

**In The Style Fashion Limited**  
**Annual Report and Financial Statements**  
**Year Ended**  
**31 March 2021**

**Company Number 08792519**

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**Company Information**

<b>Directors</b>	Adam Frisby Paul R Masters
<b>Registered number</b>	08792519
<b>Registered office</b>	Unit 5 Olympic Court Salford England M50 2QP
<b>Independent auditor</b>	BDO LLP 3 Hardman Street Manchester M3 3AT

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**Strategic Report  
For the Year Ended 31 March 2021**

The directors present their strategic report and the financial statements for the year ended 31 March 2021.

**Business review**

The year ended 31st March 2021 demonstrated significant progress in the strategy to develop In The Style as a leading women's fashion brand by working with a range of influencers on product collections targeted at a growing range of customer demographics, with increased numbers of product launches. These steps saw an increase in revenue to £44.7m (2020: £19.3m).

Following the onset of the Covid-19 pandemic in March 2020, the company demonstrated its agility by quickly diversifying its product offering to better reflect the needs of its customers. This meant pivoting away from occasionwear categories and increasing the availability of more casual categories such as loungewear.

Expansion into new categories such as activewear, which was developed and launched in collaboration with fitness influencer and personal trainer Courtney Black, and maternity wear collection with existing brand partner and influencer Dani Dyer helped to develop the product offering to the market, which has continued to be developed through further collaborations.

A strong commitment to ethical sourcing and buying practices is a key objective of the company. The company continues to develop internal processes in this area while working closely with suppliers and wider market experts.

The company also recognises the increasing importance and focus on the sustainability and the environmental impact of the fashion industry. Products are made to last and not branded or priced to be seen as 'disposable'.

**Brexit:**

On the 29th March 2017 the United Kingdom invoked Article 50 of the Lisbon Treaty withdrawing from the European Union. The formal transition period ended on 31st December 2020. Management have assessed the implications of this withdrawal on the customer base and supply chain and believe that any risk identified have been suitably addressed.

**Section 172(1) Statement**

Engagement with all stakeholders is critical to the company achieving long-term success and as such the directors regularly consider all stakeholders when making decisions.

Aside from the shareholders the directors' consider the other key stakeholders to be: employees, customers, influencers and suppliers.

Employees throughout the organisation are consulted and are given many opportunities to provide feedback during regular meetings and appraisals. Recruitment and retention have also been supported by this regular communication. Across the Company a comprehensive Code of Conduct is in place that sets out the ethical expectations of all employees. A key element to the strategy is to continue to attract, develop and retain high quality team members who share the brand values to support the wider growth ambitions.

The Company differentiates itself through a steadfast commitment to championing female empowerment, body positivity and real beauty. As well as being fundamental attributes of the Company's brand identity and stated business mission, it aims to be an authentic, campaigning brand for its customers, and to always reflect its brand values.

There is continual communication with customers through regular launches, social media channels, the proprietary app and an appropriately sized in-house Customer Service team to assist our customers with pre and post purchase queries.

The Company develops strong, long-standing and exclusive collaborations with a growing and varied group of influencers. These influencers are identified taking into consideration their fit with the brand, the quality of their social media engagement and follower numbers.

Influencers are integral to the design and development of the Company's ranges and are heavily involved in the design of every collaborative range including numerous planning meetings to discuss priorities and desires, and ongoing communication throughout the process. Regular reviews take place with influencers and their management post launches to review performance.

The company works with a small supplier base of 35 - 45 product suppliers at any one time with approximately half of these in the UK and approximately half in international territories, predominantly China.

All suppliers are required to sign up to a comprehensive suite of policies, and CSR and product teams are in frequent contact during and after the onboarding of suppliers with a programme of visits in place.

### Financial key performance indicators

Management have identified the following financial KPIs as relevant to monitoring performance and review these on a regular basis against forecast

	2021	2020
	£'000	£'000
Revenue	44,705	19,303
Gross Profit	20,589	10,234
Gross Margin	46.1%	53.0%
Operating Profit/(Loss)	1,423	(1,812)
Adjusted EBITDA	3,799	(1,136)

### Principal risks and uncertainties

The Company operates a structured risk management process, which identifies and evaluates risks and uncertainties and reviews mitigation activity. Set out below are the principal risks and uncertainties that the Directors consider could impact the Company's performance. Mitigating actions are in place and are monitored regularly by the Board.

#### Influencer model

##### *Risk and impact*

The Company's business model is based heavily on designing products in conjunction with influencers and marketing these products using both the Company's and the relevant influencer's social media platforms. Influencer clothing ranges currently account for 87 per cent. of e-commerce sales.

If the Company is not able to develop and maintain positive relationships with its network of influencers, the Company's ability to promote and maintain awareness of its brand and leverage social media platforms to drive visits to its website and app may be adversely affected. The Company's network of influencers currently comprises c.15 influencer relationships. Negative publicity relating to any one of these influencers (including in relation to the matters outlined further on within this section) or a breakdown in such relationship with the Company may have a material adverse effect on the Company's business, results of operations and financial condition. Influencer commissions may increase over time and/or the market for influencers may become more competitive over time. There is no guarantee a new influencer will be a success.

***Controls and mitigating factors***

The Company reduces this risk through agreeing multiple relationships with a broad number of influencers. Many of the relationships are long standing and contracts have been renewed multiple times. The CEO is responsible for influencer relationships and, supported by the marketing team, ensures he maintains close contact with all influencers and their management teams such that any issues would be identified early enough to avoid major conflict. The Company closely monitors social media development, trends and content to ensure it remains up to date with consumer preferences and therefore a leading partner for influencers.

**Social media**

***Risk and impact***

Social media platforms may change their advertising policies, or be required to do so by changes to regulation. If any change to these policies delays or prevents the Company from advertising through these channels or reduces the effectiveness of its influencer strategy, this could result in a reduction in consumer traffic to the Company's website and app, and reduced sales of its products.

In addition, the Company's social media presence amplifies consumer engagement but is less controllable, due to consumer comments and hashtags, than more traditional public relations and marketing methods. This could associate the brand with content which is not aligned with the Company's values, something that could result in negative publicity.

***Controls and mitigating factors***

Change has been a feature of social media platforms since their creation and it is likely that this will continue. The Company mitigates social media risk by constantly monitoring content associated with the brand and as such adverse publicity would be recognised quickly and acted upon.

**Reliance on key individuals**

***Risk and impact***

The Company's business, development and prospects are dependent on a small number of key management personnel. The loss of the service of one or more of such key management personnel may have an adverse effect on the Company. The Directors believe that the experience, technical know-how and commercial relationships of the Company's key management personnel help provide the Company with strategic focus and a competitive advantage.

