

TRC Acquisitions Limited  
Annual report and financial statements  
Period ended 2 April 2023

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TRC Acquisitions Limited  
Annual report and financial statements  
Period ended 2 April 2023

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**TRC Acquisitions Limited**  
**Annual report and financial statements**  
**Period ended 2 April 2023**

**Officers and professional advisers**

**DIRECTORS**

J Bonnavion

J Bergman

**REGISTERED OFFICE**

210/A Harbour Yard

Chelsea Harbour

London

SW10 0XD

**INDEPENDENT AUDITORS**

RSM UK Audit LLP

The Pinnacle,

170 Midsummer Boulevard,

Milton Keynes,

Buckinghamshire

MK9 1BP

**TRC Acquisitions Limited**  
**Strategic report**  
**Period ended 2 April 2023**

The directors present their strategic report for the 53-week period ended 2 April 2023. The prior period comprised the 52-week period ended 27 March 2022.

**Principal activities**

The company was incorporated in England on 9 October 2015 and acquired 100% of the shares of The Rug Company (Holdings) Ltd on 4 November 2015. The principal activity of the Group is the design and sale of handmade rugs, through group-owned showrooms in the UK, USA and Germany and franchised stores throughout the rest of the world. The principal activity of the Company is that of an investment holding company.

**Business review and key performance indicators**

The Board drives business performance through the setting of clearly defined and measured key performance indicators (KPIs), taking appropriate action where required to enhance the financial results of the business. The key performance indicators of the Company are financial KPIs together with other key metrics including marketing return on investment, production and supply chain lead times and monitoring of overall service expectations for clients consistent with the luxury consumables market.

	Period Ended 2 Apr-23 £'000	Period Ended 27 Mar-22 £'000
Turnover	38,459	30,222

Gross Profit %	60.38%	63.14%
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Operating Loss	(2,807)	(2,367)
Add back:		
Depreciation	703	627
Amortisation	6,282	6,627
Restructuring costs	1,493	125
Foreign exchange losses	471	353
<b>EBITDA</b>	<b>6,142</b>	<b>5,365</b>

*EBITDA is defined as Operating Profit before Amortisation, Depreciation, Restructuring costs and Foreign exchange losses.*

The Group continued to make strong revenue growth building on the momentum from FY22. Overall, the last 2 financial years the Group has achieved revenue growth of 28%. This is a direct result of complementing existing revenue streams with additional contract revenue where the Group continues to make significant progress, with revenue increasing by over 400% YOY. This growth was underpinned by continued strong performance through our studio and digital channels growing 11% and 29% respectively. Gross margins did see an impact in the year but this is mostly driven from shift in mix to contract where although increasing the scalability of our revenue, is at a lower margin than our core traditional revenue streams. The Group was also able to maintain discipline over its fixed cost, despite investment in people and processes to drive the growth in new and existing sales channels, resulting in an EBITDA of £6.1m, an increase of £0.8m on the previous year. The Group did see a reduction in cash over the full year amounting to £3.7m. This was driven largely by acceleration of bank debt repayments totalling £2.7m. The lower cash position was also contributed to by higher stock investment in the early part of the year which did not sell through as quickly as anticipated due in part to higher custom sales mix. The restructuring costs related to transaction costs which the Board decided to delay given the challenging macroeconomic conditions. The operating loss was also less in FY23 despite receiving one off insurance income in FY22 relating to Covid Business interruption of £0.7m. The overall financial success in FY23 was complimented by the importance of sustainability to Group where in 2023 this was reflected by The Rug Company achieving the Butterfly Mark, a certification awarded by Positive Luxury to brands that have met the highest level of ESG+ performance.

**FUTURE DEVELOPMENTS**

Management continues to focus on the strategic pillars identified by the board of directors. The improved liquidity of the Group allows us to accelerate these plans which are centred around a digitally driven strategy at its core and increased sales by sales productivity. The business also continues to invest in systems which include the ERP rollout to the operational parts of the business and automation of the invoicing and expense processes. The new external debt facility has now been formally agreed for an initial period of 3 years from August 2023. The facility extension is referred to more in the going concern section.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The ongoing financial risks arising from the group's activities are credit risk, interest rate risk, foreign exchange rate risk and ongoing supply chain disruption. There is also a clear anti-slavery agreement in place with suppliers and the business continues to work alongside the charity Goodweave to monitor and oversee employment practises These risks continue

**TRC Acquisitions Limited**  
**Strategic report (continued)**  
**Period ended 2 April 2023**

to monitored by the board of directors. The Group was also successful in 2023 in achieving The Butterfly Mark, a certification awarded by Positive Luxury to brands that have met the highest level of ESG+ performance.

