

## **Measured Identity Hub Limited**

**Annual report and consolidated financial statements**

**Registered number 11414518**

**For the 52 weeks ended 31 July 2021**

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**Directors and professional advisers**

**Directors**

Mr K Ehrlich  
Mrs H J Brooks  
Mr P Heiden  
Mr M J Draper  
Mr M Vitty  
Mr A Ostrowski

**Registered office**

3 Long Acre  
Willow Farm Business Park  
Castle Donington  
Derbyshire  
DE74 2UG

**Bankers**

Lloyds Bank plc  
6th Floor  
125 Colmore Row  
Birmingham  
B3 3SF

PNC Business Credit  
PNC House  
34/36 Perrymount Road  
Haywards Heath  
West Sussex  
RH16 3DN

**Independent auditor**

Deloitte LLP  
One Station Square  
Cambridge  
CB1 2GA

## **Strategic report**

The Directors present the annual report and consolidated financial statements of Measured Identity Hub Limited ('the Company') and its subsidiaries ('the Group') for the 52 week period ended 31 July 2021.

### **Principal activities**

The Company acts as an investment holding company for various subsidiaries of the Group and is considered to be the ultimate parent company of the Group. The principal activities of the Group continue to be the design, sourcing, distribution, and management of corporate clothing and workwear to public and private sector customers throughout the United Kingdom, Europe, and rest of the world.

The Group operates as the largest provider of corporate clothing and workwear in the United Kingdom under the Dimensions, Alexandra, and Yaffy brands, and has a growing footprint in the US via the Affinity brand following the acquisition of the trade and certain assets of the Affinity Specialty Apparel group in the year. The Group sells its products and associated services through multiple channels including managed corporate accounts, catalogues, and digital platforms.

The Group's objectives are to attain a clear understanding of each customer's brand and provide a programme of garments and a service solution that fits the needs of their business, whether through a managed account approach or leveraging its catalogue product lines which incorporate the latest innovations in fabric and style. The aim is to deliver ethically sourced products which are unparalleled in design, quality, and value, supported by world class customer service encompassing forecasting and inventory management.

The Group provides products and services to a diverse customer matrix, with customer ranging from global brands to individual entrepreneurs and operating in a wide range of sectors including retail, banking, airlines, quick service restaurants, travel, distribution, public sector, healthcare, hospitality, facilities management, laundries, leisure, and beauty.

### **Business review**

#### *Affinity acquisition & US consolidation*

During the period, the Group acquired the trade and certain assets of the Affinity Specialty Apparel group, a supplier of corporate clothing and workwear in the US. Following the acquisition, the Group invested to lease and equip a new 100,000 square foot facility in Jeffersonville, Indiana to serve as its US headquarters and global distribution hub. The acquired assets of the Affinity Specialty Apparel group were transferred to the new facility during the period.

#### *COVID-19*

In March 2020, the World Health Organisation declared COVID-19 a global pandemic. This had an immediate effect on demand, with many customers in the aviation, transport, hospitality, and non-food retail sectors temporarily closing or dramatically scaling back their operations due to government restrictions. The financial impact of this was mitigated somewhat through accessing government support schemes available in certain of the jurisdictions in which the Group operates, as well as by addressing the significant increase in demand for healthcare garments and personal protective equipment ('PPE') across both corporate and public sector customers.

The UK began its vaccination programme in December 2020 which, coupled with continued social distancing measures and a better understanding of the disease, has paved the way for many of the restrictions on businesses to ease during 2021. As the economy reopens and business confidence returns, the Group has seen demand for corporate clothing and workwear return from the vast majority of its customers. Conversely, demand and consequently market pricing for PPE has declined as social distancing measures are relaxed with the PPE market becoming largely saturated.

The Group is proud to have been able to support its customers with the procurement of PPE during the pandemic, many of whom provided the public with essential services throughout. However, after carefully considering the Group's strategy and positioning going forwards, the Directors have decided to refocus the Group on its competencies being the design, sourcing, distribution, and management of corporate clothing and workwear.

## Strategic report (continued)

### Business review (continued)

#### Financial highlights and key performance indicators

The Directors' primary measures of the performance of the business are operating profit before exceptional items and earnings before interest, taxation, depreciation, amortisation and exceptional items ('EBITDA before exceptional items').