The Company's ability to develop its business and achieve future growth and profitability will depend in large part on the efforts of these individuals and the Company's ability, when required, to attract new key management personnel of a similar calibre. The loss of the services of any key management personnel, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Company. The Directors believe that the Company operates a progressive and competitive remuneration policy which will play an important part in retaining and attracting key management personnel.

***Controls and mitigating factors***

The Directors ensure the development of teams around key individuals at every opportunity.

The Directors also believe the Company operates a progressive and competitive remuneration policy which will play an important part in retaining and attracting key management personnel. However, despite incentive arrangements the Company may still encounter difficulties in attracting or retaining such individuals.

**Design**

***Risk and impact***

As a design-led [and trends-driven] female apparel and accessories brand, there is a risk that the Company's product proposition does not satisfy the needs of our customer base, or that the Company fails to correctly identify trends that are desired by its customer base. As a result, lower sales, excess inventories and increased levels of discounting may occur.

***Controls and mitigating factors***

The Company employs a 'test and repeat' model which minimises risk and ensures that a proportion of its product proposition at any one time is known to resonate with its customer base.

The Company's in-house design team enjoy a very strong understanding of the Company's customer base. The Company regularly utilises its own social media channels to ascertain its customers' priorities and desires.

Additionally the Company maintains tight control of stock, preferring instead to quickly re-order and re-stock successful product items or ranges from its third party manufacturers. This reduces the Company's stock risk at the outset of a range launch and also provides the Company with visibility of future sales, whilst allowing customers further access to popular products to the benefit of both customers and ITS.

**COVID-19 pandemic**

***Risk and impact***

The spread of any contagious disease that may result in an epidemic or pandemic on a regional or global scale may have a negative impact on the operations and results of the Company and the markets in which it operates. If one or more of the geographical areas in which the Company operates are affected by contagious diseases that cause an epidemic or pandemic on a regional or global scale, the operations of the Company could be significantly affected. The operations of the Company may also be significantly affected by any outbreak of contagious diseases at its warehouse or third party facilities.

December 2019 brought the onset of Coronavirus 2019-nCoV ("COVID-19"). Many countries in a first phase imposed particularly restrictive measures to limit the spread of the virus, including, among other things, the temporary interruption of production activities, commercial activities and restrictions on the movement of goods and people.

Any new customers acquired during the COVID-19 lockdown may not remain or continue following the end of any lockdown period. The Company has no control over the nature or length of government-led restrictive measures and the impact these measures may have on consumer demand for the type of products the Company sells.

Due to the continuation of the COVID-19 pandemic, it is not possible to predict for how long various restrictions will last or when or if they will be re-introduced at any time. In general, the spread of COVID-19 could lead to a deterioration in the economies of the countries directly affected and at a global level, with possible negative effects on consumer purchasing power. Any further regional or global epidemics or pandemics or the further spread of COVID-19 may have an adverse effect on the Company's business, results of operations and financial condition.

***Controls and mitigating factors***

The Directors believe the Company reacted with speed and agility at the onset of the COVID-19 pandemic. Appropriate product was sourced quickly, and internal disciplines to protect the workforce were rapidly deployed both to safeguard all staff and to ensure the business could continue to operate with minimal disruption. The business has demonstrated the ability to function with a significant number of employees working remotely and has maintained a flexible supply base should the need to react to differing product demands arise.

**Suppliers**

***Risk and impact***

The Company's ability to remain competitive is highly dependent on its success in maintaining access to its production facilities and an efficient distribution network. The Company typically works with a relatively tight supplier base of 35 – 45 product suppliers and so the loss of one or a handful of those suppliers could have a material impact on the Company's business.

One or more of the Company's suppliers may be unable to supply or decide to cease supplying the Company for reasons beyond the Company's control, or they may increase prices significantly where it is not possible to pass on price increases to customers. Alternative suppliers may be difficult or impossible to identify and, in any event, may take a significant period of time to begin supplying the Company. Moreover, if the Company expands beyond the production capacity of its current suppliers as it continues to grow, it may not be able to find new suppliers with an appropriate level of expertise and capacity in a timely manner. The Company operates a 'just-in-time' supply chain in relation to stock which adds risk to the business model.

The Company's supply chain could also be materially adversely affected by a number of other factors, including, among other things, potential economic and political instability in countries where its suppliers are located, increases in shipping or other transportation costs, manufacturing and transportation delays and interruptions, whether as a result of pandemics (including the COVID-19 pandemic as set out in the risk factor entitled 'COVID-19'), natural disasters, political crises, civil unrest and other catastrophic events. Given the profit margins of the business, any supply chain cost inflation or disruption that leads to higher costs, could have a significant impact on profitability given it may not be possible to pass on price increases to customers.

The Company may also be subject to potential reputational damage if one or more of its suppliers violates or is alleged to have violated applicable laws or regulations including improper labour conditions or human rights abuses, fails to meet the Company's requirements or does not meet industry standards and safety specifications.

***Controls and mitigating factors***

The Company utilises multiple suppliers in multiple territories to fulfil its production. An experienced and knowledgeable buying and design team is maintained in the business ensuring a good knowledge of alternative suppliers for specific products. As the Company grows, the supply base open to taking orders from the Company should also expand. The Company maintains an up-to-date supplier data base, performs visits and is in the process of instigating an independent audit program. The Company is engaged with both the Fast Forward organisation and The Reassurance Network who provide external audit frameworks and guidance.

**Data protection**

***Risk and impact***

The Company stores some personally identifiable information of its customers, employees and other stakeholders and is subject to data protection and privacy regulations such as the General Data Protection Regulation (EU) 2016/679 (the "GDPR"), which forms part of domestic law pursuant to the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019.

The Company has policies and procedures in place in relation to data protection but there can be no guarantees that even strict compliance with such policies and procedures will completely eliminate all risk in this regard. Any perceived or actual failure by the Company, including its third-party service providers, to protect confidential data or any material non-compliance with privacy or data protection or other consumer protection laws or regulations may harm the Company's reputation and credibility, adversely affect revenue, reduce its ability to attract and retain customers and consumers, result in litigation or other actions being brought against the Company and the imposition of significant fines and, as a result, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

***Controls and mitigating factors***

Procedures have been established to protect the confidentiality and integrity of customer information; however the Company may be subject to attack from computer programmes that attempt to penetrate its network security and misappropriate confidential information.



## **Cyber security**

### ***Risk and impact***

The Company relies on systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding its consumers, customers, suppliers, employees and others, including credit card information and personal information.

Advances in computer capabilities, new technological discoveries or other developments may result in the whole or partial failure of this technology to protect transaction data or other sensitive and confidential information from being breached or compromised. In addition, e-commerce websites are often attacked through compromised credentials, including those obtained through phishing and credential stuffing.