The group's policy in respect of credit risk is to require appropriate credit checks on potential customers before credit sales are made.

The group's policy in respect of liquidity and foreign exchange is to maintain a mixture of longer term and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in current accounts which earn interest at a floating rate. The group maintains cash deposits in each of the trading currencies to ensure an appropriate level of internal hedging against foreign exchange rate risk, this is reinforced by significant business across the USA, UK and EU. The Group was also able to secure new debt refinancing with Tresmares Santander Direct Lending SICCC S.A. on an initial 3 year term, finalised in August 2023 totalling £15,000,000. As part of this agreement the previous facility held by NatWest was repaid in full. The facility is interest only the duration of the loan and it based on a 7% margin on SONIA. Clearly the business is exposed to fluctuation in interest rates but strenuous sensitivities have been applied to mitigate this risk.

The supply chain remains resilient. The business continues to use its German subsidiary as the arrival point for all EU customers which is working successfully to remove any disruption from Brexit. Although supply chain costs remain higher than has been seen historically, there are clear trends of this normalising, and the business continues to monitor these carefully.

Current financial risks that are being carefully monitored by the board of directors (and encompasses all the above) continues to include future economic uncertainty as a result of the legacy pandemic and other macro-economic factors driving up overall costs of doing business. This includes the ongoing fluctuations and unpredictability within the supply chain which are being monitored continuously both internally and together with our freight forwarding partners. The Group continues to focus on a more variable cost base resulting in fluctuations consistent with revenue. The business also has a strong track record of being able to more than pass on increasing costs through increases in published price lists which, in addition to the shift to BSB and contract customers and resulting reduction in royalty costs, means management are confident margins can be maintained due to the price inelasticity of the business.

**APPROVAL**

This Strategic Report was approved on behalf of the Board on the 07 December 2023.



J Bonnavion  
Director

07/12/23

**TRC Acquisitions Limited**  
**Directors' report**  
**Period ended 2 April 2023**

The directors present their report and audited consolidated financial statements for the 53-week period ended 2 April 2023.

**Results and dividends**

The loss for the period after taxation amounted to £9,392k (2023: £6,855k). The directors do not recommend the payment of a final dividend. (2023: none).

**Directors**

The directors of the company throughout the period and until the date of signing of these financial statements were:

J Bonnavion

J Bergman.

**Going concern**

The financial statements have been prepared on a going concern basis. In making their assessment the directors have considered trading and cashflow forecasts to March 2025 prepared by management and the available finance facilities.

TRC Acquisitions Limited is part of the TRC Acquisitions group bank loan facility ('the Group facility') agreed a new banking facility in August 2023 with Tresmares Santander Direct Lending SICC S.A. totalling £15,000,000. This agreement is for an initial period of 3 years. Throughout the initial 3-year agreement, the facility will be interest only. The net leverage covenant is set at 3.5x until December 2024 and fixed charge 1x throughout duration of the agreement.

As part of the exercise to come to an agreement on the facility extension, reasonable downside risks have been applied to forward looking assumptions. The sensitivities applied include a reasonable reduction in revenue whilst maintaining all fixed contractual commitments including interest repayments. As a result of implementing a more efficient and scalable cost model (noted in business review) the business only needs to continue to trade profitably and generate cash to meet the covenant and financing requirements noted in the renewed facility agreement.

**Financial instruments**

*Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

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

*Liquidity risk*

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Board have considered trading and cashflow forecasts as far as March 2027 as well as information regarding ongoing cash balances. At the end of the financial period, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Group has financial performance

**TRC Acquisitions Limited**  
**Directors' report (continued)**  
**Period ended 2 April 2023**

*Liquidity risk (continued)*

covenants in place with regards to its bank borrowings which are reviewed and reported to the bank on a regular basis. Forward projections are also monitored to determine whether these covenant tests will continue to be met. The banking facilities of the Group has now been agreed to be extended to July 2026. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings.

*Foreign exchange risk*

Foreign exchange risk arises when individual Group entities transact in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily Euro, Pound Sterling or US Dollars) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group is predominantly exposed to currency risk on purchases made from major suppliers such as those based in Asia and purchased in USD. Purchases from these suppliers are made on a central basis. Apart from these cash-flows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

**Employment of disabled persons**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it. The group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

**Employee involvement**

Within the bounds of commercial confidentiality, information is disseminated to all members of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

**Post balance sheet events**

The material post balance sheet event is explained in the going concern disclosure on page 4.

