>	<b>0.1</b>	<b>47.6</b>
<b>Depreciation &amp; impairment</b>						
<b>At 1 April 2017</b>	<b>0.8</b>	<b>6.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.1</b>	<b>8.9</b>
Charge for the year	0.1	4.1	0.3	0.8	-	5.3
Impairment <sup>2</sup>	-	0.9	-	-	-	0.9
Disposals	-	(1.2)	-	(0.2)	-	(1.4)
Transfers	-	(0.7)	-	0.7	-	-
Foreign exchange	(0.4)	(0.6)	-	-	-	(1.0)
<b>At 31 March 2018</b>	<b>0.5</b>	<b>9.3</b>	<b>0.9</b>	<b>1.9</b>	<b>0.1</b>	<b>12.7</b>
Charge for the year	0.1	4.9	0.3	1.1	-	6.4
Impairment <sup>2</sup>	-	0.6	-	0.2	-	0.8
Reclassifications from intangible fixed assets <sup>1</sup>	-	0.8	-	(0.7)	-	0.1
Foreign exchange	0.2	0.4	-	0.1	-	0.7
<b>At 31 March 2019</b>	<b>0.8</b>	<b>16.0</b>	<b>1.2</b>	<b>2.6</b>	<b>0.1</b>	<b>20.7</b>
<b>Net book value</b>						
<b>At 31 March 2019</b>	<b>6.1</b>	<b>18.3</b>	<b>1.2</b>	<b>1.3</b>	<b>-</b>	<b>26.9</b>
<b>At 31 March 2018</b>	<b>5.7</b>	<b>15.9</b>	<b>0.6</b>	<b>1.4</b>	<b>-</b>	<b>23.6</b>

<sup>1</sup> See note 10.

<sup>2</sup> An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. During the year an impairment of £0.8m (2018: £0.9m) was recognised for certain retail store assets where the carrying amount of the asset exceeded its value in use over the next five years.



**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**12. Investments**

Companies Act 2006 requires the registered address and principal place of business of each subsidiary undertaking to be disclosed. These are shown in the footnotes below the table. The financial performance and financial position of these undertakings have been consolidated:

Name	Country of registration	Class of share capital held	Nature of investment		Nature of business
			Direct	Indirect	
Airwair International Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Footwear retail and distribution
Dr Martens Airwair USA LLC <sup>2</sup>	USA	Capital of no par value	-	100%	Footwear retail and distribution
Dr Martens Airwair (Zhuhai) Company Limited <sup>*3</sup>	China	Ordinary	-	100%	Manufacturing support
Dr Martens Airwair Hong Kong Limited <sup>4</sup>	Hong Kong	Ordinary	-	100%	Footwear retail and distribution
Dr Martens Airwair Korea Limited <sup>5</sup>	Korea	Ordinary	-	100%	Footwear retail and distribution
Dr Martens Airwair Japan KK <sup>6</sup>	Japan	Ordinary	-	100%	Footwear retail and distribution
Dr Martens Airwair Belgium N.V. <sup>7</sup>	Belgium	Ordinary	-	100%	Footwear retail and distribution
Dr Martens Airwair France S.A.S <sup>8</sup>	France	Ordinary	-	100%	Footwear retail and distribution
Dr Martens Netherlands B.V. <sup>9</sup>	Netherlands	Ordinary	-	100%	Footwear retail and distribution
Doc Debtco Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	100%	-	Management company
Doc Midco Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Management company
Doc Bidco Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Management company
Dr Martens Airwair Group Limited <sup>1</sup>	England and Wales	Ordinary shares	-	100%	Management company
Airwair (1994) Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Management company
Airwair (1996) Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Management company
GFM Trademarks GmbH <sup>10</sup>	Germany	DM1 Ordinary shares	-	50%	Trademark registration
Airwair Property Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Property Investment
Airwair Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Management company
Dr Martens Sports & Leisure Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Dormant
Dr Martens Airwair Singapore PTE Limited <sup>11</sup>	Singapore	Ordinary	-	100%	Footwear retail and distribution

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**12. Investments (continued)**

Name	Country of registration	Class of share capital held	Nature of investment		Nature of business
			Direct	Indirect	
Dr Martens Airwair (Ireland) Limited <sup>12</sup>	Republic of Ireland	Ordinary	-	100%	Footwear retail and distribution
Dr Martens Airwair & Co Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Dormant
Dr Martens Dept. Store Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Dormant
DM Germany GmbH <sup>13</sup>	Germany	Ordinary	-	100%	Footwear retail and distribution
Dr Martens Limited <sup>1</sup>	England and Wales	£1 Ordinary shares	-	100%	Dormant

\*The financial year of this entity ends on 31 December in line with local requirements.

1. Cobbs Lane, Wollaston, Northamptonshire, England, NN29 7SW

2. 10 Northwest, 10<sup>th</sup> Avenue, Portland, Oregon, USA, 97209

3. No. 05, F28, Seat B, No. 2021, Jiuzhou Avenue West, Zhuhai 519000, China

4. Unit 2902B-5, 29th Floor, 148 Electric Road, North Point, Hong Kong

5. 3F Jeonghyun Building., 5, Jandariro3an-Gil, Mapo-Gu, Seoul, 04043, Korea

6. Shibuya Sakuragaoka Building 11F, 4-23 Sakuragaoka cho, Shibuya-ku, Tokyo, Japan, 150-0031

7. Square De L'Atomium 1 b165, 102 Brussels, Belgium

8. 36 Rue Des Petits Champs, 75002, Paris, France

9. Luna Arena, Herikerberweg 238, Amsterdam, 1101 CM, Netherlands

10. An Der Arch 3, 82402, Bayern, Germany

11. 77 Robinson Road, 13-00 Robinson 77, Singapore 068896

12. Kilmore House, Park Lane, Spencer Dock, Dublin, Ireland D01 YE64

13. Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany

**13. Inventories**

Group	2019	2018
	£m	£m
Raw materials	1.0	0.8
Finished goods	52.9	39.0
	<b>53.9</b>	<b>39.8</b>

During the year, the Group decreased the provision in respect of slow moving and obsolete inventory by £0.5m (2018: £0.9m increase) to give a total provision of £3.1m (2018: £3.6m).