A reconciliation of operating profit before exceptional items and EBITDA before exceptional items to figures in the statutory financial statements is as follows:

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Gross Profit	60,560	56,962
Distribution costs	(11,958)	(9,769)
Administrative expenses	(40,467)	(36,576)
Impairment of PPE stocks	(15,080)	-
Other operating income	1,292	1,931
<b>Operating (loss)/profit before exceptional items</b>	<b>(5,653)</b>	<b>12,548</b>
Adjusted for:		
Depreciation (note 13)	1,838	1,863
Amortisation of capitalised software (note 12)	637	1,122
Amortisation of other intangibles (note 12)	80	77
<b>EBITDA before exceptional items</b>	<b>(3,098)</b>	<b>15,610</b>

The Group generated EBITDA before exceptional items of £(3,098,000) in the 52 week period ended 31 July 2021 which, as a percentage of turnover, represents an EBITDA before exceptional items margin of (1.6)% (52 weeks ended 1 August 2020: £15,610,000 and 8.6%). The corresponding figure and percentage measure for operating profit before exceptional items are £(5,653,000) and (2.9)% respectively (52 weeks ended 1 August 2020: £12,548,000 and 6.9%).

The £15,080,000 impairment of PPE stocks has arisen as a result of saturation of the PPE market, given its size and nature it is considered significant to the user of these accounts and as such has been presented separately from all other administrative expenses. Unprecedented levels of demand for PPE were seen at the height of the COVID-19 pandemic but following a successful vaccine rollout in the UK, hospital admissions have fallen and many government restrictions have been lifted, leading to a reduction in demand and market pricing. Excluding this impairment, EBITDA before exceptional items would have been £11,982,000 (52 weeks ended 1 August 2020: £15,610,000). New controls have been introduced to re-evaluate the remaining value of PPE stocks according to the market price development on a more timely basis. The Directors are focused on the ongoing workwear business which they consider to be the driver of the ongoing success of the Group.

The Group has invested in a number of business transformation and operational excellence programmes, primarily focused into the US Affinity Specialty Apparel acquisition and resulting consolidation, which has reduced operating profit before exceptional items and EBITDA before exceptional items.

#### Future developments and post balance sheet events

The Group continues to pursue opportunities for organic growth in its core market, being the provision of corporate clothing and workwear to public and private sector customers. The Group also targets incremental growth through the selective acquisition of strategic targets, the in-year acquisition of certain assets of the Affinity Specialty Apparel group being an example.

With the return of demand from the majority of the Group's customers, along with careful management of margins and cost base through supply chain and other initiatives, the Directors expect a stable financial performance in the coming financial year from the Group's workwear business. It is therefore with confidence that the Group continues to invest in its IT infrastructure and physical operations to enhance customer experience and improve operating efficiencies, as well as in its people, supply chain, systems, and warehouse facilities.

On 30 September 2021, Mr M Atherton resigned from his position as Director. On 3 May 2022, Mr J Green resigned from his position as Director. On 3 May 2022, Mr A Ostrowski and Mr M Vitty were appointed as Directors.

On 16 August 2021, the Company received an interim dividend of £5,000,000 from its subsidiary Mi Hub Limited.

## **Strategic report (continued)**

### **Future developments and post balance sheet events (continued)**

On 17 August 2021, the Company repurchased and cancelled 49,500 C1 ordinary shares of £0.02 nominal value for total consideration of £23,992 and redesignated 40,500 C1 ordinary shares of £0.02 nominal value as C2 ordinary shares of £0.02 nominal value. On the same date, the Company repaid £258,000 of loan notes.

On 15 October 2021, the Company repurchased and cancelled a further 18,000 C1 ordinary shares of £0.02 nominal value for total consideration of £8,725 and redesignated 72,000 C1 ordinary shares of £0.02 nominal value as C2 ordinary shares of £0.02 nominal value. On the same date, the Company repaid £259,000 of loan notes alongside £3,000 of accrued interest.

### **Section 172 statement**

The Directors of the Company must act in accordance with their duties under the Companies Act 2006. These include a fundamental duty to promote the success of the Company for the benefit of its members as a whole. The information which follows describes how, in performing their duties during the period, the Directors have had regard to the matters set out in Section 172 of Companies Act 2006 in respect of both the Company and its subsidiaries (collectively, 'the Group').

#### *s172(1)(a) The likely consequences of any decision in the long-term*

The Board of Directors ('the Board') maintains oversight of the Group's performance through regular board meetings, and reserves to itself specific matters for approval including significant new business initiatives and capital projects. Through the collective experience of its Directors, the Board ensures all relevant information is received to enable it to make well-judged decisions in support of the Group's long-term success.

During the period, the Board considered a number of acquisition proposals, only approving those it considered would promote the long term success of the Company for the benefit of its members as a whole. This has led to the acquisition of certain assets of the Affinity Speciality Apparel group in the period.

The Board has also approved an updated currency hedging policy to support the success of the Group and minimise risk over the long-term. When taken with the setting of annual budgets and capital allocation, and its oversight of business performance against targets, this has enabled the Board to confirm the Group's outlook for both the year ahead and its longer-term viability.