**Independent auditors**

RSM UK Audit LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

**TRC Acquisitions Limited**  
**Directors' report (continued)**  
**Period ended 2 April 2023**

**Disclosure of information to auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

**Strategic Report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the group has chosen to include an indication of likely future developments in the business of the company as required under schedule 7 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 within its Strategic Report on pages 2-3.

**Approval**

This Directors' Report was approved on behalf of the Board on the 07 December 2023.



J Bonnavion  
Director

07/12/23



**TRC Acquisitions Limited**  
**Statement of directors' responsibilities in respect of the financial statements**  
**Period ended 2 April 2023**

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and 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 TRC ACQUISITIONS LIMITED**

### **Opinion**

We have audited the financial statements of TRC Acquisitions Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 2 April 2023 which comprise the consolidated income statement and consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 2 April 2023 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and tax provision calculations.

The audit engagement team identified the risk of management override of controls and revenue cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered outside the normal course of business, challenging judgments and estimates applied by management. Audit procedures performed on revenue cut off involved testing of transactions around the period end for appropriate revenue recognition.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*David Olsson*

David Olsson (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP  
Chartered Accountants and Statutory Auditors  
The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, MK9 1BP  
8 December 2023

TRC Acquisitions Limited  
Consolidated income statement  
Period ended 2 April 2023

		53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
Turnover	Note 4	38,459	30,222
Cost of sales		(15,236)	(11,141)
Gross profit		23,223	19,081
Administrative expenses		(26,176)	(22,259)
	Operating profit before amortisation, depreciation, restructuring costs and foreign exchange losses	5,996	4,554
	Depreciation	(703)	(627)
	Amortisation	(6,282)	(6,627)
	Restructuring costs	(1,493)	(125)
	Foreign exchange losses	(471)	(353)
	Operating loss after amortisation, depreciation, restructuring costs and foreign exchange losses	(2,953)	(3,178)
Other operating income		146	811
Operating loss		(2,807)	(2,367)
Interest receivable and similar income		-	-
Interest payable and similar expenses	6	(6,829)	(6,305)
Loss before taxation	5	(9,636)	(8,672)
Tax on loss	7	(26)	1,817
Loss for the financial period		(9,662)	(6,855)

TRC Acquisitions Limited  
Consolidated statement of comprehensive income  
Period ended 2 April 2023

	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
Loss for the financial period	(9,662)	(6,855)
Other comprehensive income:		
Currency translation differences	2,717	589
Share premium account	-	(5)
Other comprehensive (expense)/income for the period	2,717	584
Total comprehensive expense for the period	(6,945)	(6,271)

TRC Acquisitions Limited  
Consolidated balance sheet  
As at 2 April 2023

Company number: 09817231

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	10	19,496	23,976
Tangible assets	11	2,902	2,769
		22,398	26,745
Current assets			
Stocks	12	9,375	6,233
Debtors	13	2,550	2,236
Cash at bank and in hand		4,435	8,152
		16,360	16,621
Creditors: amounts falling due within one year	14	(22,487)	(24,645)
Net current liabilities		(6,127)	(8,024)
Debtors: amounts falling due after more than one year	13	1,478	1,513
Total assets less current liabilities		17,750	20,234
Creditors: amounts falling due after more than one year	15	(89,349)	(83,325)
Provisions for liabilities	21	(2,149)	(3,718)
Net liabilities		(73,749)	(66,809)
Capital and reserves			
Called up share capital	17	721	721
Share premium account		-	(5)
Capital contribution reserve		310	310
Profit and loss account		(74,780)	(67,835)
Total shareholders' deficit		(73,749)	(66,809)

The financial statements of TRC Acquisitions Limited, registered number 09817231, were approved by the Board of Directors and authorised for issue on the 07 December 2023. The notes on pages 17 to 32 form an integral part of the financial statements.



J Bonnavion  
Director

07/12/23

TRC Acquisitions Limited  
Company balance sheet  
As at 2 April 2023

Company number: 09817231

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments	9	47,392	27,992
		47,392	27,992
Current assets			
Debtors	13	524	22,360
		524	22,360
Debtors: amounts falling due after more than one year	13	21,927	21,127
Creditors: amounts falling due within one year	14	(12,782)	(12,672)
Total assets less current liabilities		57,061	37,680
Creditors: amounts falling due after more than one year	15	(89,350)	(83,325)
Net liabilities		(32,289)	(45,645)
Capital and reserves			
Called up share capital	17	721	721
Capital contribution reserve		310	310
Profit and loss account		(33,320)	(46,676)
Total shareholders' deficit		(32,289)	(45,645)

The financial statements of TRC Acquisitions Limited, registered number 09817231, were approved by the Board of Directors and authorised for issue on 07 December 2023. The notes on pages 18 to 32 form an integral part of the financial statements. The profit for the financial year dealt within the financial statements of the parent Company was £13,355,901 (2022: £5,573,476 loss).



