Registered number: 09183265

REISS (CANADA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021

REISS (CANADA) LIMITED

COMPANY INFORMATION

DIRECTORS	J. N. Blanchard C. Angelides
REGISTERED NUMBER	09183265
REGISTERED OFFICE	Reiss Building 12 Picton Place London W1U 1BW

REISS (CANADA) LIMITED

BALANCE SHEET
AS AT 30 JANUARY 2021

	Note		30 January 2021 £		1 February 2020 (adjusted)* £
FIXED ASSETS					
Tangible assets	5		**371,469**		*316,774*
CURRENT ASSETS					
Stocks	6	**465,934**		*297,003*	
Debtors: amounts falling due within one year	7	**517,746**		*139,687*	
Cash at bank and in hand	8	**203,887**		*29,583*	
		1,187,566		*466,273*	
Creditors: amounts falling due within one year	9	**(5,254,010)**		*(4,323,135)*	
NET CURRENT LIABILITIES			**(4,066,445)**		*(3,856,862)*
NET LIABILITIES			**(3,694,975)**		*(3,540,088)*
CAPITAL AND RESERVES					
Called up share capital	10		**900**		*900*
Profit and loss account			**(3,695,875)**		*(3,540,988)*
					-
EQUITY SHAREHOLDERS' FUNDS			**(3,694,975)**		*(3,540,088)*

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the period in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The profit and loss account and the directors' report have not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 October 2021.

* Details of the prior year restatement are found in note 2.1.

J. N. Blanchard
Director

The notes on pages 3 to 14 form part of these financial statements.

REISS (CANADA) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 30 JANUARY 2021

	Called up share capital	Profit and Loss account (adjusted)*	Equity Shareholders' Deficit (adjusted)*
	£	£	£
AT 1 FEBRUARY 2020	**900**	**(3,540,988)**	**(3,540,088)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD			
Profit for the period	-	**(154,887)**	**(154,887)**
AT 30 JANUARY 2021	**900**	**(3,695,875)**	**(3,694,975)**

The notes on pages 3 to 14 form part of these financial statements.

* Details of the prior year restatement are found in note 2.1.

1. GENERAL INFORMATION

Reiss (Canada) Limited (Company number 09183265), having its registered office at Reiss Building, 12 Picton Place, London W1U 1BW is a private limited company incorporated in England and Wales. The Company's principal place of business is Reiss Building, 12 Picton Place, London, W1U 1BW.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with Financial Reporting Standard 102: "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3). Other than where new policies are adopted, the Group's accounting policies have been applied consistently throughout the financial period.

Prior year restatement

Prior to 30 January 2021, it has been noted that the group's returns policy had been incorrectly applied, resulting in the returns provision being understated at the balance sheet date. A prior year restatement has therefore been made in order to restate the results for the period ending 1 February 2020. As a result of this, prior year revenue has been reduced by £18,000, gross profit by £12,000, administrative expenses £3,000.

2.2 Related party transactions

The Company has taken advantage of the exemption FRS 102 section 33.1A not to disclose transactions with group entities on the grounds that it is a wholly owned subsidiary undertaking whose results are included in publicly available consolidated financial statements.

2.3 Financial reporting standard 102 reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 7 Statement of Cash Flows; and
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Reiss (Holdings) Limited as at 30 January 2021 and these financial statements may be obtained from Reiss Building, 12 Picton Place, London, W1U 1BW.

2.4 Accounting dates

The current period accounts are prepared for the 52 weeks ended 30 January 2021. The prior period accounts were prepared for the 52 weeks ended 1 February 2020.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the company will be able to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

In assessing the ability to continue as a going concern, the Board has reviewed the trading and cash flow forecasts of the Reiss (Holdings) Group and the company against the available financing facilities and covenant compliance which include the Directors' assessment of the continuing impact of COVID-19. Stores have re-opened and the vaccine roll-out is allowing restrictions to be eased, however COVID-19 will continue to weigh on the group's performance in the coming year.

Although the company shows net liabilities of £3,694,975 (2020: £3,540,088), the company is reliant for its working capital on funds provided to it by its fellow subsidiary, Reiss Limited, which has provided the company with an undertaking that it will, for at least twelve months from the approval of these financial statements, continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. As such, the financial statements are prepared under the going concern assumption.

In further assessing the ability to continue as a going concern, the Board has also reviewed the trading and cash flow forecasts of the company and the parent company group against the available financing facilities and covenant compliance which include the Directors' assessment of the impact of COVID-19.

For financial reporting purposes, events relating to the COVID-19 pandemic are deemed to be non-adjusting subsequent events, and accordingly the company's financial results and financial position reported in the financial statements for the 52 week period ended 31 January 2021 have not been adjusted for these events.

Uncertainty of future cashflows due to Covid-19

The COVID-19 global pandemic impacted Reiss from March 2020 when all of our stores closed for a prolonged period. The directors have taken rapid action to minimise the impact of COVID-19 on the business. Reiss has traded very strongly online during the pandemic and demand online continues to be strong, following the re-opening of all of our stores. Other actions have been taken operationally in order to mitigate the financial risks to the business resulting from the pandemic. Non-essential investment projects were postponed and a wide-ranging exercise has been undertaken to identify and implement cost savings across the business.