#### *s172(1)(b) The interests of the company's employees*

The Board recognises the outstanding work done by the employees of the Group, especially during this most challenging of periods, and considers its people key to the success of the Group and its long-term prospects. Accordingly, the Group continues to invest in the training, development, and retention of employees who are passionate about the business and underpin its current and future success. The Board is also aware of its responsibilities in relation to the health and safety of its employees and has ensured there is a robust system of checks and controls in place to safeguard the physical and emotional wellbeing of its employees. Further information on how the Board acts in the interests of the employees of the Group can be found in the 'our people' and 'health and safety' sections of this Strategic report.

## Strategic report (continued)

### Section 172 statement (continued)

#### *s172(1)(c) The need to foster the company's business relationships with suppliers, customers, and others*

The Board recognises the importance of maintaining strong business relationships with its external stakeholders and works to ensure that excellent customer service and honest business practices are engrained within the Group's culture.

With regards to its suppliers, the aim is for the Group to be fair and ethical in its dealings with suppliers, pay them to agreed terms and be a collaborative and responsive partner. In particular, the Board recognises the responsibilities of the Group towards its supply chain and has engaged in initiatives such as the Ethical Trading Initiative ('ETI'), Sedex membership, and the BSR's HERproject initiative, as well as recently becoming a member of the Slave-Free Alliance. Further details of these initiatives can be found in the 'supply chain' section of this Strategic report.

With regards to its customers, the Group's objectives are to attain a clear understanding of each customer's brand and provide a programme of garments and a service solution that fits the needs of their business, whether through a managed account approach or leveraging its catalogue product lines which incorporate the latest innovations in fabric and style. To this end, the Group's engagement with customers takes place mainly at an operational level with the Group able to offer world class account management and customer service through its network of skilled and experienced employees.

#### *s172(1)(d) The need to foster the company's business relationships with suppliers, customers, and others*

The Group also maintains a healthy business relationship with its debt funder, PNC Business Credit, through providing regular business updates and information regarding the assets on which its facilities are secured. The importance of this relationship to the future successes of the Group is recognised by the Board.

#### *s172(1)(e) The impact of the company's operations on the community and the environment*

The Board recognises that the day-to-day operations of the Group have an impact on the environment and is committed to minimising the effects of such action through the implementation of a BS EN ISO 14001 accredited environmental framework alongside its BS EN ISO 9001 accreditation. The Group is committed to various sustainability targets including the use of sustainable cotton and recycled polyester as part of its multiyear CSR strategy; indeed, the Group recently provided a major retail customer with uniforms made from 100% recycled material. The Group is also committed to investing in systems and infrastructure to drive down its carbon footprint, for example limiting vehicles within its fleet to low CO<sub>2</sub> emitting models and rolling out LED lighting across various of its sites, see the 'Streamlined Energy and Carbon Reporting' section of the Directors report for details.

The Group endeavours to contribute positively to the communities in which it operates, most importantly by promoting the wellbeing of employees within its wide-reaching supply chain as detailed in 's172(1)(c)' above. Closer to home, the Group is proud to support its employees in their charitable endeavours, as well as regularly partnering with its customers over charitable initiatives, see the 'charitable donations' section of this Strategic report for details. Finally, the Board understand the importance of taxes that are paid in supporting the development and growth of the communities in which the Group operates, and a responsible approach is taken in respect of all tax obligations.

#### *s172(1)(f) The desirability of the company maintaining a reputation for high standards of business conduct*

The Board is responsible for the development of a corporate culture which promotes the highest standards of business conduct across the Group. Accordingly, the Board approves policies and procedures which promote corporate responsibility and ethical behaviour. These include (but are not limited to) the CSR policy, the Equal Opportunities and Diversity policy, the Ethical Sourcing & Manufacture policy, the Environmental policy, and the Group's Modern Slavery Statement.

#### *s172(1)(g) The need to act fairly as between members of the company*

The relationship between the Company and its members is guided by the Company's Articles of Association and Investment Agreement, each of which are readily available to the members and have been passed as resolutions in the proper manner.

## **Strategic report (continued)**

### **Principal risks and uncertainties**

The Group reviews risks and uncertainties on an ongoing basis. This is facilitated by both the Corporate Risk Register, which is reviewed quarterly and approved annually by the Board, and by the Group's Risk Management System which focuses on identifying, managing, and mitigating risk at both a strategic and operational level.

Key risks and uncertainties faced by the Group, along with their mitigating factors, are set out below:

#### *Financial risks*

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit, liquidity, interest rate, foreign currency, and market risk. The Group has in place a series of policies and procedures that seeks to limit the adverse effects on the financial performance of the Group.

Treasury policy is reviewed by the Board and specifies the parameters within which treasury operations must be conducted, including the principles governing the management of liquidity, interest rate and foreign currency risk. As part of its strategy, the Group uses derivative financial instruments to manage foreign currency risk. The Group does not use derivative financial instruments to manage interest rate costs. Derivative financial instruments are not entered into for speculative purposes.