J Bonnavion  
Director  
07/12/23



TRC Acquisitions Limited  
Consolidated statement of changes in equity  
Period ended 2 April 2023

	Called up share capital	Capital contribution reserve	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 27 March 2022	721	310	(5)	(67,835)	(66,809)
<i>Total comprehensive expense for the period</i>					
Loss for the period	-	-	-	(9,662)	(9,662)
Other comprehensive income	-	-	5	2,717	2,722
Total comprehensive expense for the period	-	-	5	(6,945)	(6,940)
Balance at 2 April 2023	721	310	-	(74,780)	(73,749)

	Called up share capital	Capital contribution reserve	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 28 March 2021	721	310	-	(61,569)	(60,538)
<i>Total comprehensive expense for the period</i>					
Loss for the period	-	-	-	(6,855)	(6,855)
Other comprehensive income	-	-	(5)	589	584
Total comprehensive expense for the period	-	-	(5)	(6,266)	(6,271)
Balance at 27 March 2022	721	310	(5)	(67,835)	(66,809)

TRC Acquisitions Limited  
Company statement of changes in equity  
Period ended 2 April 2023

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 27 March 2022	721	310	(46,676)	(45,645)
<i>Total comprehensive expense for the period</i>				
Loss for the period	-	-	(6,044)	(6,044)
Total comprehensive expense for the period	-	-	(6,044)	(6,044)
Balance at 2 April 2023	721	310	(52,720)	(51,689)

  

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 28 March 2021	721	310	(41,102)	(40,071)
<i>Total comprehensive expense for the period</i>				
Loss for the period	-	-	(5,574)	(5,574)
Total comprehensive expense for the period	-	-	(5,574)	(5,574)
Balance at 27 March 2022	721	310	(46,676)	(45,645)

TRC Acquisitions Limited  
Consolidated cash flow statement  
Period ended 27 March 2023

	2023 £'000	2022 £'000
<b>Cash flows from operating activities</b>		
Loss for the financial period	(9,662)	(8,148)
Adjustments for:		
Amortisation of intangible assets	6,291	6,627
Depreciation of fixed assets	703	627
Net interest payable	6,829	6,306
Taxation expense/(credit)	26	(473)
Change in trade and other debtors	(313)	(258)
Change in stocks	(3,142)	(609)
Change in trade and other creditors	1,019	1,945
<b>Cash from operations</b>	<b>1,751</b>	<b>6,017</b>
Taxation paid	(1,341)	186
<b>Net cash flows generated from operating activities</b>	<b>410</b>	<b>6,203</b>
<b>Cash flows from investing activities</b>		
Purchases of tangible and intangible assets	(1,488)	(1,011)
Interest received	-	-
<b>Net cash flows used in investing activities</b>	<b>(1,488)</b>	<b>(1,011)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(2,743)	(845)
Repayment of parent loan	-	(735)
Interest paid	(873)	(623)
<b>Net cash flows (used)/generated from financing activities</b>	<b>(3,616)</b>	<b>(2,203)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(4,694)</b>	<b>2,989</b>
Cash and cash equivalents at beginning of period	8,152	5,265
Foreign exchange gains and losses	977	(102)
<b>Cash and cash equivalents at end of period</b>	<b>4,435</b>	<b>8,152</b>

**Analysis of changes in net debt**

	At 27 March 2022 £'000	Cash flows £'000	Exchange movements £'000	Non-cash changes £'000	At 2 April 2023 £'000
Cash	8,152	(3,832)	115	-	4,435
Bank loans	(12,624)	2,744	(44)	115	(9,809)
Shareholder loans	(83,325)	-	-	(6,024)	(89,349)
<b>Total</b>	<b>(87,797)</b>	<b>(1,088)</b>	<b>71</b>	<b>(5,909)</b>	<b>(94,723)</b>

**TRC Acquisitions Limited**  
**Notes to the financial statements**  
**Period ended 2 April 2023**

**1. GENERAL INFORMATION**

TRC Acquisitions Limited (the "Company") is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

**STATEMENT OF COMPLIANCE**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

These financial statements have been prepared under the historical cost convention and in accordance with FRS 102.

The functional currency of TRC Acquisitions Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

TRC Acquisitions Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, intra-group transactions and financial instruments for which equivalent disclosures are presented for the group and remuneration of key management personnel.

**(b) Basis of consolidation**

The consolidated financial statements present the results of TRC Acquisitions Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

**(c) Going concern**

The financial statements have been prepared on a going concern basis. In making their assessment the directors have considered trading and cashflow forecasts to March 2025 prepared by management and the available finance facilities.