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**14. Trade and other receivables**

<b>Group</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Trade receivables	<b>41.6</b>	30.4
Less: provision for impairment	<b>(0.8)</b>	(0.7)
Trade receivables – net	<b>40.8</b>	29.7
Other receivables	<b>8.1</b>	7.0
	<b>48.9</b>	36.7
Prepayments and accrued income	<b>4.2</b>	6.4
	<b>53.1</b>	43.1

All trade and other receivables are expected to be recovered within 12 months of the year end date. The fair value of trade and other receivables is the same as the carrying values shown above. The carrying value of trade receivables represents the maximum exposure to credit risk. For some trade receivables the Group may obtain security in the form of guarantees, insurances, mortgages or letters of credit which can be called upon if the counterparty is in default under the terms. As at 31 March 2019 the amount of collateral held was £0.5m (2018: £1.0m).

As at 31 March 2019 trade receivables of £2.8m (2018: £0.6m) were past due but not impaired. Trade receivables are reviewed on a line by line basis with consideration given to specific circumstances and credit history when calculating the provision. The ageing analysis of these receivables is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Over 90 days	<b>2.8</b>	0.6

As at 31 March 2019 trade receivables of £0.8m (2018: £0.7m) were impaired. The amount of the impairment provision was £0.8m (2018: £0.7m). The individually impaired receivables relate mainly to accounts which are outside the normal credit terms. The ageing analysis of these receivables is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Up to 60 days	<b>0.2</b>	0.2
60 to 90 days	-	-
Over 90 days	<b>0.6</b>	1.3
	<b>0.8</b>	1.5

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
At 1 April	<b>0.7</b>	0.9
Provision for receivable impairment	<b>0.1</b>	-
Release of receivable impairment	-	(0.2)
	<b>0.8</b>	0.7

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019****14. Trade and other receivables (continued)**

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
UK Sterling	<b>3.5</b>	4.3
Euro	<b>5.3</b>	4.6
US Dollar	<b>19.9</b>	15.1
Japanese Yen	<b>7.1</b>	4.3
Other currencies	<b>5.0</b>	1.4
	<b>40.8</b>	29.7

<b>Company</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Non-current - amounts due from group companies	<b>184.4</b>	211.4
Other receivables	<b>1.6</b>	0.6
	<b>186.0</b>	212.0

**15. Cash and cash equivalents**

<b>Group</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Cash and cash equivalents	<b>58.4</b>	86.4

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019****16. Trade and other payables**

<b>Group</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
<b>Current</b>		
Trade payables	<b>20.0</b>	19.6
Taxes and social security costs	<b>1.7</b>	2.7
Other payables	<b>5.6</b>	4.0
Bank interest and finance charges	<b>0.2</b>	0.1
	<b>27.5</b>	26.4
Accruals and deferred income	<b>25.7</b>	19.5
	<b>53.2</b>	45.9
<b>Group</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current</b>		
Other payables	-	0.2
Accruals and deferred income	<b>5.7</b>	2.7
	<b>5.7</b>	2.9
<b>Company</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
<b>Current</b>		
Amounts due to group companies	<b>2.1</b>	0.9

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

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**17. Borrowings**

<b>Group</b>	<b>2019 £m</b>	<b>2018 £m</b>
<b>Current</b>		
Bank loans <i>(including unamortised fees)</i>	<b>3.2</b>	4.1
<b>Non-current</b>		
Bank loans <i>(including unamortised fees)</i>	<b>71.1</b>	72.6
Redeemable preference <sup>1</sup>		
‘A’ shares	<b>57.2</b>	64.9
‘B’ shares	<b>259.2</b>	278.5
Total Redeemable preference shares	<b>316.4</b>	343.4
<b>Total non-current</b>	<b>387.5</b>	416.0
<b>Total borrowings</b>	<b>390.7</b>	420.1
<i>Split of above:</i>		
Current bank loans	<b>3.2</b>	4.1
Non-current bank loans	<b>71.1</b>	72.6
Total net bank loans <i>(including unamortised fees)</i>	<b>74.3</b>	76.7
Add back unamortised fees	<b>1.3</b>	2.1
Total gross bank loans	<b>75.6</b>	78.8
<b>Total net bank loans <i>(including unamortised fees)</i></b>	<b>74.3</b>	76.7
<b>Company</b>	<b>2019 £m</b>	<b>2018 £m</b>
<b>Non-current</b>		
Redeemable preference ‘A’ shares	<b>57.2</b>	64.9
Redeemable preference ‘B’ shares	<b>259.2</b>	278.5
	<b>316.4</b>	343.4