#### *Credit risk*

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made under credit. The amount of exposure to any individual customer is subject to a limit, which is regularly reassessed by the Directors.

#### *Liquidity risk*

The Group's operations are funded by bank facilities comprising an asset based lending facility and a £10,000,000 asset backed amortising loan. Financial covenants are attached to the facilities and the Group regularly reviews its trading results and forecasts to ensure it has sufficient headroom within its facilities to accommodate reasonable fluctuations in outturn. The Group maintains detailed cashflow forecasts to manage short term liquidity risk.

#### *Interest rate risk*

The Directors continually monitor the overall impact of borrowing and interest costs to limit any adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments to manage interest rate costs.

#### *Foreign currency risk*

In line with the Group's hedging policy, forward currency contracts are entered into by the Group to manage foreign currency risk. Forward currency contracts are taken out in line with the forecast-currency requirements of the Group and are not used for speculative purposes.

#### *Market risk*

The Group has a broad customer base across multiple industries and sectors with no single customer making up a significant proportion of the Group's turnover. The Directors keep this under constant review to ensure that undue reliance on any one customer does not develop.

#### *Employee risk*

The Group manages employee risk through succession planning and investment in learning and development to maintain a diversified, talented and agile workforce.

#### *Supply chain management*

The Group adopts a rigorous selection process to ensure its suppliers operate within an appropriate ethical framework, are able to deliver on time and to the required quality standards. Regular supplier audits and inspections are conducted to ensure compliance and efficiency of the supply chain is maintained. The supplier base is well spread with no excess reliance on any one factory. The Group monitors the domestic, political, and financial factors of the countries in which its suppliers operate.

Inventory planning and forecasting has been altered to reflect longer lead times and delays as a result of Brexit.



## **Strategic report (continued)**

### **Principal risks and uncertainties (continued)**

#### *Business continuity*

The Group's business continuity plans are reviewed on a regular basis to ensure they are robust and fit for purpose. In line with ISO 22301 Business Continuity good practice guidelines, the Group has documented procedures and controls in place to maintain the integrity and efficiency of the IT systems, including recovery plans which would be implemented in the event of a major failure. IT security is monitored and updated to ensure data is protected from unauthorised use and corruption. The business continuity plans for all significant activities and operations are reviewed and tested on a regular basis.

The nature of IT continuity and disaster recovery risks has changed significantly during the pandemic with many people now taking advantage of flexible working to access systems from the office and remotely as required. The Group has responded well to the flexible working challenges and will continue to invest in remote access solutions and security following the Zero Trust principles of system access.

#### *Information security and cyber risk*

As the nature of cyber-attack risk is constantly changing and becoming more sophisticated, the Group continually works towards improving its mitigating controls and supports investment and resource in this critical area. The Group's Cyber Security Strategy is regularly reviewed and progress against key metrics and maturity levels is monitored as part of the monthly Security Working Group.

The Group holds ISO 27001 Information Security certification and has a dedicated team for the management of this critical certification and best practice guidance.

#### *Brexit uncertainty*

Following the UK's departure from the EU on 31 January 2020, an 11-month transition period was entered into with the UK continuing to follow EU rules and with the trading relationship remaining unchanged. During this time, the UK and EU negotiated the terms of their future trading relationship with a deal being agreed on 24 December 2020, just days before the end of the transition period. The resulting EU-UK Trade and Cooperation Agreement was approved by UK parliament on 30 December 2020, came into force on 1 January 2021 (with provisional application by the EU pending ratification by each member state), and was formally approved by the EU on 28 April 2021.

Despite a trade deal with the EU having been reached, Brexit continues to weigh on consumer confidence as the practical implications of the deal begin to be realised by businesses and consumers alike. However, many of the direct threats to the Group are significantly reduced, with the deal providing more certainty over the tariff-free movement of goods into and out of the EU for example.

The Group has set up new processes for importing goods into Europe, including the setting up of fiscal representatives, utilising a third party logistics partner and our existing European subsidiaries.

The Group will continue to maintain open discussions regarding the impact of Brexit with key suppliers and customers whilst actively pursuing any actions that will limit its exposure to additional costs.

#### *COVID-19 and future pandemic risk*

The Group has continued to operate effectively throughout the COVID-19 pandemic with the majority of staff able to work flexibly and with government guidelines in place to protect staff when required on site. Communication with customers, suppliers, and other stakeholders has been maintained throughout the pandemic via virtual platforms, creating opportunities for new ways of working. The Group continues to monitor the situation closely ensuring that it meets the government guidelines to protect our people and services.

Despite the successes of the Group in operating throughout the COVID-19 pandemic, ongoing threats from this and future pandemics include further lockdown restrictions, sustained economic recession and/or long-term damage to specific industries and sectors, all of which could lead to a permanent reduction in demand and an increase in customer defaults.