The Company has also taken full advantage of various government support schemes including the furlough scheme and tax payment deferrals. As a result of all of these steps, the Company has maintained a comfortable liquidity position and the wider parent company group has operated within its current banking facilities, without the need for additional borrowing, and the directors have also ensured that the business is right-sized and well placed to react quickly in order to maximise opportunities as a new normal emerges following the pandemic.

Reiss has consistently performed ahead of expectations throughout the pandemic, adapting to changing customer behaviour, both in terms of product mix and channel mix. However, despite the success of the vaccine roll out and the moves towards releasing restrictions and moving towards a "new normal", the directors are aware that there remains a risk of future set-backs which could impact future cash flows and profit.

The Directors have modelled a number of severe but plausible downside sales, profit and liquidity scenarios to assess the impact of a new worldwide lockdown and the resulting store closures. Two scenarios have been modelled:

- A slower store footfall recovery which assumes all stores and concessions worldwide remain at minus 20% of sales to the pre-pandemic year on a like-for-like basis; and
- A worldwide lockdown for a 3 month period in the Winter, between November 2021 and January 2022, resulting in all of our physical points of sale, worldwide, closing.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Going Concern (continued)

Financing

The Company's parent, WP R HoldCo Limited is partially financed by a loan facility agreement. This facility is secured by a fixed and floating charge over the assets of the WP R MidCo 1 Limited group and unlimited cross guarantees from group undertakings. Reiss (Canada) Limited forms part of the WP R MidCo 1 Limited group of companies. The banking facilities include a number of financial covenants, tested on a quarterly basis.

In both of the above severe but plausible downside scenarios, our modelling indicates that the group and company has sufficient liquidity to continue to trade as a going concern and all bank covenant tests are complied with.

Given the success of the vaccine roll-out, progress in removing social contact restrictions, the Directors consider that the above modelling demonstrates that the Group is extremely secure from a liquidity and financing perspective and, as such, the Directors are confident that the going concern assumption is appropriate and that all banking covenants will continue to be complied with.

At the time of signing these financial statements, the group continues to perform ahead of its forecasts and so the directors remain positive about the future trading performance of the Group.

Accordingly, based on the above, the Directors consider the going concern assumption in the preparation of the company's financial statements as appropriate as at the date of approval of these 2021 financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

2.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- The company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the balance sheet date, a provision for returns estimated to be made by customers in line with the Group's returns policy is made. This provision is based on current and expected returns rates.

Sales of gift cards are not recognised in revenue until the gift cards are redeemed in stores or online.

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

The estimated useful lives range as follows:

Leasehold land and buildings - the life of the lease
Fixtures and equipment - the life of the lease or 4 years, according to the nature of the asset
Motor vehicles - 4 years

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

2.8 Operating leases: The company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.9 Stocks

Finished goods and goods for resale and work in progress are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments are recognised in line with sections 11 and 12 of FRS 102.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional currency is the Canadian Dollar (CAD). This differs from the presentational currency which is British Pound Sterling (GBP). GBP has been elected as the presentational currency of the Company to bring this in line with the rest of the Reiss (Holdings) Limited group of companies.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'administrative expenses'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2. ACCOUNTING POLICIES (CONTINUED)

2.15 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.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Exceptional items

Exceptional items are disclosed separately in the Statement of Comprehensive Income where it is necessary to do so in order to provide additional understanding of the financial performance of the company. Items which are not considered part of the normal operating costs of the business, are non-recurring and are exceptional because they are judged to be material, non-recurring and outside the normal course of day to day business.

2.19 Equity

Ordinary shares are classified in equity and the profit and loss account represents the cumulative net gains and losses recognised in the income statement.

2.20 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the 52 week period in which they are incurred.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the period that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2. ACCOUNTING POLICIES (CONTINUED)

2.23 Government grant income

Government grant income received is recognised by the company under the performance model, such that grants that do not impose future performance-related conditions on the recipient is recognised in income when the grant proceeds are received or receivable. Where future performance-related conditions are imposed on the recipients, such grants are recognised in income when these conditions have been met.

2.24 Contingent liabilities

The directors recognise a contingent liability where either a possible obligation exists but is contingent on some uncertain future event ocurring or where a present obligation exists but payment is not probable or the amount cannot be measured reliably.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

Stock Provisions

The directors make full provision against stock and fabric items which are older than six seasons and, as it is judged that the estimated selling price less costs to complete and sell is nil. The directors also consider if any other stock and fabric items are impaired and make a further provision accordingly.

Returns provision

The directors make a provision for returns expected to be made after the balance sheet date, based on their best view of rates of return.

Impairment of tangible assets

The directors undertake an annual impairment review on tangible fixed assets and make a provision where it is judged the carrying value of an asset is higher than the present value of the future cash flows it will generate.

Dilapidations provision

The directors consider the requirements to recognise a dilapidations provision based on planned changes to the estate and, where it is judged that a dilapidations cost is likely to be incurred, a provision is recognised.