<sup>1</sup> On 5 July 2018 the Company redeemed £50.0m of preference shares in relation to £9.3m on A shares and £40.7m of B shares. On 31 October 2018, a further £10.0m of preference shares were redeemed in relation to £1.8m of A shares and £8.2m of B shares. The aggregate of £60.0m consisted of £10.0m of share premium, £37.8m of preference share capital repayments and £12.2m of accrued interest.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**17. Borrowings (continued)**

The carrying values of the Group's total borrowings are denominated in the following currencies:

	2019 £m	2018 £m
UK GBP	30.2	34.4
Euro	21.0	21.3
Hong Kong Dollar	12.6	11.7
Japanese Yen	11.8	11.4
<b>Total Bank loans</b>	<b>75.6</b>	<b>78.8</b>
UK GBP – A Preference Shares	57.2	64.9
– B Preference Shares	259.2	278.5
<b>Redeemable preference shares</b>	<b>316.4</b>	<b>343.4</b>
<b>Total Borrowings</b>	<b>392.0</b>	<b>422.2</b>
 Memo: Total UK GBP	 346.6	 377.8

**Bank loans**

The bank loan is secured by a fixed and floating charge over all assets of the Group.

At the 31 March 2019 the Group had a £35.0m (2018: £35.0m) revolving credit facility. Of this amount, £1.8m (2018: £1.7m) has been utilised for certain guarantees (including a duty guarantee to HMRC and guarantees to landlords in relation to certain retail rental leases) and £1.2m (2018: £0.6m) has been utilised in relation to forex hedging contracts (in relation to UK purchases of inventory from Asia, denominated in US\$). As a result, the remaining available facility was £32.0m (2018: £32.7m).

Loan repayments will occur as follows:

Year to March 31	Repayment due (£m)			
	A Loan	B Loan	C Loan	Total
2020	3.2	-	-	3.2
2021	-	36.4	-	36.4
2022	-	-	36.0	36.0
<b>Total</b>	<b>3.2</b>	<b>36.4</b>	<b>36.0</b>	<b>75.6</b>

On 13 May 2019 the Group gained consent from its lenders to extend facilities B and C to January 2022 and July 2022 respectively. In addition, the revolving credit facility was extended to October 2021. Loan repayments will occur on the new facilities as follows:

Year to March 31	Repayment due (£m)			
	A Loan	B Loan	C Loan	Total
2020	3.2	-	-	3.2
2021	-	-	-	-
2022	-	36.4	-	36.4
2023	-	-	36.0	36.0
<b>Total</b>	<b>3.2</b>	<b>36.4</b>	<b>36.0</b>	<b>75.6</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**17. Borrowings (continued)**

Interest is chargeable on these loans at the following amounts:

	<b>Total £m</b>	<b>Base rate</b>	<b>Margin %</b>
Bank loan A	3.2	LIBOR	3.50-4.25
Bank loan B	12.0	LIBOR	4.75
Bank loan B ( <i>Hong Kong Dollar</i> )	12.6	HIBOR	4.75
Bank loan B ( <i>Japanese Yen</i> )	11.8	LIBOR JPY	4.75
Bank loan C ( <i>Euro</i> )	21.0	EURIBOR	5.25
Bank loan C	15.0	LIBOR	5.25
<b>Total loans before unamortised fees</b>	<b>75.6</b>		

Bank Loan C is subject to a minimum LIBOR/EURIBOR floor of 1.5%.

At the 31 March 2019 the Group had £35.0m (2018: £35.0m) revolving credit. Interest is charged on the unutilised facility at 1.4% (2018: 1.4%).

*Fair value measurement*

The fair value of the items classified as loans and borrowings is shown above. The book and fair values of borrowings are deemed to be approximately equal.

**Redeemable preference shares**

As at 31 March 2019 there were 42,208,205 (2018: 50,789,048) A preference shares of £0.0001 each and 143,779,938 (2018: 173,010,116) B preference shares of £0.0001 each allotted, called up and fully paid. These shares are unsecured.

	<b>2019 £m</b>	<b>2018 £m</b>
Redeemable preference 'A' shares	57.2	64.9
Redeemable preference 'B' shares	259.2	278.5
	<b>316.4</b>	<b>343.4</b>

A fixed, cumulative, preference share interest at the rate of 6 per cent per annum of the issue price accrues on each A preference share and a fixed, cumulative, preference share interest at the rate of 12 per cent per annum of the issue price accrues on each B preference share on a daily basis from the date of issue and shall compound annually each 31 March (beginning 31 March 2015). During the year £33.0m of interest was accrued (2018: £21.2m), with £3.4m in relation to A preference shares (2018: £3.7m) and £29.6m in relation to B preference shares (2018: £17.5m).

The preference share interest accrues but is not payable until redemption of the preference shares except as otherwise set out in the articles or if the board so resolves. In relation to the previously described redemption (on page 52), 8,580,843 A preference shares and 29,230,178 B preference shares were redeemed.



**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**18. Provisions**

<b>Group</b>	<b>Legal obligations £m</b>	<b>Property provisions £m</b>	<b>Total £m</b>
At 1 April 2018	-	0.7	0.7
Arising during the year	1.5	0.2	1.7
<b>At 31 March 2019</b>	<b>1.5</b>	<b>0.9</b>	<b>2.4</b>

The property provisions relates to the estimated repair and restatement costs for retail stores at the end of the lease. The provisions are not discounted for the time value of money as this is not considered materially different from the current cost. The provision for legal obligations relates to legal charges and obligations in the year, previously described in note 4.