## **Strategic report (continued)**

### **Corporate social responsibility**

The Group places great emphasis on corporate social responsibility and deems it to be important not only for its employees and stakeholders, but also vital for continued business success. Key initiatives that the business is engaged in include:

#### ***Our people***

Our people are core to the business and its values. The hard work and perseverance of the workforce is reflected in the performance and the ethos that the Group holds today. Individuals are recognised both for their endeavours, and for their length of service. The involvement of employees in the performance and direction of the business is encouraged and efforts are made to give all employees an understanding of its financial position through periodic briefings. The Directors would like to thank everyone at the Group for their contributions and continued efforts.

The Group regularly interacts with its employees via our internal intranet, employee forums, frequent team gatherings and proactively encourages a strong working culture which is rewarded with annual social events and activities, be they in-person or virtual. Communication during the pandemic has been encouraged by use of an Intranet, which enables two-way communication, and by the provision of regular email updates to all employees. The Group is committed to providing training and development for employees at all levels and is constantly reviewing and improving its procedures and provision. Online learning through the provision of books and e-learning management development modules, together with a focus on mental health and wellbeing, has served to provide further support to employees during the pandemic. The Group operates suggestion schemes and welcomes input and ideas which are implemented to encourage continuous improvement activity.

Stakeholder feedback is periodically encouraged throughout the year including a detailed annual employee survey. 2021 saw the first annual equality, diversity and inclusion survey being conducted throughout the business. Awareness training was all provided to all employees on this subject. Small employee engagement surveys are also conducted throughout the year gaining feedback on subjects such as mental health and wellbeing support, implementation of COVID-19 restrictions and introduction of a hybrid working policy.

The Group is an employer of equal opportunities and is determined to ensure that no applicant or employee receives less favourable treatment on the grounds of race, age, gender, disability, religion, belief, sexual orientation, or marital status. The Company records and reports internally on Gender Pay Gap annually and has developed a statement to reflect its stance with regard to Modern Slavery, working closely with external advisors from Slave Free Alliance, with whom we are members.

#### ***Health and safety***

The Board is aware of its responsibilities on all matters relating to health and safety of employees, customers, on-site contractors and visitors, and others affected by the Group's activities. A monthly accidents and incidents report across all sites is generated and reported to the Board for review and relevant issues relating to compliance with health and safety legislation and health and safety matters are an agenda item at Board meetings when warranted.

The Group has clearly defined health and safety policies which follow current best practices and meet or exceed legal requirements. These policies define the Group's aspirations for health and safety affairs, including protecting the health and well-being of its employees, and ensuring that the responsibilities of all categories of employees within the Group are made clear to those concerned. The health and safety policies are brought to the attention of all employees and copies of the policy documents are available upon request. Mandatory health and safety awareness training has been completed by all employees.

The Group has arrangements in place to consult employees regarding health and safety matters via employee forums. These are regular meetings of site based committees which comprise employee representatives and health and safety representatives as appropriate.

The Group ensured health and safety was provided throughout the pandemic by providing PPE, creating one way systems, installing partitions, and providing regular communication on staying safe whilst at work. The Group ensures that those working from home complete a home working risk assessment and are provided the necessary equipment needed to carry out duties from a home environment.

## **Strategic report (continued)**

### **Corporate social responsibility (continued)**

#### **Supply chain**

The Board recognise that the health, safety and welfare of all employees, external stakeholders and the wider community who may be affected by its operations is of primary importance in the successful conduct of its business.

The Group has been a member of the Ethical Trading Initiative (ETI) for 15 years. Suppliers are encouraged and supported in their efforts to embrace and implement the ETI nine point base code of practice. The Base Code is an internationally recognised set of labour standards based on the International Labour Organisation conventions. The Group works to ensure that the welfare of workers and labour conditions within its supply chain meet or exceed recognised standards, it constantly strives to improve working conditions and human rights in an environmentally friendly workplace. The Group's CSR activities are aligned to 6 of the 17 United Nations Sustainable Development Goals, namely 'No Poverty', 'Good Health and Well-Being', 'Gender Equality', 'Decent Work and Economic Growth', 'Responsible Consumption and Production', and 'Climate Action'.

As a member of the ETI, the Group commits to clear objectives to minimise risk in the supply chain by having a constructive audit and training programme which includes an investigative approach to risk management. Since 2014, the Group has embraced a SMETA (Sedex Members Ethical Trading Audit) 4 Pillar audit which includes an extensive review of environmental, management and business practices plus a Critical Issues Assessment audit 6 months after which provides a score set against risk profiles. The audits are in adherence to the Ethical Trade Initiative Base Code and applicable country laws. With support from the Group's dedicated compliance team, these audit and training programmes support the supply chain to be more effective and help position the Group as an ethical leader in the manufacture of garments.