If any of these breaches of security should occur, the reputation of the Company could be damaged, customers could develop the perception that the Company's platforms are not secure, its business may suffer, it could be required to expend significant capital and other resources to alleviate problems caused by such breaches, and it could be exposed to a risk of loss, litigation or regulatory action and possible liability.

### ***Controls and mitigating factors***

Procedures have been established to protect the confidentiality and integrity of customer information; however the Company may be subject to attack from computer programmes that attempt to penetrate its network security and misappropriate confidential information.

### ***Future developments***

Despite a year of unprecedented change and significant macroeconomic volatility significant growth across all channels was seen. This performance is testament to the empowering values and strong ethos that form the core of the In The Style brand, and its continued relevance and resonance amongst our core customer demographic.

While uncertainty remains regarding the economy, easing of social restrictions and the long-term implications of these on consumer behaviour, combined with the global freight issues challenging the industry, we remain confident that, underpinned by its unique and dynamic model, relevant brand and broad customer appeal, In The Style is very well-positioned to continue its growth and create value for all of its stakeholders

This report was approved by the board on 16 December 2021 and signed on its behalf.



**P R Masters**  
Director

**Directors' Report**  
**For the Year Ended 31 March 2021**

The directors present their report and the audited financial statements for the year ended 31 March 2021.

**Principal activity**

The principal activity of the Company continued to be that of an online clothing retailer.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,529,000 (2020: loss £2,157,000).

A dividend of £1,250,000 was declared and paid during the year (2020: £Nil). The directors do not recommend the payment of a final dividend.

**Events after the balance sheet date**

The Company decided to exit the invoice discounting facility in December 2021. The Directors are confident that the facility was not required to operate as a going concern.

**Directors**

The directors who served during the year were:

Adam Frisby  
Paul R Masters  
Pierce Casey (resigned on 8 March 2021)  
Matthew R Scaife (resigned on 8 March 2021)  
James E Sharp (resigned 8 March 2021)

**Directors' indemnities and insurance**

The company has made qualifying third party indemnity provisions for the benefit of the Directors, which were in force during the year and up to the date of this report.

**Financial Risk management**

Information relating to the principal risks and uncertainties of the Company are included within the Strategic Report. In addition, the Company operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk, foreign currency risk and cash flow risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by regularly monitoring the financial risks referred to above.

**Price risk**

The Company's profitability is affected by price fluctuations in the sourcing of its products. The Company continually monitors the price and availability of materials but the costs of managing the exposure to price risk exceed any potential benefits given the extensive range of products and suppliers. The Directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

**Credit risk**

The Company's sales are primarily made with credit terms of between 0 and 30 days, exposing the Company to the risk of non-payment by wholesale customers. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board. In addition, the Company maintains a suitable level of credit insurance against its wholesale customer debtor book. The maximum exposure to credit risk is £nil per individual customer, as there is no insurance excess.

An analysis of trade receivables, including past due but not impaired balances, is given in Note 14

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

**Liquidity risk**

The Company is funded through a combination of cash generated through the Admission to Aim of the Parent company in March 2021, its on going e-commerce operations and an invoice finance facility (which the company exited in December 2021), which are designed to ensure the Company has sufficient available funds for operations and planned expansions. This is monitored on a monthly basis, including re-forecasts of the borrowings required. The liquidity risk has not changed as a result of CoVID-19 given the high proportion of cash received when an order is placed.

**Cash flow risk**

The Company is exposed to the financial risks associated with changes in foreign currency rates through overseas sourcing activities.

**Political donations**

The Directors confirm that no donations for political purposes were made during the year (2020: nil).

**Research and development activities**

The Group performs research and development activities principally around the development of the Group's website and app. Qualifying research and development costs were £611,000 and (2020: £881,000).

Amounts capitalised were £325,000 (2020: £616,000).

**Going Concern**

Management have assessed the likely impact of coronavirus on the Company based on the latest available financial and non-financial information and government guidance. This assessment has looked at the likely duration of the crisis as well as the sales that could be expected to be generated through each channel during an extended lockdown period, both at a national and local level.

The business has not experienced any significant disruption from employee absence. While the global supply chain issues facing the industry have impacted the company, management are constantly reviewing the situation and acting accordingly to minimise the impact on business operations.

During this period of uncertainty, the Directors have taken steps to mitigate the effect of coronavirus. Focus has been on adapting to change in consumer demand, cost reduction and efficiency, working capital reduction and staff retention. The Government has demonstrated its commitment to the economy and the Company has taken advantage of Government support available, namely the furlough scheme and deferrals of VAT payments. All amounts received under the furlough scheme and VAT deferral scheme were repaid in full by the year end.

At the current time, the Company is trading well against sales forecasts driven by the growth in its online market share, although on going supply chain issues are having an impact on profitability. Whilst an element of uncertainty remains around the future effect of the COVID-19, the period of strong trading since the outset of the pandemic and the Company's ability to quickly react to changing consumer demands means the Directors do not consider the COVID-19 pandemic to be a significant future risk to trading performance. Stress testing has been conducted and considered, taking into account the potential economic impact on consumers in the long term.

The working capital impact of an increasing wholesale element of the business has been mitigated to a large degree by an invoice discounting facility. The company exited the facility in December 2021, and the Directors are confident that the facility was not required to operate as going concern.

The directors have reviewed the Company's forecasts and projections to March 2024, and the directors are of the opinion, having made due and careful enquiry, that the Company has sufficient working capital for its present requirements for at least 18 months from the date of authorising these financial statements. The directors have also carried out a stress testing exercise applying various sensitivities to the forecasts, and based on this exercise, the directors are of the opinion that the Company has sufficient working capital should it sustain a significant reduction in revenue and profitability for at least 18 months from the authorising of these financial statements.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

**Auditor**

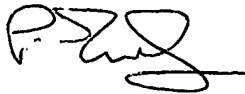
The Directors of the company at the date of approval of this report confirm that:

- so far as each Director is aware there is no relevant audit information which the Company's auditors are unaware; and
- each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information to establish that the Company's auditors are aware of that information.

**Independent Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 December 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'P R Masters', with a stylized flourish at the end.