**19. Derivative assets and liabilities**

	<b>2019 £m</b>	<b>2018 £m</b>
<b>Assets</b>		
Foreign exchange forward contracts	0.1	-
<b>Liabilities</b>		
Foreign exchange forward contracts	-	0.1

Note: all foreign exchange forward contracts are cash flow hedges

Assets and liabilities held at fair value are categorised into levels that have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Derivative financial instruments consist of foreign exchange forward contracts, which are categorised within Level 2. Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months. All the foreign exchange forward contracts mature before 31 March 2020, therefore these have been recorded as a current asset and liability.

*Foreign exchange forward contracts derivatives*

The Group has entered into a number of foreign exchange forward contracts to cover the foreign exchange risk associated with merchandise purchases in USD and fix sterling price points using low risk treasury instruments.

At the balance sheet date foreign exchange contracts (between GBP and USD) were entered into to cover circa 80% and 26% of the UK wholesale and DTC committed inventory purchases for the Autumn Winter 2019 and Spring Summer 2020 season respectively with a target range of between 70% to 80%. Gains and losses recognised in the hedging reserve in equity on foreign exchange forward contracts as of 31 March 2019 will be continuously released to other comprehensive income, classified as a cashflow hedge, until the termination or maturation of the instrument.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**20. Deferred taxation****Group**

The analysis of deferred tax assets and liabilities is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
<b>Deferred tax assets</b>		
Deferred tax asset to be recovered after more than 12 months	<b>6.0</b>	<b>4.4</b>

The gross movement on the deferred income tax accounts is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Deferred tax asset to be recovered after more than 12 months	<b>1.6</b>	<b>2.1</b>

The deferred tax asset provided in the financial statements is supported by budgets and trading forecasts and relates to the following temporary differences:

- Trade losses expected to be utilised in future periods, some of which were not recognised in previous periods; and
- Temporary differences are mainly comprised of amounts for unrealised profits in intra group transactions and expenses.

The movement in deferred income tax assets and liabilities during the year is as follows:

<b>Deferred tax assets</b>	<b>Accelerated capital allowances</b>	<b>Tax losses</b>	<b>Temporary differences</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>As at 1 April 2017</b>	<b>(0.4)</b>	<b>0.2</b>	<b>2.5</b>	<b>2.3</b>
Income statement credit/(charge)	0.2	-	1.9	2.1
Other comprehensive income credit /(charge)	-	-	-	-
<b>At 31 March 2018</b>	<b>(0.2)</b>	<b>0.2</b>	<b>4.4</b>	<b>4.4</b>
Income statement credit/(charge)	0.1	-	1.5	1.6
Other comprehensive income credit/(charge)	-	-	-	-
<b>At 31 March 2019</b>	<b>(0.1)</b>	<b>0.2</b>	<b>5.9</b>	<b>6.0</b>

**Deferred taxation not provided in the financial statements:**

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Tax losses	<b>7.2</b>	<b>7.2</b>
Accelerated capital allowances	<b>0.1</b>	<b>-</b>
	<b>7.3</b>	<b>7.2</b>

The deferred tax asset has been re-measured, and the 31 March 2019 year-end balance calculated using the rate at which the relevant asset is expected to reverse.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**21. Share capital**

Issued share capital	A Ordinary shares of £0.001 each No.	B Ordinary shares of £0.001 each No.	C Ordinary shares of £1,500 each No.	Total No.
As at 1 April 2017	1,500,000	8,500,001	2	10,000,003
Issue of shares	-	-	-	-
As at 31 March 2018	1,500,000	8,500,001	2	10,000,003
Issue of shares	-	-	1	1
At 31 March 2019	1,500,000	8,500,001	3	10,000,004

	A Ordinary shares of £0.001 each £	B Ordinary shares of £0.001 each £	C Ordinary shares of £1,500 each £	Total £
As at 1 April 2017	1,500	8,500	3,000	13,000
Issue of shares	-	-	-	-
As at 31 March 2018	1,500	8,500	3,000	13,000
Issue of shares	-	-	1,500	1,500
At 31 March 2019	1,500	8,500	4,500	14,500

The holders of A, B and C ordinary shares have full voting, dividend and capital distribution (including on winding up) rights. The preference shares have no set redemption date. The methods of redemption are outlined in the Company's articles of association. The following preference shares were held during the year:

Preference shares	A shares of £0.0001 each No.	B shares of £0.0001 each No.	Total No.
As at 1 April 2017	50,789,048	83,010,116	133,799,164
Capitalisation of loan notes	-	90,000,000	90,000,000
As at 31 March 2018	50,789,048	173,010,116	223,799,164
Redemptions	(8,580,843)	(29,230,178)	(37,811,021)
At 31 March 2019	42,208,205	143,779,938	185,988,143

	A shares of £0.0001 each £000s	B shares of £0.0001 each £000s	Total £000s
As at 1 April 2017	61,222	119,294	180,516
Capitalisation of loan notes	-	144,860	144,860
Coupon accrued	3,674	14,316	17,990
As at 31 March 2018	64,896	278,470	343,366
Redemptions	(11,172)	(48,828)	(60,000)
Coupon accrued	3,443	29,552	32,995
At 31 March 2019	57,167	259,194	316,361

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019****22. Reserves**

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

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	Nominal value of subscribed shares.
Share premium reserve	Amount subscribed for share capital in excess of nominal value.
Hedging reserve	Represents the movements in fair value on designated hedging instruments.
Capital redemption reserve	A non-distributable reserve into which amounts are transferred following the redemption or purchase of own shares. The reserve was created in order to ensure sufficient distributable reserves were available for the purpose of redeeming preference shares in the year.
Foreign currency translation reserve	Includes translation gains or losses on translation of the overseas subsidiaries' financial statements from the functional currencies to the presentational currency
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

**23. Related party transactions*****Transactions with related parties***

The Group is backed by funds advised by Permira Holdings Limited and its subsidiary entities. Permira Holdings Limited is related to the Company due to common control, IngreLux S.a.r.l (the Group's ultimate controlling parent party) is controlled by Permira V Fund which itself is controlled by Permira Holdings Limited. During the year the Group incurred costs of £62,300 (2018: £51,100) all of which were paid in the current and prior year.