The Group's commitment to compliance goes above and beyond the realms of ethical audits however; indeed, the Group strives to better the lives of its partners in the supply chain, and to develop its own internal business culture through implementing a number of knowledge building and training programmes.

The Group has partnered with Business for Social Responsibility (a non-profit organisation) on the HERproject, which is the leading collaborative force in empowering low-income women at work overseas. These women tend to have low education levels, live far from their families in rented premises and are often migrants from rural areas. Through the HERproject, the business helps to change the lives of women who work its supply chain by schooling them on the importance of their health, finances, and gender equality.

The Group actively promotes the understanding of its commitment to ethical compliance by participating in induction sessions and holding regular meetings and structured training programmes for its staff. The Group's buying, forecasting, and account management teams have been trained in collaboration with the ETI on their buying ethically programme.

The Group's robust audit and training programme has enhanced transparency in the supply chain and underpins its responsibility to promote the lives of workers who manufacture garments for the Group. KPI reports have been developed from scored audits that measure the success of the Group's suppliers against country laws and the ETI base code. The Group has continued to see improvements in its supplier audits and endeavours to drive these further.

The Group is required by law to publish, via its website, an annual Modern Slavery Statement detailing its monitoring processes, risk assessments and activities in the business and supply chain to ensure that Modern Slavery is not present. This is reviewed annually with the Group's measurable targets updated and reported against. The Modern Slavery Statement is also available to view on the central Government registry.

In January 2020, the Group became members of the social enterprise and membership initiative, Slave-Free Alliance. In October 2020, Slave-Free Alliance conducted a gap analysis on the business and will partner with the business going forwards to ensure that the risk of Modern Slavery is minimised.

The Group recognises the importance of monitoring its processes and their environmental impact. In November 2020, the Group committed to sustainability targets as part of a multiyear strategy which includes the use of sustainable cotton and recycled polyester, chemical management, and recycled plastics.

## **Strategic report (continued)**

### **Charitable donations**

During the period the Group donated £35,331 to charity (52 weeks ended 1 August 2020: £11,870). This is in addition to monies raised by its staff which were paid directly to the charities concerned.

### **Compliance**

#### *International Organisation for Standardisation (ISO)*

The Group is certified to ISO 9001, 14001 and 27001 and is working towards 31000 certification. Its commitment to these International Standards complements its range of high quality products, service delivery, environmental responsibility, and a dedication to Information Security. The Group continues to reassure its global stakeholders with a progressive business nature which drives the continuous development required to meet the changing needs of the industry.

#### *Cyber Security Essentials Plus*

The Group has successfully maintained accreditation with Cyber Essentials Plus, a UK government endorsed scheme, since 2018. The Cyber Essentials Plus certification validates the internal system controls and safeguards from cyber threats by an independent Certification Body.

#### *Centre for Internet Security ('CIS') Controls*

The Group has an established Cyber Security Strategy that has been aligned to the CIS critical security controls framework. The Security Working Group chaired by the Group CISO-as-a-Service provider continues to implement the required controls, policies, processes, and technologies to comply with the requirements of the CIS critical security controls framework and improve the overall IT Security maturity level of the group.

#### *General Data Protection Regulation ('GDPR')*

The Group introduced a robust GDPR programme ensuring full compliance by May 2018. The subsequent impact of Brexit on GDPR and Data Protection was assessed by the Group and business practices adapted to incorporate the changes required by law, ensuring continued compliance once. Continuous monitoring of the requirements will ensure compliance and drive improvements in the years ahead.

Approved by the Board and signed on its behalf by:



**Mr K Ehrlich**

*Director*

20 May 2022

## **Directors' report**

The Directors present their report and financial statements of Measured Identity Hub Limited ('the Company') and its subsidiaries ('the Group') for the 52 week period ended 31 July 2021. The Company has taken advantage of s390 of the Companies Act 2006 to prepare financial statements within seven days of its financial year end date, being 31 July. The previous financial period comprised the 52 weeks and 3 days ended 1 August 2020 and, for expediency, is referred to as '52 weeks' or similar throughout the annual report and consolidated financial statements.

### **Directors**

The Directors who served the Company during the period and up to the date of this report were as follows:

Mr K Ehrlich	-	appointed 30 November 2020
Mrs H J Brooks		
Mr M Atherton	-	resigned 30 September 2021
Mr M Lyne	-	resigned 31 July 2021
Mr P Heiden		
Mr A Grove	-	resigned 11 November 2020
Mr M J Draper	-	appointed 13 November 2020
Mr M Vitty	-	appointed 3 May 2022
Mr A R Ostrowski	-	appointed 3 May 2022
Mr J C Green	-	resigned 3 May 2022

### **Statement of Directors' responsibilities in respect of the annual report and financial statements**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

### **Directors' indemnities**

The Company has maintained qualifying third party indemnity insurance for the benefit of its directors and directors of its subsidiaries during the year and the cover remains in force at the date of this report.