TRC Acquisitions Limited is part of the TRC Acquisitions group bank loan facility ('the Group facility') agreed a new banking facility in August 2023 with Tresmares Santander Direct Lending SICC S.A. totalling £15,000,000. This agreement is for an initial period of 3 years. Throughout the initial 3-year agreement, the facility will be interest only. The net leverage covenant is set at 3.5x until December 2024 and fixed charge 1x throughout duration of the agreement.

As part of the exercise to come to an agreement on the facility extension, reasonable downside risks have been applied to forward looking assumptions. The sensitivities applied include a reasonable reduction in revenue whilst maintaining all fixed contractual commitments including interest and capital repayments. As a result of implementing a more efficient and scalable cost model (noted in business review) the business only needs to continue to trade profitably and generate cash to meet the covenant and financing requirements noted in the renewed facility agreement.

**TRC Acquisitions Limited**  
**Notes to the financial statements**  
**Period ended 2 April 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Company profit and loss account**

The loss for the financial period dealt with in the financial statements of the parent Company was £6,044,099 (2022: loss of £5,573,476). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the Company.

**(d) Turnover**

Franchise sales: Turnover represents recognised sales to Franchise partners less value added tax or local taxes on sales. Income is recognised when the risks and rewards of owning the goods have passed to the customer and the company is entitled to receive consideration, which is when the Franchise partner accepts the goods. Customer deposits are held as a liability as deferred income until this has occurred.

Retail and business sales: Turnover represents recognised sales to external customers less value added tax or local taxes on sales. Income is recognised when the risks and rewards of owning the goods have passed to the customer and the company is entitled to receive consideration, which is on the earlier of when items are available for collection and are paid in full or when the customer accepts delivery of the goods. Customer deposits are held as a liability as deferred income until this has occurred.

**(e) Other intangible assets**

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

**(f) Goodwill**

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 20 years. Goodwill was being amortised to 'administrative expenses' over 20 years. In 2019, the Director reassessed the remaining useful life of goodwill to ten years and revised the amortisation period to a remaining 7.58 years of the net book value brought forward being the balance of ten years remaining.

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

**(g) Amortisation**

Amortisation is provided to write off the cost, less estimated residual values, of all intangible fixed assets, evenly over their expected useful lives using the straight-line method. Expected useful lives have been determined by reference to contract lengths, likelihood of renewals and historic comparatives of similar assets. It is calculated at the following rates:

Brand	-	over 10 years
Designs and designer contracts	-	over 7 years
Other Intangibles	-	over 1-5 years

In 2019, the Director reassessed the remaining useful life of the brand and revised the amortisation period to a remaining 7.58 years of the net book value brought forward.

**TRC Acquisitions Limited**  
**Notes to the financial statements**  
**Period ended 2 April 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Tangible fixed assets**

Tangible fixed assets 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.

**(i) Depreciation**

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 buildings	-	over the shorter of the life of the lease or 10 years
Fixtures and fittings	-	over 5 years
Motor vehicles	-	over 4 years
Office equipment	-	over 3 years
Software	-	over 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

**(j) Impairment of fixed assets and goodwill**

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

**(k) Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**(l) Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on an estimated selling price less additional costs to completion. At each reporting date stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(m) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss.

Foreign exchange gains and losses are presented in profit or loss within administrative expenses.

**(n) Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

**(o) Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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.

**(p) Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met;
- Where timing differences relate to interests in subsidiaries and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

**TRC Acquisitions Limited**  
**Notes to the financial statements**  
**Period ended 2 April 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(q) Current and deferred taxation (continued)**

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

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

Amounts charged or credited to the cash flow hedge reserve are treated for tax purposes as taxable.

**(r) Pension costs**

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

**(s) Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**(t) Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**(u) Leased assets**

Leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' occurs.

**(v) Reserves**

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The capital contribution reserve contains the value of share based payment entries.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

**(w) Government grants**

The Covid-19 job retention scheme grant income is recognised in other operating income in the period in which the underlying furloughed staff expenses relate to.



### 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the directors have made the following judgements:

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

*Other key sources of estimation uncertainty*

- Intangible fixed 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 future cashflows, changes in business models are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Impairment of goodwill, other intangible and tangible assets and investments

Impairment testing of goodwill, other intangible assets, tangible assets and investments involves comparing their carrying values with their recoverable amount based on valuations by management. The valuations involve making estimate or assumptions about future cash flows and determination of the discount rate.

### 4. TURNOVER

An analysis of the Group's turnover by class of business is set out below.