**P R Masters**  
Director

**Directors' Responsibilities Statement  
For the Year Ended 31 March 2021**

The directors are responsible for preparing the 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 elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

## **Independent auditor's report to the members of In The Style Fashion Limited**

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of In The Style Fashion Limited ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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

Based on our understanding and knowledge of the Company and the sector in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements. We considered the significant laws and regulations to be the applicable accounting standards, the UK Companies Act and industry related legislation such as health and safety, employment law and taxation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, revenue cut off around the year end and management bias in accounting estimates. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the returns provision and impairment of intangible assets;
- Detailed testing of a sample of items for revenue cut off around the year end to ensure they were accounted for in the correct period;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, duplicate journals and specific user postings;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period and to the date of approval of the financial statements; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

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

### Use of our report

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

DocuSigned by:  
  
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Graham Ellis (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Manchester  
16 December 2021

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



**Statement of total comprehensive income**  
**For the year ended 31 March 2021**

		<b>Year Ended 31 March 2021 £'000</b>	<b>Year Ended 31 March 2020 £'000</b>
	<b>Note</b>		
Revenue	4	44,705	19,303
Cost of sales	5	(24,116)	(9,069)
<b>Gross profit</b>	4	<b>20,589</b>	<b>10,234</b>
Distribution costs	5	(7,428)	(4,189)
Administration expenses	5	(12,015)	(8,081)
Other operating income	5	277	224
<b>Operating profit/(loss)</b>		<b>1,423</b>	<b>(1,812)</b>
<b>Adjusted EBITDA<sup>1</sup></b>		<b>3,799</b>	<b>(1,136)</b>
Depreciation	12 & 18	(360)	(272)
Amortisation	11	(574)	(404)
Adjusting items	6	(1,442)	-
<b>Operating profit/(loss)</b>		<b>1,423</b>	<b>(1,812)</b>
Finance income	8	1	3
Finance costs	9	(395)	(348)
<b>Profit/(loss) before taxation</b>		<b>1,029</b>	<b>(2,157)</b>
Income tax	10	500	-
<b>Profit/(loss) and total comprehensive income/(loss) for the year</b>		<b>1,529</b>	<b>(2,157)</b>

*Note 1: Adjusted EBITDA, which is defined as profit before net finance costs, tax, depreciation, amortisation and adjusting items, is a non-GAAP metric used by management and is not an IFRS disclosure. Adjusting items are items which are material and non-recurring in nature as disclosed in note 6. Adjusted EBITDA is consistent with the way financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of trading results.*

*All results derive from continuing operations.*

*Profit/(loss) and total comprehensive profit/(loss) is attributable to equity holders of the Company.*

**Statement of financial position**  
**As at 31 March 2021**

		As at 31 March 2021 £'000	As at 31 March 2020 £'000
	Note		
<b>Non-current assets</b>			
Intangible assets	11	1,125	1,374
Property, plant and equipment	12	272	303
Right of use assets	18	292	303
Deferred tax asset	10	500	-
<b>Total non-current assets</b>		<b>2,189</b>	<b>1,980</b>
<b>Current assets</b>			
Inventories	13	1,955	852
Trade and other receivables	14	1,687	920
Cash and cash equivalents	15	11,939	2,047
<b>Total current assets</b>		<b>15,581</b>	<b>3,819</b>
<b>Total assets</b>		<b>17,770</b>	<b>5,799</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Lease liability	18	164	137
Trade and other payables	16	16,253	5,018
<b>Total current liabilities</b>		<b>16,417</b>	<b>5,155</b>
<b>Non-current liabilities</b>			
Borrowings	17	-	3,098
Lease liability	18	281	223
<b>Total non-current liabilities</b>		<b>281</b>	<b>3,321</b>
<b>Total liabilities</b>		<b>16,698</b>	<b>8,476</b>
<b>Net assets/(liabilities)</b>		<b>1,072</b>	<b>(2,677)</b>
<b>Equity</b>			
Share capital	19	15	15
Share premium		-	4,914
Retained earnings/(accumulated losses)		1,057	(7,606)
<b>Total equity/(deficit)</b>		<b>1,072</b>	<b>(2,677)</b>

The notes on pages 20 to 41 are an integral part of these financial statements.

The financial statements on pages 17 to 19 were approved by the Board of Directors and authorised for issue on 16 December 2021, and were signed on its behalf by:



**P R Masters**  
 Director

Registered number: 08792519

**Statement of changes in equity**  
**For the year ended 31 March 2021**

	Share Capital	Share Premium	Retained earnings / (accumulated losses)	Total (deficit)/equity
	£'000	£'000	£'000	£'000
<b>As at 1 April 2019</b>	<b>15</b>	<b>4,914</b>	<b>(5,449)</b>	<b>(520)</b>
Loss for the year	-	-	(2,157)	(2,157)
Total comprehensive loss for the year	-	-	(2,157)	(2,157)
<b>As at 31 March 2020</b>	<b>15</b>	<b>4,914</b>	<b>(7,606)</b>	<b>(2,677)</b>
Profit for the year	-	-	1,529	1,529
Total comprehensive income for the year	-	-	1,529	1,529
<i>Transactions with shareholders:</i>				
Dividend (note 23)	-	-	(1,250)	(1,250)
Share reorganisation - preference share redesignation as equity and cancellation of share premium (note 17)	-	-	3,470	3,470
Share capital reduction (note 23)	-	(4,914)	4,914	-
Total transactions with shareholders	-	(4,914)	7,134	2,220
<b>As at 31 March 2021</b>	<b>15</b>	<b>-</b>	<b>1,057</b>	<b>1,072</b>

## Notes to the financial statements

### 1. General information

The principal activity of In The Style Fashion Limited ("the Company") is that of an online clothing retailer. The Company is a private limited company and is incorporated in England & Wales. The registered office of the Company is Unit 5 Olympic Court, Salford, England, M50 2QP. The Company registration number is 08792519.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"), on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies reporting under FRS 101.

For periods up to and including the year ended 31 March 2020, the company prepared its financial statements in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). These financial statements for the year ended 31 March 2021 are the first the company has prepared in accordance with FRS 101. In advance of the parent company's Admission to AIM, the Company transitioned its accounting principles to those of IFRS, the details of which are included in the Admission Document, dated 10 March 2021, available on the company's website <https://corporate.inthestyle.com/investors>.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The financial information is presented in sterling and has been rounded to the nearest thousand (£'000).

The principal accounting policies have been applied consistently to all the years presented.

#### Group reorganisation

The shareholders of the Company sold their shares in the Company to In The Style Group PLC ("the Parent") on 8 March 2021. The Parent's shares were admitted to trading on the Alternative Investment Market ("AIM"), a market operated by the London Stock Exchange, on 15 March 2021. In connection with the admission to AIM, the Parent undertook a group reorganisation of its corporate structure which resulted in the Parent becoming the ultimate holding company of the Company.

#### 2.2 Financial Reporting Standard 101 – reduced disclosure exemptions

The following exemptions from the requirements in IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, "Financial Instruments: Disclosures";
- Paragraph 38 of IAS 1, "Presentation of financial statements" – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1 (reconciliation of the number of shares outstanding at the beginning and at the end of the period);
- 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 of minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and

## Notes to the financial statements

### Summary of significant accounting policies (continued)

#### 2.2 Financial Reporting Standard 101 – reduced disclosure exemptions (continued)

- 134-136 (capital management disclosures).
- IAS 7, “Statement of cash flows”;
- Paragraphs 30 and 31 of IAS 8, “Accounting policies, changes in accounting estimates and errors” (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, “Related party disclosures” (key management compensation);
- The requirements in IAS 24, “Related party disclosures”, to disclose the related party transactions entered into between two or more members of a group;
- Paragraphs 130(f)(ii)(iii), 134(d)-(f) and 135(c)-(e) of IAS 36, “Impairment of assets”; and
- Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 and the second sentence of paragraph 110 of IFRS 15.