### **Risk Management**

The risk management policy is set out within the Strategic report.

### **Employment and recruitment policies**

It is the Group's policy to ensure that employees are recruited, selected, developed, remunerated, and promoted based on their skills and suitability for the work performed. The Group is committed to treating all employees fairly and equally and will endeavour to provide workplace adaptations and training for employees or candidates who have a disability and colleagues who become disabled during their employment.

## **Directors' report (continued)**

### **Engagement with employees, customers and suppliers**

Please refer to the Strategic report for details of engagement with employees, customers and suppliers.

### **Dividends**

The Directors have not recommended payment of a dividend in respect of the 52 weeks ended 31 July 2021 (52 weeks ended 1 August 2020: £nil).

### **Future developments and post balance sheet events**

Please refer to the Strategic report for details of future developments and post balance sheet events.

### **Going concern**

The Group is the largest UK provider of clothing for people at work with the number of garments supplied in the period at over 20 million, and with almost 5 million people a day wearing our products. Our industry leading service offering, combined with the strength of our procurement, has led to new business being captured, while retaining the vast majority of our existing major customers. Furthermore, the Group has increasing presence in the US through direct exports and subsidiary operations which have recently been supplemented by acquisition of the trade and assets of Affinity Speciality Apparel, all of which are positive indicators of the future of the business.

Company law requires directors to consider whether it is appropriate to prepare the financial statements on a going concern basis. Accordingly, the Directors have reviewed the forecasts of the Group to determine whether the committed facilities are sufficient to support the Group's projected liquidity requirements and whether the forecast earnings are sufficient to meet the liabilities of the Group as they fall due.

The Group is principally financed by loan notes totalling £23,900,000 on which interest is rolled up and on which the principal amounts and interest are not repayable until 2026 together with a £10,000,000 asset backed amortising loan and revolving credit facilities of up to £60,000,000 with sufficient unutilised headroom, attached to which there are two annual rolling profit covenants – one for the UK business and one for the US business. The profit covenants are springing based on a minimum cash headroom requirement of £10,000,000 and \$5,000,000 in the UK and US respectively.

A reasonable worst case scenario has been considered, modelling the impact of a prolonged economic depression leading to suppressed sales activity and mounting inflationary pressures increasing the cost base. In considering the output of downside scenario testing relative to the Group's going concern position, the Directors have also considered the additional actions which may be available to mitigate the impact on liquidity such as restructuring and reducing capital expenditure.

In both the baseline forecast and reasonable worst case scenarios, the cash flow forecasts support there being sufficient headroom in place to meet both the UK and the US springing profit covenants.

As a result of these reviews and having considered a period greater than 12 months from the date of the approval of these financial statements, the Directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these financial statements.

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting

In accordance with the Streamlined Energy and Carbon Reporting ('SECR') requirement of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the annual greenhouse gas ('GHG') emissions of the Group are disclosed, as are the methodologies and processes used to calculate these emissions.

GHG emissions and energy usage have been calculated in line with the UK Government's *Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance*, March 2019. GHG emissions and conversion factors have been taken from the UK Government's *GHG Conversion Factors for Company Reporting* for the year 2020 (Version 1.0).

Energy totals are reported in kilowatt-hours ('kWh') and GHG totals are reported in tonnes of carbon dioxide equivalent ('tCO<sub>2</sub>e'), in line with the GHG Protocol Standard. The chosen intensity ratio is total emissions per £1 million of turnover ('tCO<sub>2</sub>e/£m').

The reporting boundary has been set using the financial control approach, albeit information in respect of the Group's overseas operations (The Netherlands, France, and the US) has been excluded. These operations account for approximately 15% of Group turnover and are expected to have similar intensity ratios as the Group's UK-based operations. Accordingly, energy consumption and GHG emissions from the combustion of fuel and purchased electricity in respect of the Group's UK-based premises and other assets is reported. Also reported is energy consumption and GHG emissions arising from business travel in vehicles where the Group is responsible for purchasing the fuel, this includes the Group's leased vehicle fleet and employee-owned vehicles.

Data for electricity and gas consumption at the business premises has been taken from direct meter readings and invoice data collected throughout the reporting period. Data for the Group's leased vehicle fleet has been taken from fuel card reports collected throughout the reporting period. Data for employee-owned vehicles is based on mileage data included on employee expense claims throughout the reporting period.