	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
Retail	32,537	27,184
Contract	4,528	1,257
Franchise	1,394	1,781
	<u>38,459</u>	<u>30,222</u>

An analysis of the Group's turnover by region of destination is as follows:

	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
United Kingdom	7,568	7,556
United States of America	22,363	17,388
EU	6,620	3,123
Rest of World	1,908	2,155
	<u>38,459</u>	<u>30,222</u>

TRC Acquisitions Limited  
Notes to the financial statements  
Period ended 2 April 2023

5 LOSS BEFORE TAXATION

	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
Loss before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	703	627
Amortisation of intangible assets, including goodwill	6,291	6,627
Operating leases – land and buildings	1,985	1,828
Restructuring costs	1,493	125
Other operating income	(146)	(811)
Fees payable to the Company's auditor and its associates for the audit of the parent Company and the Group's consolidated financial statements	41	41
Fees payable to the company's auditors for services to the Group:		
- The audit of the company's subsidiaries	39	39
Exchange differences	471	353
Stock impairment loss recognised	-	265
Defined contribution pension cost	226	203

Other operating income of £19,637 (2022 - £46,958) relates to royalties from a franchisee, £126,646 (2022 - £33,185) relates to insurance claims for damage, £nil (2022 - £718,384) relates to Covid business interruption insurance and £nil (2022 - £12,869) relates to the Covid-19 Job Retention Scheme.

6 INTEREST PAYABLE AND SIMILAR EXPENSES

	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
Bank interest	802	603
Amortisation of bank loan arrangement fees	-	124
Interest on other loans payable to parent undertaking	6,027	5,578
	6,829	6,305

TRC Acquisitions Limited  
Notes to the financial statements  
Period ended 2 April 2023

7. TAX ON LOSS

(a) Analysis of the tax credit in the period

	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
<b>Current tax:</b>		
United Kingdom corporation tax	-	-
Adjustment in relation to prior periods	-	-
Foreign tax	988	719
	<u>988</u>	<u>719</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(962)	(1,884)
Losses not previously recognised as a deferred tax asset	-	(1,156)
Effect of change in tax rates	-	504
	<u>(962)</u>	<u>(2,536)</u>
<b>Tax on loss</b>	<u>26</u>	<u>(1,817)</u>

(b) Factors affecting the tax charge for the period

The tax assessed for the period is higher (2022: higher) than the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
<b>Loss before taxation</b>	<u>(9,636)</u>	<u>(8,672)</u>
<b>Loss before taxation multiplied by standard rate of UK corporation tax of 19.00%</b>	<u>(1,831)</u>	<u>(1,648)</u>
<b>Effects of:</b>		
Foreign tax rates	411	209
Expenses not deductible for tax purposes	432	262
Other	-	45
Group relief	1,014	975
Change in tax rates	-	(504)
Losses not previously recognised as a deferred tax asset	-	(1,156)
<b>Total tax</b>	<u>26</u>	<u>(1,817)</u>

There are total losses carried forward of £1,785,814 for which no deferred tax asset has been recognised as the conditions upon which such losses can be realised are not considered probable. Trading losses not previously recognised have been recognised in the year to reflect the profitability of the trading subsidiaries.

An increase in the UK corporation tax rate from 19% to 25% was substantively enacted in May 2021 and will take effect from 1 April 2023. As the 25% rate was substantively enacted before the year end the closing deferred tax balance at 2 April 2023 has been calculated reflecting this new tax rate.

TRC Acquisitions Limited  
Notes to the financial statements  
Period ended 2 April 2023

8. EMPLOYEES AND DIRECTORS

Number of employees

The average monthly number of employees (including directors) during the period was:

	53 weeks ended 2 April 2023 Number	52 weeks ended 27 March 2022 Number
Selling	48	51
Management and administration	50	43
Warehouse and delivery	18	17
	<b>116</b>	<b>111</b>

Employment costs	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
Wages and salaries	8,741	7,500
Social security costs	805	602
Other pension costs	226	203
	<b>9,772</b>	<b>8,305</b>

A defined contribution pension scheme is operated by the group on behalf of the employees of one of the subsidiary undertakings. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £226,347 (2022: £203,178). Contributions amounting to £17,603 (2022: £16,977) were payable to the fund at period end and are included in creditors.

Directors

None of the directors received any emoluments from the company. Any payments made are through Palamon LP, the parent company in the structure. It is not possible to attribute that element of remuneration attributable to services to the group.