The principal accounting policies adopted are set out below.

#### 2.3 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 2.4 Going concern

Management have assessed the likely impact of coronavirus on the Company based on the latest available financial and non-financial information and government guidance. This assessment has looked at the likely duration of the crisis as well as the sales that could be expected to be generated through each channel during an extended lockdown period, both at a national and local level.

The business has not experienced any significant disruption from employee absence. While the global supply chain issues facing the industry have impacted the company, management are constantly reviewing the situation and acting accordingly to minimise the impact on business operations.

During this period of uncertainty, the Directors have taken steps to mitigate the effect of coronavirus. Focus has been on adapting to change in consumer demand, cost reduction and efficiency, working capital reduction and staff retention. The Government has demonstrated its commitment to the economy and the Company has taken advantage of Government support available, namely the furlough scheme and deferrals of VAT payments. All amounts received under the furlough scheme and VAT deferral scheme were repaid in full by the year end.

At the current time, the Company is trading well against sales forecasts driven by the growth in its online market share, although on going supply chain issues are having an impact on profitability. Whilst an element of uncertainty remains around the future effect of the COVID-19, the period of strong trading since the outset of the pandemic and the Company's ability to quickly react to changing consumer demands means the Directors do not consider the COVID-19 pandemic to be a significant future risk to trading performance. Stress testing has been conducted and considered, taking into account the potential economic impact on consumers in the long term.

The working capital impact of an increasing wholesale element of the business has been mitigated to a large degree by an invoice discounting facility. The company exited the facility in December 2021, and the Directors are confident that the facility was not required to operate as going concern.

## Notes to the financial statements

### Summary of significant accounting policies (continued)

#### 2.4 Going concern (continued)

The directors have reviewed the Company's forecasts and projections to March 2024, and the directors are of the opinion, having made due and careful enquiry, that the Company has sufficient working capital for its present requirements for at least 18 months from the date of authorising these financial statements. The directors have also carried out a stress testing exercise applying various sensitivities to the forecasts, and based on this exercise, the directors are of the opinion that the Company has sufficient working capital should it sustain a significant reduction in revenue and profitability for at least 18 months from the authorising of these financial statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### 2.5 Revenue recognition

IFRS 15 has been applied in these financial statements. Revenue solely relates to the sale of goods and arises from the online and wholesale sale of fashion clothing. To determine whether to recognise revenue, the Company follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT, and other sales related taxes.

Revenue is recognised at a point in time as the Company satisfies performance obligations by transferring the promised goods to its customers as described below. Revenue is adjusted for returns. Expected sales returns are estimated based upon the historic returns rate. A refund liability is recognised for the goods that are expected to be returned. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer estimated based upon the latest returns rate.

Contracts with customers take the form of customer orders. There is one distinct performance obligation, being the distribution of products to the customer, for which the transaction price is clearly identified. Revenue is recognised at a point in time when the Company satisfies performance obligations by transferring the promised goods to its customers, i.e. when control has passed from the Company to the customer, which tends to be on physical receipt by the customer.

When payment is received in advance of delivery these amounts result in a contract liability which is deferred and presented as deferred income.

#### 2.6 Marketing costs

A range of marketing activities are used, including social media influencers, bloggers, and pay-per-click activities. All marketing costs are included within administrative expenses.

## Notes to the financial statements

### Summary of significant accounting policies (continued)

#### **2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project when certain specific criteria are met:

- It is technically feasible to complete the technological development so that it will be available for use;
- Management intends to complete the technological development and use or sell it;
- It can be demonstrated how the technological development will develop probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available; and
- Expenditure attributable to the technological product during its development can be reliably measured.

The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which is 3 years. If it is not possible to distinguish between the research and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

#### **2.8 Finance income**

Finance income is recognised in the statement of comprehensive income using the effective interest method.

#### **2.9 Finance costs**

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

#### **2.10 Pension costs**

##### *Defined contribution pension plan*

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

#### **2.11 Other income**

Research and development tax credits are recognised in other income within the statement of comprehensive income in the same period as the related expenditure

## Notes to the financial statements

### Summary of significant accounting policies (continued)

#### 2.12 Income tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

##### (a) Current income tax

Current tax is based on taxable income for the year and any adjustment to tax from previous years. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The calculation uses the latest tax rates for the year that have been enacted or substantively enacted by the dates of the Statement of Financial Position.

##### (b) Deferred tax

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It 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 it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Company financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.13 Adjusting costs and non-recurring items

The Statement of Comprehensive Income separately identifies adjusting items. Such items are those that in the Directors' judgement are one-off in nature or non-operating and need to be disclosed separately by virtue of their size or incidence and may include, but are not limited to, professional fees and other costs directly related to the IPO and COVID-19 related bonus payments. In determining whether an item should be disclosed as an adjusting item, the Directors consider quantitative and qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board.

#### 2.14 Goodwill and other intangible assets

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. The carrying value under old GAAP at the date of transition (cost less amortisation to the date of transition) has not been adjusted and is now the deemed cost as at 1 April 2017. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Such goodwill is subject to an impairment review, both annually and when there is an indication that the carrying value may be impaired. Any impairment is recognised immediately in the income statement and is not reversed.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. Amortisation is charged on a straight-line basis over the useful economic life of 3 years in respect of website development costs.



## Notes to the financial statements

### Summary of significant accounting policies (continued)

#### **2.15 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Property improvements – 10% - 33% per annum;

Plant and machinery – 20% per annum;

Motor vehicles – 14% per annum;

Fixtures and fittings – 10% - 50% per annum;

Computer equipment – 33% per annum.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

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

#### **2.16 Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

#### *Short term leases and low value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term lease of machinery that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

## Notes to the financial statements

### Summary of significant accounting policies (continued)

#### **2.17 Inventories**

Inventories are valued using a first in, first out method and are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in the normal course of business in bringing the products to their present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income. Inventories also include the cost price of expected returns.

#### **2.18 Financial instruments**

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **Trade and other receivables**

Trade and other receivables are non-interest bearing and initially measured at transaction price less provisions for expected credit losses. The Company has adopted IFRS 9 from 1 April 2017 and applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. In the majority of cases cash is received when the order is placed and there is no risk of credit loss in respect of this revenue. Wholesale customers typically take 30 – 60 days to settle their invoices, however, these are covered by credit insurance which renders the expected credit loss negligible.