During the year the Group traded with W M Griggs 1989 Settlement Trust, of which Mr S W Griggs is a trustee and holds an interest in the preference shares of Doc Topco Limited. The rent and service charges below were in relation to a property on which the lease expired in February 2019 and there will be no further costs.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Rent and service charges paid to W M Griggs 1989 Settlement Trust	<b>155</b>	<b>181</b>

During the year the Group traded with GFM GmbH Trademarks, a 50% owned subsidiary of Dr Martens Airwair Group Limited.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Costs charged from GFM GmbH Trademarks	<b>84</b>	<b>90</b>

***Key management compensation***

The compensation of key management (including executive Directors) of the Group was as follows:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and benefits	<b>4,273</b>	<b>3,099</b>
Pensions	<b>92</b>	<b>85</b>

This includes the Directors of all Group companies.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**24. Financial commitments and contingencies**

Total future minimum lease payments under non-cancellable operating lease rentals are payable as follows:

<b>Group</b>	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Not later than one year	<b>18.4</b>	17.0
Later than one year and not later than five years	<b>55.3</b>	55.9
Later than five years	<b>26.1</b>	29.4
	<b>99.8</b>	102.3

All mature retail stores are profitable, and the financial commitments note has therefore been prepared on the basis that the lease commitments will continue to the end of the lease term. The future minimum lease payments to the lease break are £69.2m (2018: £75.0m).

Contingent liabilities exist in the form of a duty deferment guarantee to HMRC for a maximum amount of £0.9m (2018: £0.9m) and rent guarantees to various landlords of £0.9m (2018: £0.8m).

**25. Financial instruments**

IFRS 13 requires the classification of financial instruments measured at fair value to be determined by reference to the source of inputs used to derive fair value. The fair values of all financial instruments in both years are equal to their carrying values, with the exception of derivatives which are considered to be at Level 2 and are disclosed separately below. The fair value hierarchy has been defined in note 19.

**Financial instruments by category**

<b>Group</b>	<b>31 March 2019</b>		
	<b>Loans and receivables</b>	<b>Derivatives used for hedging</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Assets as per statement of financial position</b>			
Trade and other receivables excluding prepayments	48.9		<b>48.9</b>
Derivative financial instruments	-	0.1	<b>0.1</b>
Cash and cash equivalents	58.4	-	<b>58.4</b>
	<b>107.3</b>	<b>0.1</b>	<b>107.4</b>
<b>Liabilities as per statement of financial position</b>			
Bank debt (excluding unamortised fees)	75.6	-	<b>75.6</b>
Preference shares	316.4	-	<b>316.4</b>
Derivative financial instruments	-	-	-
Trade and other payables excluding non-financial liabilities	27.5	-	<b>27.5</b>
	<b>419.5</b>	-	<b>419.5</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**25. Financial instruments (continued)**

<b>Group</b>	<b>31 March 2018</b>		
	<b>Loans and receivables £m</b>	<b>Derivatives used for hedging £m</b>	<b>Total £m</b>
<b>Assets as per statement of financial position</b>			
Trade and other receivables excluding prepayments	36.7	-	36.7
Cash and cash equivalents	86.4	-	86.4
	123.1	-	123.1
<b>Liabilities as per statement of financial position</b>			
	<b>Liabilities at amortised cost £m</b>	<b>Derivatives used for hedging £m</b>	<b>Total £m</b>
Bank debt (excluding unamortised fees)	78.8	-	78.8
Preference shares	343.4	-	343.4
Derivative financial instruments	-	0.1	0.1
Trade and other payables excluding non-financial liabilities	26.6	-	26.6
	448.8	0.1	448.9

**Group Financial Risk Factors**

The Group's activities expose it to a wide variety of financial risks: liquidity risk, credit risk and market risk (including currency risk, fair value interest rate risk, cash flows interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central finance and treasury department under policies approved by the Board of Directors. Group finance and treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board agrees written principles for overall risk management as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

**Liquidity risk**

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom in its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Surplus cash held by operating entities over and above balances required for working capital are transferred to treasury. Treasury invests surplus cash in interest bearing accounts, choosing instruments with sufficient liquidity to provide headroom as determined by the above mentioned forecasts.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**25. Financial instruments (continued)**

**Liquidity risk (continued)**

The table below sets out the contractual maturities (representing undiscounted contractual cash-flows) of loans, borrowings and other financial liabilities:

Group	At 31 March 2019				Total £m
	Up to 3 months £m	Between 3 & 12 months £m	Between 1 & 5 years £m	More than 5 years £m	
Bank loans - Principle	0.8	2.4	72.4	-	75.6
- Interest	1.2	3.4	6.9	-	11.5
<b>Total bank loans</b>	<b>2.0</b>	<b>5.8</b>	<b>79.3</b>	<b>-</b>	<b>87.1</b>
Redeemable preference shares*	-	-	-	316.4	316.4
Derivative financial instruments	-	(0.1)	-	-	(0.1)
Trade and other payables excluding non-financial liabilities	27.5	-	-	-	27.5
	<b>29.5</b>	<b>5.7</b>	<b>79.3</b>	<b>316.4</b>	<b>430.9</b>

\*Redeemable preference shares of 6% & 12% rolled into principle, balance above as at the year end.