Key management compensation

Key management includes members of senior management. The compensation paid or payable to key management for employee services is shown below:

	53 weeks ended 2 April 2023 £'000	52 weeks ended 27 March 2022 £'000
Salaries and other short-term benefits	580	476
	<b>580</b>	<b>476</b>

TRC Acquisitions Limited  
Notes to the financial statements  
Period ended 2 April 2023

9. INVESTMENTS

	£'000
<b>Cost</b>	
At 27 March 2022 and 2 April 2023	47,392
<b>Accumulated impairment</b>	
At 27 March 2022	19,400
Impairment reversal recognised in the period	(19,400)
At 2 April 2023	-
<b>Net book value</b>	
At 2 April 2023	47,392
At 27 March 2022	27,992

The company has the following investments in subsidiary undertakings. No other investments are held.

Name	Holding	Address of the registered office	Nature of business
The Rug Company (Holdings) Limited	100%	2nd Floor, 6 Salem Road,	Holding company
The Rug Company Limited*	100%	London, England, W2 4BU	Retail & wholesale of rugs
The Rug Company Deutschland GmbH*	100%	Isartorplatz 5, 80331 Munchen, Germany	Retail of rugs
TRC Acquisitions (US), Inc.	100%	219 E. 59 <sup>th</sup> Street, New York, NY 10022, USA	Holding company
The Rug Company, Limited (New York)*	100%		Retail of rugs
The Rug Company, Limited (CA)*	100%	8727 Melrose Avenue, Los Angeles, CA 90069, USA	Retail of rugs
The Rug Trading Company, Limited (CA)*	100%		Dormant
The Rug Company, Inc. (FL)*	100%	4040 NE 2 <sup>nd</sup> Ave., Suite 103, Miami, FL 33137 USA	Retail of rugs
The Rug Company, Limited (IL) *	100%	320 North Clark Street, Chicago, IL 60654 USA	Retail of rugs
The Rug Company Handmade Limited (TX) *	100%	1626B Hi Line Drive, Dallas, TX 75207 USA	Retail of rugs
The Rug Company, Limited (MA)*	100%	129 Newbury Street, Boston, MA 02116 USA	Retail of rugs

\* Held by a subsidiary undertaking

TRC Acquisitions Limited  
Notes to the financial statements  
Period ended 2 April 2023

10. INTANGIBLE ASSETS

Group	Brand £'000	Designs and designer contracts £'000	Other intangibles* £'000	Goodwill £'000	Total £'000
Cost					
At 27 March 2022	33,923	11,754	3,841	21,333	70,851
Additions	-	84	768	-	852
Disposals	(33)	-	-	-	(33)
Foreign exchange movement	1,281	444	4	753	2,482
At 2 April 2023	35,171	12,282	4,613	22,086	74,152
Accumulated amortisation					
At 27 March 2022	18,251	10,503	2,401	15,720	46,875
Charge for the period	3,422	1,043	288	1,538	6,291
Dissolved subsidiaries	-	-	-	17	17
Depreciation on disposal	(26)	-	-	-	(26)
Foreign exchange movement	684	411	1	403	1,499
At 2 April 2023	22,331	11,957	2,690	17,678	54,656
Net book value					
At 2 April 2023	12,840	325	1,923	4,408	19,496
At 27 March 2022	15,672	1,251	1,440	5,613	23,976

\*Other intangibles relate to software and concession agreements.

Management reviewed the forecast cash flows of The Rug Company business that was acquired on 4 November 2015 and determined that an impairment of goodwill of nil (2022: nil) was required.

TRC Acquisitions Limited  
Notes to the financial statements  
Period ended 2 April 2023

11. TANGIBLE ASSETS

	Leasehold Property £'000	Fixtures and Fittings £'000	Office Equipment and Software £'000	Motor Vehicles £'000	Selling Tools £'000	Total £'000
Cost						
At 27 March 2022	6,807	1,237	843	351	-	9,238
Additions	110	63	95	243	157	668
Disposals	-	-	-	-	-	-
Foreign exchange movements	362	60	27	14	-	463
At 2 April 2023	7,279	1,360	965	608	157	10,369
Accumulated depreciation						
At 27 March 2022	4,287	1,135	720	327	-	6,469
Charge for the period	486	52	89	24	52	703
Depreciation on disposal	-	-	-	-	-	-
Foreign exchange movements	204	55	24	12	-	295
At 2 April 2023	4,977	1,242	833	363	52	7,467
Net book value						
At 2 April 2023	2,302	118	132	245	105	2,902
At 27 March 2022	2,520	102	123	24	-	2,769

12. STOCKS

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Finished goods and goods for resale	9,375	6,233	-	-
	9,375	6,233	-	-

Stock recognised as an expense during the period totalled £9,184,809 (2022: £7,314,082).