#### **Cash and cash equivalents**

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

#### **Trade and other payables**

Trade and other payables are non-interest bearing and are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the “effective interest rate” to the carrying amount of the liability.

#### **Invoice discounting facility**

The Company has entered into an invoice discounting arrangement with the bank, where a proportion of the debts have been legally transferred but the benefits and risks are retained by the Company. Gross receivables are included within debtors and a corresponding liability in respect of the proceeds received from the bank are shown within liabilities. The interest element of the bank's charges are recognised as they accrue and included in the statement of comprehensive income within other interest payable.

## Notes to the financial statements

### Summary of significant accounting policies (continued)

#### 2.18 Financial instruments (continued)

##### ***Borrowings***

Borrowings, being the preference shares, are initially recorded at fair value, which represents the fair value of the consideration received, net of any direct transaction costs associated with the relevant borrowings. Borrowings are subsequently stated at amortised cost and finance charges are recognised in the Statement of Comprehensive Income over the term of the instrument using an effective rate of interest. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are classified as non-current liabilities as the Company has an unconditional right to defer settlement of the liability for at least 12 months at the balance sheet date. During the year as part of the IPO reorganisation all preference share liabilities were settled.

##### ***Classification as debt or equity***

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

#### 2.19 Dividends

Dividends are recognised as a liability and deducted from equity at the time they are approved. Otherwise dividends are disclosed if they have been proposed or declared before the relevant financial statements are approved.

#### 2.20 Currencies

##### ***Functional and presentational currency***

Items included in the Company financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency") which is UK sterling (£). The financial statements are presented in UK sterling.

##### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the spot rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### 2.21 EBITDA and Adjusted EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA are non-GAAP measures used by management to assess the operating performance of the Company. EBITDA is defined as profit before net finance costs, tax, depreciation and amortisation. Adjusting and non-recurring items are excluded from EBITDA to calculate adjusted EBITDA.

The Directors primarily use the Adjusted EBITDA measure when making decisions about the Company's activities as this provides useful information for shareholders on underlying trends and performance. As these are non-GAAP measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

## Notes to the financial statements

### Summary of significant accounting policies (continued)

#### **2.22 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are two identifiable business segments, being wholesale and e-commerce clothing retailing.

#### **2.23 Share capital**

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

Share premium represents the difference between the nominal value of shares issued and the fair value of consideration received. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

#### **2.24 Retained earnings**

Retained earnings includes all current and prior period retained profits and losses. All transactions with owners of the parent are recorded separately within equity.

## Notes to the financial statements

### 3. Critical accounting estimates and judgements

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported amounts of revenue during the reporting periods. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of asset or liabilities within the next accounting period are outlined below:

#### *Accounting estimates*

##### **3.1 Impairment of intangible assets**

The Company tests goodwill for impairment every year in accordance with the relevant accounting policies. The recoverable amounts of the cash-generating unit is determined by calculating value in use. This calculation requires the use of estimates.

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired and amounts to £528,000 as at 31 March 2021 (2020: £528,000). At the date of preparation of the financial statements the Directors have not identified any indicators of impairment in respect of the goodwill. As explained in note 11, goodwill relates to the business as a whole and given the strong trading in the financial year and considering the low value of the goodwill held there is little sensitivity to the recoverability of the carrying value.

##### **3.2 Useful economic lives of intangible assets**

Intangible fixed assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The net book value of these assets is £597,000 as at 31 March 2021 (2020: £846,000). The Directors regularly review the status of the capitalised projects to ensure that their useful economic life remains appropriate and as such there is little sensitivity to the carrying value.

##### **3.3 Returns provision**

The provision for sales returns is estimated based on recent historical returns and management's best estimates and is allocated to the period in which the revenue is recorded. Actual returns could differ from these estimates. The historic difference between the provision estimate and the actual returns is not material. The gross value of the provision for returns as at 31 March 2021 is £628,000 (2020: £439,000). The Directors review the actual returns incurred post year end and given the amounts involved, the short return window, and compared to returns actually incurred the Directors are satisfied with the estimate made at the reporting date.

#### *Accounting judgements*

There are no accounting judgements that are considered to be critical.

## Notes to the financial statements

## 4. Segmental analysis

The Chief Operating Decision Maker ("CODM") has been identified as the Board of Directors. The Board reviews internal reporting in order to assess performance and allocate resources. The Board has determined that there are two operating segments, being wholesale and e-commerce clothing retailing.

In view of the growth in wholesale revenue in the year ended 31 March 2021, the CODM are now monitoring the two operating segments separately.

	Revenue		Gross Profit	
	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Wholesale	8,331	1,837	1,594	29
E-commerce	36,374	17,466	18,995	10,205
	<u>44,705</u>	<u>19,303</u>	<u>20,589</u>	<u>10,234</u>

There are no sales between the two operating segments, and all revenue is earned from external customers. The operating segments gross profit is reconciled to profit before taxation as per the statement of total comprehensive income.

The Company's overheads are managed centrally by the Board and consequently there is no reconciliation to profit before tax at a segmental level.

The Company's assets are managed centrally by the Board and consequently there is no reconciliation between the Company's assets per the statement of financial position and the segment assets.

## Information about major customers

The Company has not generated revenue from any individual customer that accounted for greater than 10% of total revenue.

## Analysis of revenue by geographical destination

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
United Kingdom	42,388	17,956
Rest of Europe	1,336	505
Rest of the World	981	842
	<u>44,705</u>	<u>19,303</u>

The above revenues are all generated from contracts with customers and are recognised at a point in time. All assets of the Company reside in the UK.

## Notes to the financial statements

## 5. Expenses by nature

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
The profit/(loss) is stated after charging/(crediting) expenses as follows:		
Inventories recognised as an expense	22,464	9,149
Impairment of inventories	165	-
Reversal of impairment of inventories	-	(66)
Staff costs – Note 7	4,687	3,154
Adjusting and non-recurring items – Note 6	1,442	-
Distribution costs	7,428	4,189
Profit on disposal of property, plant and equipment and intangible assets	-	(1)
Depreciation – property, plant and equipment	118	127
Depreciation – right of use assets	242	145
Amortisation	574	404
Marketing expenses	4,995	3,149
Research and development income	(277)	(224)
Foreign exchange	(10)	30
Auditor's remuneration (see below)	42	18
Other operating expenses	1,412	1,041
Total cost of sales, distribution costs, administration expenses and operating income	43,282	21,115

Qualifying research and development costs were £611,000 (2020: £881,000). Amounts capitalised were £325,000 (2020: £616,000).

**Auditor's remuneration**

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Fees payable to the Company's Auditor and their associates for:		
The audit of the Company's annual accounts	42	18
Other services to the Group	30	22
Non-audit services: IPO reporting accountant services	197	-
	269	40

In 2021, fees payable to the Auditor for other services are in respect of work required for the Company to complete its IPO. BDO were selected to undertake this work after consideration of the impact this may have on their independence, which it was concluded would not be impinged by undertaking the work. Fees of this type are ad hoc in nature and occur in respect of major events. Any such further occurrence will require Audit Committee approval.