Group	At 31 March 2018				Total £m
	Up to 3 months £m	Between 3 & 12 months £m	Between 1 & 5 years £m	More than 5 years £m	
Bank loans - Principle	1.0	3.1	74.7	-	78.8
- Interest	1.2	3.4	11.2	-	15.8
<b>Total bank loans</b>	<b>2.2</b>	<b>6.5</b>	<b>85.9</b>	<b>-</b>	<b>94.6</b>
Redeemable preference shares*	-	-	-	343.4	343.4
Derivative financial instruments	0.1	-	-	-	0.1
Trade and other payables excluding non-financial liabilities	26.4	-	0.2	-	26.6
	<b>28.7</b>	<b>6.5</b>	<b>86.1</b>	<b>343.4</b>	<b>464.7</b>

\*Redeemable preference shares of 6% & 12% rolled into principle, balance above as at the year end.

**Credit risk**

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk of their new customers before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions only independently rated parties with a minimum rating of 'A' are accepted. For wholesale customers, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are regularly monitored. Sales to wholesale customers are settled primarily by bank transfer and retail customers are settled in cash or major debit/credit cards.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**25. Financial instruments (continued)**

**Market risk**

*Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from the various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group purchases the vast majority of its inventory from factories in Asia which are paid in US dollars. Approximately 75% to 80% of revenue is earned in currencies other than pounds sterling. In addition, the Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk.

*Cash flow and fair value interest rate risk*

The Group's interest rate risk arises from GBP and non GBP borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2019 and 2018 the Group's borrowings were denominated in Sterling, Euros, Hong Kong Dollars and Japanese Yen.

The Group previously managed its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps had the economic effect of converting borrowings from floating rates to fixed rates.

At 31 March 2019 if interest rates on bank borrowings had been 50 basis points higher or lower with all other variables held constant, the calculated pre-tax profit for the year would change by £0.4m (2018: £0.4m).

**Capital risk**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern's while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy remains consistent with that from the past few years.

The capital structure of the Group consists of net debt disclosed in note 17 and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in note 21 and the Consolidated Statement of Changes in Equity. The Group's Board of Directors reviews the capital structure on an annual basis. The group is not subject to any externally imposed capital requirement.

**Foreign currency risk**

The Company has reviewed the impact of non GBP exchange movements on results and has calculated that a 10% appreciation of USD compared to GBP (all other exchange rates remain equal) would increase pre-tax profit for the year by approximately £2.5m (2018: £Nil) and the effect of a similar change in the value of Euro would increase pre-tax profit by approximately £1.2m (2018: £1.0m), on the assumption that all other factors remain unchanged.

**26. Pensions**

**Defined contribution scheme**

The Group operates a defined contribution pension scheme for its employees. The Group's contributions to this scheme were £3.4m for the year ended 31 March 2019 (2018: £2.8m) and at 31 March 2019 £0.5m (2018: £0.3m) remained payable to the pension fund.



**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**26. Pensions (continued)**

**Defined benefit scheme**

Airwair International Limited (the Company) operates a pension arrangement called the Dr Martens Airwair Group Pension Plan (the Plan). The Plan has a defined benefit section that provides benefits based on final salary and length of service on retirement, leaving service or death. The defined benefit section closed to new members on 6 April 2002 and closed to future accrual with effect from 31 January 2006. The Plan also has a defined contribution section that provides money purchase benefits to some current and former employees.

The Plan is managed by a board of Trustees appointed in part by the Company and in part from elections by members of the Plan. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Plan's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

The defined benefit section of the Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Plan is carried out at least once every three years to determine whether the Statutory Funding Objective is met. The last valuation was carried out at 30 September 2016 and the next valuation is due at 30 September 2019. As part of the process the Company must agree with the Trustees of the Plan the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the Plan in these accounts. In addition to the Statutory Funding Objective, the Company agreed with the Trustees to pay deficit contributions until the Plan reached an additional, low risk funding objective. This objective was met in July 2017 and so the only funding objective that currently applies to the Plan is the Statutory Funding Objective. In relation to this additional funding objective, the Company paid £0.4m into the scheme for the period April to June 2018 when payments ceased.

During the year, no discretionary benefits were awarded. There were no other Plan amendments, settlements or curtailments during the period.

The weighted average duration of the defined benefit obligation is approximately 18 years.

**Key risks**

The defined benefit section of the Plan exposes the Company to a number of risks:

- Investment risk. The Plan holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk. The value of the Plan's liabilities is assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities the value of the assets and liabilities may not move in the same way. The Plan holds derivatives to manage a proportion of the interest rate risk.
- Inflation risk. A significant proportion of the benefits under the Plan are linked to inflation. Although the Plan's assets are expected to provide a good hedge against inflation over the long term, movements in inflation expectations over the short-term could lead to a deficit emerging. The Plan holds some derivatives to hedge a proportion of the potential changes in the value of the liabilities due to changes in market inflation expectations.
- Mortality risk. In the event that members live longer than assumed, a deficit will emerge in the Plan.