Onerous lease provision

The directors consider the requirements to recognise an onerous lease provision in respect of poor performing store leases where it is considered likely that a positive return will not be generated over the course of the lease.

Exceptional items

The directors recognise exceptional items separately in the profit and loss where they are judged to be material, non-recurring and outside of the normal course of day to day business.

4. EMPLOYEES

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

	2021	*2020*
Directors	2	*2*
Retail	23	*34*
	25	*36*

5. TANGIBLE FIXED ASSETS

	Leasehold land and buildings	Fixtures and Equipment	Total
	£	£	£
COST OR VALUATION			
At 3 February 2020	1,231,174	1,949,015	3,180,189
Additions	-	64,995	64,995
Disposals	-	-	-
At 30 January 2021	1,231,174	2,014,010	3,245,184
DEPRECIATION			
At 3 February 2020	1,061,149	1,802,266	2,863,415
Charge for the period on owned assets	8,404	1,896	10,300
At 30 January 2021	1,069,553	1,804,162	2,873,715
NET BOOK VALUE			
At 30 January 2021	161,621	209,848	371,469
At 3 February 2020	*170,025*	*146,749*	*316,774*

6. STOCKS

	30 January 2021 £	*1 February 2020 £*
Finished goods and goods for resale	**465,934**	*297,003*
	465,934	*297,003*

Stock recognised in cost of sales during the period as an expense was £697,455 (2020: £806,927).

7. DEBTORS

	30 January 2021 £	*1 February 2020 £*
Due within one year		
Trade debtors	**466,078**	*84,728*
Other debtors	-	*100*
Other taxation and social security	-	-
Prepayments and accrued income	**51,668**	*54,859*
	517,746	*139,687*

8. CASH AT BANK AND IN HAND

	30 January 2021 £	*1 February 2020 £*
Cash at bank and in hand	**203,887**	*29,583*

9. CREDITORS: Amounts falling due within one year

	30 January 2021 £	*1 February 2020 (adjusted)* £*
Trade creditors	**13,703**	*33,285*
Amounts owed to group undertakings	**4,914,851**	*3,934,153*
Other taxation and social security	-	*66,322*
Other creditors	**50,645**	*44,964*
Accruals and deferred income	**274,811**	*244,411*
	5,254,010	*4,323,135*

* Details of the prior year restatement are found in note 2.1.

10. SHARE CAPITAL

	30 January 2021 £	*1 February 2020 £*
Authorised, allotted, called up and fully paid		
900 Ordinary shares of £1 each	**900**	*900*

11. CONTINGENT LIABILITIES

The Company has provided, via deed, a fixed and floating charge over its assets to Barclays Bank Plc, ING Bank N.V. and Lloyds Bank Plc in respect of bank borrowings of WP R Holdco Limited. At the period end, a contingent liability exists to the extent of WP R Holdco Limited's indebtedness to the aforementioned banks of £59.2m (2020: £59.2m). No liability is expected to crystallise in this respect.

12. POST BALANCE SHEET EVENTS

The COVID-19 global pandemic has continued to have an impact on the Group's performance. Although the outlook now looks positive as the roll out of vaccines allows non-essential retail to re-open and social restrictions to be eased, there remains a risk that future set backs could result in a material impact on the future trading results. The directors will continue to monitor the situation closely. Please refer to the basis of preparation in note 2.1, which provides further information on the impact of COVID-19 on the group and company.

Following the year-end, Next plc acquired a 25% interest in the group, with an option to acquire a further 26% by July 2022. As part of this transaction, Next plc also advanced a subordinated loan facility of £10m, with no principal or interest payments due while the group's current banking facilities remain in place, providing the group with further liquidity headroom.

As a result of this partnership, Reiss' online operations will be contracted to Next via Next's Total Platform. Total Platform will also provide warehousing and distribution services for Reiss' business, with an anticipated launch date early in the next financial period.

The directors are confident that Next's infrastructure will improve the efficiency of Reiss' operations in servicing our customers and will serve as the launch pad for Reiss to grow both revenue and profits in future years.

13. COMMITMENTS UNDER OPERATING LEASES

At 30 January 2021 the Company had future minimum lease payments under non cancellable operating leases as follows:

	30 January 2021	*1 February 2020*
	£	*£*
Not later than 1 year	**367,103**	*375,256*
Later than 1 year and not later than 5 years	**1,295,802**	*1,565,957*
Later than 5 years	**34,197**	*255,219*
	1,697,102	*2,196,432*

14. CONSOLIDATING PARENT UNDERTAKING

The parent of the smallest group under which consolidated financial statements are prepared is Reiss (Holdings) Limited, a company incorporated in England and Wales. Consolidated accounts may be obtained from the following address:

Reiss Building
12 Picton Place
London
W1U 1BW

15. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

As at 30 January 2021 and 1 February 2020 , the immediate parent undertaking was Reiss (Holdings) Limited.

As at 30 January 2021 and 1 February 2020, the ultimate parent undertaking is WP R Topco Limited, a company incorporated in Jersey.

16. ULTIMATE CONTROLLING PARTY

As at 30 January 2021 and 1 February 2020, there was no single ultimate controlling party.