## Notes to the financial statements

## 6. Adjusting non-recurring items

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Administration expenses	1,442	-
	<u>1,442</u>	<u>-</u>

To understand the underlying performance of the business, certain costs included within administrative costs have been classified as adjusting items on the basis of their size and their nature of being non-recurring.

These items principally relate to legal and professional fees relating to the IPO of £734,000 and bonuses of £708,000. Ensuring relevance through a change in product strategy and the increased frequency of launches meant that the Company was well placed to benefit from the accelerated shift to on-line shopping over the year, this rapid change and successful execution of strategy gave rise to specific management and wider employee bonuses which are included in the Adjusting items noted above.

## 7. Employees and Directors

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Aggregate remuneration of staff (including Directors):		
Wages and salaries	4,104	2,706
Social security costs	416	319
Other pension costs	167	129
	<u>4,687</u>	<u>3,154</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year Ended 31 March 2021 No.	Year Ended 31 March 2020 No.
Directors	2	2
Admin	84	70
Warehouse	47	49
Employees	<u>133</u>	<u>121</u>

**Directors' remuneration**

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Directors' emoluments	708	355
Company contributions to defined contribution pension schemes	11	7
	<u>719</u>	<u>362</u>

The highest paid director received remuneration of £339,000 (2020: £210,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,000 (2020: £6,000).

During the year retirement benefits were accruing to 2 directors (2020: 2) in respect of defined contribution pension schemes.



## Notes to the financial statements

## 8. Finance income

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Bank interest receivable	1	3
	<u>1</u>	<u>3</u>

## 9. Finance costs

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Preference share dividends	376	332
Interest on lease liabilities	19	16
	<u>395</u>	<u>348</u>

## 10. Taxation

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
<b>Deferred tax</b>		
Origination and reversal of timing differences	(500)	-
<b>Total deferred tax credit</b>	<u>(500)</u>	<u>-</u>
<b>Total tax credit</b>	<u>(500)</u>	<u>-</u>

*Factors affecting the credit*

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Profit/(Loss) before taxation	1,029	(2,157)
Tax at the UK corporation tax rate of 19% (2020: 19%)	196	(410)
Expenses not deductible for tax purposes	293	59
(Utilisation of unrecognised losses)/deferred tax not recognised	(989)	394
Income not taxable for tax purposes	-	(43)
<b>Total tax credit</b>	<u>(500)</u>	<u>-</u>

## Notes to the financial statements

## 10. Taxation (continued)

*Factors that may affect future tax charges*

In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020. The impact of the change was therefore reflected in the Company financial statements in the year ended 31 March 2020.

In the Spring Budget 2021, the Government announced an increase in the corporation tax rate from 19% to 25% from 1 April 2023. As the new law had not been substantively enacted by the balance sheet date, its impact has not been reflected in the financial statements. The impact of the increase would be to increase the recognised deferred tax asset by approximately £158,000 (tax effect). This rate change was substantively enacted on 24 May 2021.

The value of the unrecognised deferred tax asset at 31 March 2021 is £158,000 (2020: £1,021,000).

*Deferred tax consists of the following timing differences*

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Tax losses carried forward	500	-
	<u>500</u>	<u>-</u>

*Movement in deferred tax in the year*

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Balance brought forward	-	-
Credited to profit or loss	500	-
Balance carried forward	<u>500</u>	<u>-</u>

The Directors consider that the deferred tax asset in respect of tax losses carried forward is recoverable based on the forecast future taxable profits of the Company.

## Notes to the financial statements

## 11. Intangible assets

	Development costs £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 April 2020	1,562	528	2,090
Additions	325	-	325
At 31 March 2021	1,887	528	2,415
<b>Accumulated amortisation</b>			
At 1 April 2020	(716)	-	(716)
Amortisation charged in the year	(574)	-	(574)
At 31 March 2021	(1,290)	-	(1,290)
<b>Carrying amount</b>			
At 1 April 2020	846	528	1,374
At 31 March 2021	597	528	1,125

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired and represents goodwill in the business as a whole.

Impairment testing of goodwill is performed at least annually by reference to value in use calculations. The key assumptions for the value-in-use calculations are:

- cash flows before income taxes are based on approved budgets and management projections for the first five years. The assumptions used by management in this impairment review were growth rates of between 30% and 40% in years 1 to 5;
- long-term growth rates of 2.0% are applied to the period beyond which detailed budgets and forecasts do not exist, based on macroeconomic projections for the geography in which the entity operates; and
- pre-tax discount rate of 10.1% based upon the risk free rate for government bonds adjusted for a risk premium to reflect the increased risk of investing in equities.

Given the goodwill is represented by the business as a whole, and given the relatively low value of the goodwill balance these calculations show no reasonably possible scenario in which any of the goodwill balances could be impaired as at 31 March 2021 or 31 March 2020. There were no charges for impairment of goodwill in 2021 (2020: nil).

Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

## Notes to the financial statements

## 12. Property, plant and equipment

	Property improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Fixture and fittings £'000	Computer equipmen t £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2020	83	32	1	283	190	589
Additions	-	23	-	13	53	89
Disposals	-	-	-	-	(2)	(2)
At 31 March 2021	83	55	1	296	241	676
<b>Depreciation</b>						
At 1 April 2020	45	5	-	104	132	286
Depreciation charged in the year	20	14	-	42	42	118
At 31 March 2021	65	19	-	146	174	404
<b>Carrying amount</b>						
At 1 April 2020	38	27	1	179	58	303
At 31 March 2021	18	36	1	150	67	272

The depreciation charge for the year has been included in administrative expenses in the Statement of Comprehensive Income.

## 13. Inventories

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Finished goods and goods for resale	1,583	643
Right of return inventory	372	209
	1,955	852

The Directors believe that the replacement value of inventories would not be materially different than book value.

Inventories at 31 March 2021 are stated after provisions for impairment of £372,000 (2020: £207,000).

## Notes to the financial statements

## 14. Trade and other receivables

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Trade receivables	993	511
Prepayments	641	409
Invoice finance facility	53	-
	<u>1,687</u>	<u>920</u>

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables, the Company considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. There is no provision at 31 March 2021 for impairment loss against trade receivables (2020: nil).