Although the Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC (and others) court judgment on 26 October 2018 provided some clarity in respect of Guaranteed Minimum Pensions equalisation and the obligations that this places on schemes, the actual impact of equalising the Plan's Guaranteed Minimum Pensions remains uncertain. An approximate allowance of £0.5m has been made in the disclosures for the impact of Guaranteed Minimum Pensions equalisation.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**26. Pensions (continued)****Effect of the Plan on Company's future cashflows**

The Company is required to agree a Schedule of Contributions with the Trustees of the Plan following a valuation, which must be carried out at least once every three years. In the event that the valuation reveals a larger deficit than expected, the Company may be required to increase contributions above those set out in the existing Schedule of Contributions. Conversely, if the position is better than expected contributions may be reduced. Following the valuation of the Plan at 30 September 2016, a Schedule of Contributions was put in place under which the Company agreed to make contributions to the defined benefit section of the Plan until such time as the additional, low-risk funding objective was reached. This funding target was reached by July 2017, and therefore Company contributions to the defined benefit section ceased during the year ended March 18. The next valuation of the Plan is due as at 30 September 2019.

The amounts recognised in the Statement of Financial Position are determined as follows:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Fair value of assets – defined benefit section	<b>65.8</b>	64.6
– defined contribution section	<b>9.3</b>	7.5
Fair value of plan assets	<b>75.1</b>	72.1
Present value of funded obligations – defined benefit section	<b>(56.2)</b>	(53.4)
– defined contribution section	<b>(9.3)</b>	(7.5)
Present value of funded obligations – total	<b>(65.5)</b>	(60.9)
<b>Surplus of funded plan</b>	<b>9.6</b>	11.2
Impact of asset ceiling	<b>(9.6)</b>	(11.2)
<b>Net pension asset</b>	<b>-</b>	-

The Plan has a surplus that is not recognised on the basis that Airwair International Limited is unlikely to derive any future economic benefits from the surplus as the net plan asset is restricted based on the lower of the plan surplus and asset ceiling, as past service costs are no longer deferred.

A reconciliation of the net defined benefit asset over the year is given below:

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
<b>Net defined benefit asset at beginning of the year</b>	-	-
Total defined benefit charge in income statement	<b>0.5</b>	-
Remeasurement (gain)/loss in Other Comprehensive Income (OCI)	<b>(0.5)</b>	0.4
Employers contributions	-	(0.4)
<b>Net defined benefit asset at end of the year</b>	<b>-</b>	-

The amount charged to the P&L account in respect of the defined benefit section of the Plan is shown below. Costs in respect of the defined contribution section of the Plan, and other defined contribution arrangements operated by the Company, are allowed for separately.

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Past service cost	<b>0.5</b>	-
<b>Total defined benefit charge</b>	<b>0.5</b>	-

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019****26. Pensions (continued)**

The remeasurements in respect of the defined benefit section of the Plan, to be shown in Other Comprehensive Income, are shown below:

	2019 £m	2018 £m
(Gain)/loss on defined benefit assets in excess of interest	(2.0)	0.9
Experience losses on defined benefit obligation	0.7	-
Gains from changes to demographic assumptions	-	(1.1)
Losses/(gains) from changes of financial assumptions	2.7	(0.7)
Change in effect of asset ceiling	(1.9)	1.3
<b>Total remeasurements (gain)/loss to be shown in OCI</b>	<b>(0.5)</b>	<b>0.4</b>

The change in the assets over the year was:

	2019 £m	2018 £m
At 1 April	72.1	71.4
Interest income on scheme assets	1.6	1.7
Returns on assets, excluding interest income	2.0	(0.9)
Contributions by employer	-	0.4
Benefits paid	(2.4)	(1.5)
Increase in defined contribution section assets	1.8	1.0
<b>At 31 March</b>	<b>75.1</b>	<b>72.1</b>

The movement funded obligations over the year was:

	2019 £m	2018 £m
At 1 April	60.9	61.8
Past service cost	0.5	-
Interest cost on defined benefit obligation	1.4	1.4
Experience loss on defined benefit obligation	0.6	-
Changes to demographic assumptions	-	(1.1)
Changes to financial assumptions	2.7	(0.7)
Benefits paid from the defined benefit section	(2.4)	(1.5)
Increase in Defined Contribution Section assets	1.8	1.0
<b>At 31 March</b>	<b>65.5</b>	<b>60.9</b>

The change in the effect of the asset ceiling over the year is as follows:

	2019 £m	2018 £m
At 1 April	11.2	9.6
Interest income on the asset ceiling	0.2	0.3
Changes in the effect of the asset ceiling excluding interest	(1.8)	1.3
<b>At 31 March</b>	<b>9.6</b>	<b>11.2</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**26. Pensions (continued)**

A breakdown of the assets is given below. Split between those assets that have a quoted market value in an active market and those that do not. The assets do not include any investment in shares of Airwair International Limited.