13. DEBTORS

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade Debtors	569	817	-	-
Amounts owed by parent/group undertakings	256	87	524	1,233
Other debtors	301	287	-	-
Prepayments and accrued income	1,424	1,045	-	-
Due in > 1 year:				
Amounts owed by parent/group undertakings	-	-	21,927	21,127
Deferred tax asset	1,478	1,513	-	-
	4,028	3,749	22,451	22,360

Included within amounts owed by group undertakings in the company balance sheet is an amount of £21,926,576 (2022: £21,126,576) that is due in more than one year and bears interest at a rate of 5%. All other amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

**TRC Acquisitions Limited**  
**Notes to the financial statements**  
**Period ended 2 April 2023**

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Bank loans and overdrafts	9,809	12,624	9,809	12,624
Customer deposits	5,853	6,726	-	-
Trade creditors	3,740	2,040	-	-
Corporation tax	180	543	-	-
Amounts owed to group undertakings	-	220	2,973	48
Other taxation and social security	523	460	-	-
Other creditors	97	394	-	-
Accruals and deferred income	2,286	1,638	-	-
	<u>22,487</u>	<u>24,645</u>	<u>12,782</u>	<u>12,672</u>

Bank loans and overdrafts are secured by a floating and fixed charge over the assets of the group and the company.

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Amounts owed to parent undertakings	89,349	83,325	89,349	83,325
	<u>89,349</u>	<u>83,325</u>	<u>89,349</u>	<u>83,325</u>

Group and Company

	Bank Loan £	Other Loan £	Total £
In one year or less, or on demand	9,809	-	9,809
In more than one year but not more than five years	-	89,349	89,349
	<u>9,809</u>	<u>89,349</u>	<u>99,158</u>

The group borrowed funds from its bankers under a term loan of £14,950,500 and a capital expenditure loan totalling £803,137. The term loan accrues interest at a fixed rate equivalent of 5.5%.

Other loans relate to amounts advanced by the immediate parent undertaking, Jasmine TRC Midco Limited. The loans bear interest at 8% per annum and are repayable in November 2025.

**16. FINANCIAL COMMITMENTS**

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

	Land and buildings 2023 £'000	Land and buildings 2022 £'000
Within one year	1,627	1,797
Between one and five years	2,149	3,342
	<u>3,776</u>	<u>5,139</u>



**TRC Acquisitions Limited**  
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**17. CALLED UP SHARE CAPITAL**

	2023 £'000	2022 £'000
Called up, allotted and not paid: 721,357 (2022: 721,357) ordinary shares of £1 each	721	721

There is a single class of ordinary shares with each share holding equal voting rights.

Two of the subsidiaries within the Group were dissolved within the period as they had not been trading for a number of years.

**18. RELATED PARTY TRANSACTIONS**

The Company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

The ultimate parent company, Palamon European equity III LP, charged the Company £nil (2022: £2,500) during the period for director's services.

**19. FINANCIAL GUARANTEES**

The Company is a guarantor to the Group facility.

**20. RETIREMENT BENEFIT SCHEMES**

The Group operates a defined contribution retirement benefits scheme for all qualifying employees. The total expense charged to the profit and loss account in the period ended 2 April 2023 was £226,347 (2022: £203,178).

**21. PROVISIONS FOR LIABILITIES**

	Deferred taxation assets £'000	Deferred taxation liabilities £'000	Total £'000
<b>Group</b>			
At 27 March 2022	1,513	(3,718)	(2,205)
Credited to the profit and loss account	-	990	990
Foreign exchange differences	(35)	579	544
At 2 April 2023	1,478	(2,149)	(671)

Deferred tax is provided for as follows:

	2023 £'000	2022 £'000
<b>Group</b>		
Losses	1,836	1,719
Fixed asset timing differences	(358)	(206)
Liabilities on intangibles	(2,149)	(3,718)
At end of the year	(671)	(2,205)

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**22. RESERVES**

Called up share capital reserve represents the nominal value of the shares issued.

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**23. POST BALANCE SHEET EVENTS**

TRC Acquisitions Limited is part of the TRC Acquisitions group bank loan facility ('the Group facility'). The banking facilities comprise a principal loan, totalling £12,504,190 which was due to be repaid in December 2022. As discussed in the going concern section of the directors' report on page 4, a new 3 year facilities agreement has been entered into in August 2023. The original loan facility was extended and then repaid as part of this new agreement.

**24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent company is Jasmine TRC Midco Limited. The ultimate controlling party of the group is Palamon European equity III LP, managed by Palamon Capital Partners, LP, which owns the majority of the shares in TRC Holdings S.a.r.l and which is the Company's ultimate parent company. The group accounts of this company represent the largest and smallest group for which consolidated accounts are prepared and are publicly available.