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Company has not recognised an allowance for doubtful receivables as the amounts are still considered recoverable due to the credit insurance held against the receivables. Given the insurance that is in place the historic losses incurred are negligible and the expected credit loss percentage is nil. The ageing of trade receivables, including those balances past due but not impaired, is shown below:

*Ageing of trade receivables*

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Current (not past due)	744	247
Less than 30 days	42	225
31 – 60 days	18	9
61 – 90 days	51	4
90 days +	138	26
Less provisions for impairment	-	-
	<u>993</u>	<u>511</u>

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the nature of online trading, with payment being received at the point of order, and credit insurance is also in place for wholesale customers. At 31 March 2021 the credit insurance covers £663,000 of the trade receivables balance.

The Company does not hold any collateral as security for its trade and other receivables.

## Notes to the financial statements

## 15. Cash and cash equivalents

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Cash at bank and in hand	11,939	2,047

## 16. Trade and other payables

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Amounts owed by group undertakings	10,052	-
Trade payables	2,041	1,592
Other taxation and social security	425	631
Invoice finance facility	-	312
Other payables	-	48
Accruals	2,622	2,073
Deferred income	1,113	362
	16,253	5,018

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Balance at 1 April	362	194
New and existing contracts with customers	1,113	362
Recognised as revenue in the year	(362)	(194)
Balance at 31 March	1,113	362

The Directors consider that the carrying value of trade and other payables approximates their fair value.

## 17. Borrowings

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Preference shares	-	3,098
	-	3,098

In anticipation of the IPO, the share capital structure was re-organised and the 2,500,000 £1 preference shares were re-designated as 625,000 Ordinary shares of £0.0000001 and 1,875,000 Deferred shares of £0.0000001.

The preference shares were non-voting shares and were redeemable, at par, on purchase or listing of the Company. They accrued a preference share dividend at 12 per cent. of the issue price per annum until they were redeemed. The preferred dividend was rolled up in arrears every 12 months. Following this, the preferred dividend accrued on the issue price and the aggregate of the rolled up dividends as though the issue price had been increased by an amount equal to the aggregate of all rolled up preference dividends.

## Notes to the financial statements

## 18. Leases

The Company leases offices and warehouses. Rental contracts are typically made for fixed periods of 3 to 5 years. There are no judgements over the length of the lease term for any of the Company's leases. There are no variable lease payments in any of the Company's leases.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

*Amounts recognised in the Statement of Financial Position*

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	£'000
Balance at 1 April 2019	448
Depreciation charge for the year	(145)
Balance at 31 March 2020	303
New leases recognised in the year	65
Lease modifications	166
Depreciation charge for the year	(242)
Balance at 31 March 2021	292

The net book value of the right of use assets all relates to property leases.

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
<b>Lease liabilities</b>		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	171	164
More than one year, less than two years	283	171
More than two years, less than three years	6	103
More than three years, less than four years	-	6
More than four years, less than five years	-	-
More than five years	-	-
Total undiscounted lease liabilities at year end	460	444
Finance costs	(15)	(84)
Total discounted lease liabilities at year end	445	360
 Lease liabilities included in the statement of financial position		
Current	164	137
Non-current	281	223
	445	360

## Notes to the financial statements

## 18. Leases (continued)

*Amounts recognised in the Statement of Comprehensive Income*

The Statement of Comprehensive Income shows the following amounts relating to leases:

	Year Ended 31 March 2021 £'000	Year Ended 31 March 2020 £'000
Depreciation charge (within administration expenses)	242	145
Interest expense (within finance costs)	19	16
Expense relating to leases of low-value assets	-	15

The total cash outflow for leases was £165,000 (2020: £148,000).

## 19. Share capital

	Ordinary shares of £0.0000001 No.	Ordinary A1 shares of £0.0000001 No.	Ordinary B1 shares of £0.0000001 No.	Deferred shares of £0.0000001 No.	Total £
At 1 April 2020	-	12,968,532,000	12,400,000,000	128,470,950,000	15,386
Issue in the year	237,141	-	-	-	-
Re-designation ordinary shares	22,637,858	(12,968,532,000)	(12,400,000,000)	25,363,894,142	-
Re-designation preference shares	625,000	-	-	1,875,000	-
At 31 March 2021	23,499,999	-	-	153,836,719,142	15,386

All shares rank pari-passu except the deferred shares which are non-voting and have no right to dividends.

In anticipation of the IPO, the share capital structure was re-organised with the following:

- The Ordinary A1 and B1 shares were re-designated as Ordinary shares of £0.0000001 and Deferred shares of £0.0000001, and
- The 2,500,000 £1 preference shares were re-designated as 625,000 Ordinary shares of £0.0000001 and 1,875,000 Deferred shares of £0.0000001.

	Preference shares of £1.00 each No.	Preference shares of £1.00 each £
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
At 1 March 2019 and 31 March 2020	2,500,000	2,500,000
Re-designation as Ordinary shares	(625,000)	(625,000)
Re-designation as Deferred shares	(1,875,000)	(1,875,000)
At 31 March 2021	-	-

As noted above, the preference shares were re-designated as 625,000 Ordinary shares of £0.00000001 and 1,875,000 Deferred shares of £0.0000001.



## Notes to the financial statements

### 20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and are disclosed in note 7. Contributions totalling £25,511 (2020: £16,099) were payable to the fund at the reporting date and are included in creditors.

### 21. Related party transactions

During the current and prior financial year, related parties include representatives of major shareholder, Causeway Capital. Related party balances with the Company are as follows.

Purchases from Causeway Capital, shareholder, of £25,000 (2020: £26,847) were made during the year. There was a creditor balance of £nil (2020: £9,120) at the year end.

Sales to Causeway Capital of £nil (2020: £nil) were made during the year. There was a debtor balance of £nil (2020: £nil) at the year end.

### 22. Ultimate controlling party

On 8 March 2021 the shareholders of the Company sold their shares in the Company to In The Style Group PLC ("the parent") who became the immediate parent undertaking.

The directors consider there to be no ultimate controlling party following Admission of the parent to AIM in March 2021.

### 23. Dividends

On 14 October 2020, the company undertook a reduction of capital by way of a solvency statement under section 643 of the Companies Act 2006 for the purposes of section 642 of the Companies Act 2006. This included the cancellation of £4,914,000 from the share premium which resulted in an increase in retained earnings of £4,914,000.

A dividend of £1,250,000 was subsequently declared and paid in December 2020.

On 5 March 2021, the company undertook a further reduction of capital by way of a solvency statement under section 643 of the Companies Act 2006 for the purposes of section 642 of the Companies Act 2006. This included the cancellation of all amounts standing to the credit of the share premium account (being an amount equal to the share premium created on the issue the C preference shares) and the crediting of the resulting amount to the distributable reserves of the company. Following this, the company released its shareholders from any liability they may have to repay any amount of the dividend received by them from the company in December 2020, as a subsequent reassessment identified that there were insufficient retained earnings at the point of paying the dividend.

### 24. Post balance sheet events

The Company decided to exit the invoice discounting facility in December 2021. The Directors are confident that the facility was not required to operate as a going concern.