	2019 £m	2018 £m
<b>Quoted assets:</b>		
Cash and other	-	-
<b>Unquoted assets:</b>		
Equities and property	14.9	18.2
Fixed interest	10.4	9.2
Index linked gilts	32.8	23.3
Alternatives	7.4	8.7
Insured annuities	1.5	0.8
Cash and other	(1.2)	4.4
Defined contribution section assets	9.3	7.5
<b>Fair value of plan assets</b>	<b>75.1</b>	<b>72.1</b>

A full actuarial valuation was carried out at 30 September 2016. The results of that valuation were updated to 31 March 2019 by a qualified independent actuary. The principal assumptions selected by Airwair International Limited and used by the actuary to calculate the Plans defined benefit obligation were:

	2019	2018
Discount rate	2.4%	2.6%
Inflation assumption (RPI)	3.2%	3.1%
Inflation assumption (CPI)	2.1%	2.0%
LPI pension increases subject to 5% cap	3.1%	3.0%
Revaluation in deferment	2.1%	2.0%
Post retirement mortality assumption	93% (males) and 97% (females) of S2PA tables with allowance for future improvements in line with CMI 2017, 1.00% long-term rate	93% (males) and 97% (females) of S2PA tables with allowance for future improvements in line with CMI 2017, 1.00% long-term rate
Tax free cash	Members are assumed to take 75% of the maximum tax free cash	Members are assumed to take 75% of the maximum tax free cash
Proportion married at retirement or earlier death	70%	70%
Assumed life expectancies on retirement at age 65 are:		
Retiring today:		
Male	22.4	22.3
Female	24.0	23.9
Retiring in 20 year time:		
Male	23.5	23.4
Female	25.2	25.1

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**
**26. Pensions (continued)**

The key sensitivity of the defined benefit obligation to the actuarial assumptions are shown below:

	<b>Approximate increase /(decrease) to the defined benefit obligation</b>	
	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
<b>Discount rate</b>		
Plus 0.5% / (2018: Plus 0.5%)	(4.4)	(4.0)
Minus 0.5%	4.7	4.5
<b>Rate of inflation</b>		
Plus 0.5% / (2018: Plus 0.5%)	4.3	3.9
Minus 0.5%	(4.5)	(4.2)
<b>Life expectancy</b>		
Plus 1.0 year / (2018: Plus 1.0 year)	2.9	2.7
Minus 1.0 year	(2.8)	(2.6)

The sensitivity illustrations set out above are approximate. They show the likely effect of an assumption being adjusted whilst all other assumptions remain the same. Only the impact on the liability value (i.e. the defined benefit obligation) is considered – in particular:

- no allowance is made for any changes to the value of the Plan's invested assets in scenarios where interest rates or market inflation expectations change; and
- no allowance is made for changes in the value of the annuity policies held by the Plan, which is calculated using the same actuarial assumptions as for the Plan's defined benefit obligation.

Such changes to the asset values would be likely to partially offset the changes in the defined benefit obligation set out in the table below.

The net Statement of Financial Position and income statement are not sensitive to the actuarial assumptions used at the current time, due to the effect of the asset ceiling.

**27. Reconciliation of profit/(loss) after tax to cash generated from operations**

	<b>2019</b>	<b>2018</b>
	<b>£m</b>	<b>£m</b>
Profit/(loss) after taxation	17.2	(5.7)
Add back: Income tax expense	11.7	6.4
Finance expense	39.1	39.5
Operating profit	68.0	40.2
Depreciation and amortisation	10.6	6.5
Loss on disposal of property, plant and equipment	-	0.1
Net foreign exchange rate gain/(loss)	1.9	(5.0)
Pension contributions in excess of charges	-	(0.4)
(Increase)/decrease in inventories	(14.1)	9.2
Increase in trade and other receivables*	(10.0)	(4.5)
Increase in trade and other payables**	11.7	5.4
<b>Change in working capital</b>	<b>(12.4)</b>	<b>10.1</b>
<b>Cash generated from operations</b>	<b>68.1</b>	<b>51.5</b>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2019**

**27. Reconciliation of profit/(loss) after tax to cash generated from operations (continued)**

	2019	2018
	£m	£m
<b>*Change in trade and other receivables</b>		
Trade and other receivables -net (note 14)	40.8	29.7
Other receivables (note 14)	8.1	7.0
Prepayments and accrued income (note 14)	4.2	6.4
	<b>53.1</b>	<b>43.1</b>
	2019	2018
	£m	£m
<b>**Change in trade and other payables</b>		
Trade and other payables current (note 16)	53.2	45.9
Trade and other payables non-current (note 16)	5.7	2.9
Less: Interest	(0.2)	(0.1)
	<b>58.7</b>	<b>48.7</b>
Other provisions (note 18)	2.4	0.7
	<b>61.1</b>	<b>49.4</b>

**Changes in liabilities arising from financing activities**

	Cash flows – 1 April 2018	Cash flows – repayment of capital	Cash flows – repayment of interest	Foreign exchange movement	Non cash capitalised interest	31 March 2019
	£m	£m	£m	£m	£m	£m
Bank loans	78.8	(4.1)	-	0.9	-	75.6
Preference shares	343.4	(37.8)	(22.2)	-	33.0	316.4
<b>Total borrowings</b>	<b>422.2</b>	<b>(41.9)</b>	<b>(22.2)</b>	<b>0.9</b>	<b>33.0</b>	<b>392.0</b>

**28. Control**

The Group is backed by funds (entities part of the Permira V Fund “Permira V”) advised by Permira Holdings Limited. Permira Holdings Limited is related to the Company due to common control, IngreLux S.a.r.l (the Group’s ultimate controlling parent party which provided financing in the form of preference shares and loan notes with capitalised interest, as described in note 17) is controlled by the Permira V Fund which itself is controlled by Permira Holdings Limited. No other consolidated financial statements include the results of the Group.

**29. Post balance sheet events**

*Preference share redemption*

On 3 June 2019 the Group redeemed £35.0m of the ‘A’ preference shares and ‘B’ preference shares (pro-rata), this was financed from free cash resources.