	52 weeks ended 31 July 2021	52 weeks ended 1 August 2020
<b>Energy consumption (kWh)</b>		
- from combustion of gas	3,650,036	4,244,010
- from purchased electricity	1,804,586	1,763,508
- from business travel in leased or employee-owned vehicles	655,680	1,495,745
<b>Total energy consumption (kWh)</b>	<b>6,110,302</b>	<b>7,503,263</b>
<b>GHG emissions (tCO<sub>2</sub>e)</b>		
- from combustion of gas	669	780
- from purchased electricity	383	411
- from business travel in leased or employee-owned vehicles	153	354
<b>Total GHG emissions (tCO<sub>2</sub>e)</b>	<b>1,205</b>	<b>1,545</b>
<b>Intensity ratio (tCO<sub>2</sub>e/£m)</b>	<b>7.06</b>	<b>10.24</b>

In the period covered by the report, lighting upgrades to LED were completed at the Long Eaton distribution centre. Whilst the energy consumption of the replacement fittings exceeded that of the previous fittings, the replacement fittings have higher luminosity and a greater life span.

No other specific energy reduction or efficiency plans have been completed during the period covered by this report due to restrictions placed on the business during periods of lock down. Energy consumption is significantly lower than the previous period given continued remote working and decreased business travel throughout the period.

**Directors' report (continued)**

**Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Auditor**

Pursuant to section 487 of Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:



**Mr K Ehrlich**  
*Director*  
20 May 2022



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEASURED IDENTITY HUB LIMITED**

### **Report on the audit of the financial statements**

#### **1. Opinion**

In our opinion the financial statements of Measured Identity Hub Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2021 and of the group's loss for the 52-week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account and other comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement and;
- the related notes 1 to 29.

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

#### **2. 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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEASURED IDENTITY HUB LIMITED (continued)**

### **3. Summary of our audit approach**

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• Valuation of the stock provision – Focused on the valuation of the finished good inventory provision; and</li> <li>• Valuation, cut off and classification of the Personal Protective Equipment ('PPE') stock write down that took place during the year.</li> </ul>
<b>Materiality</b>	<p>The materiality that we used for the consolidated financial statements was £2.0m which was determined using a blended benchmark considering forecasted revenue and forecasted EBITDA (earnings before interest, tax, depreciation and amortisation).</p>
<b>Scoping</b>	<p>Our group audit scope was focused on the two key trading entities within the Group which were subject to full scope audits, being Mi Hub Limited and Twin Hill and Affinity Apparel (Mi Hub US), which contribute approximately 97% of consolidated revenue and EBITDA.</p>
<b>Significant changes in our approach</b>	<p>Acquisition accounting was a key audit matter in the prior year due to a large acquisition that had taken place. As the transaction completed in the prior year, this was not identified as a key audit matter in the current year.</p>

### **4. 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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the financing facilities including the nature of the facilities and covenants in place, as well as assessing the covenant compliance calculations and headroom throughout the period under review;
- Evaluating and challenging the key sales and margin assumptions used within the forecasts for appropriateness, by assessing contracts with major customers and making inquiries with the group's commercial director;
- Assessing the sensitivity analysis performed by management, including scenario analysis where the business will grow slower than expected due to a potential loss of a large customer; and
- Testing the accuracy of management's forecast and assessing of the group's historical forecasting accuracy by comparing historic forecasts with actual results.

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 and 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEASURED IDENTITY HUB LIMITED (continued)**

### **5. Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **5.1. Valuation of the stock provision**

<b>Key audit matter description</b>	<p>The group holds £62.9m (FY20: £77.2m) of stock, net of a provision of £6.9m (FY20: £9.1m) for items where the net realisable value is lower than cost. Of this, £50.9m is held within Mi Hub Limited, net of a provision of £5.1m.</p> <p>The group supplies uniforms and other clothing items to organisations, using both generic and organisation-specific designs. Management's estimation of the provision, particularly in relation to the obsolescence of finished goods, requires judgement and consideration of both the aging of stock and the terms of the relevant customer contract. Where purchase obligation clauses apply, the customer is responsible for paying for obsolete stock.</p> <p>Management's accounting policy for stock is further detailed in note 3 of the financial statements, whilst the financial impact is detailed further within note 15 to the financial statements.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>We obtained an understanding of the management review controls relating to the stock provision.</p> <p>In respect of the obsolescence provisioning for finished goods, we:</p> <ul style="list-style-type: none"> <li>• Involved our IT specialists to assess the integrity of the stock ageing report, which forms part of the calculation of the provision, by reviewing the data within the stock system;</li> <li>• Evaluated a sample of customer contracts and assessed the key terms in relation to stock purchase obligations;</li> <li>• Performed a detailed analysis around the age-specific provisioning applied to each range of stock;</li> <li>• Agreed a sample of both additions and releases of customer provisions during the year to supporting evidence.</li> </ul>
<b>Key observations</b>	<p>Based on the work performed, we are satisfied that the stock provision is appropriately stated.</p>

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEASURED IDENTITY HUB LIMITED *(continued)*

### 5.2. Valuation, cut off and classification of PPE stock write down

<b>Key audit description</b>	<b>audit matter</b>	<p>During 2020 and 2021, the group expanded its offering to include personal protective equipment (PPE). However, due to market saturation in FY21, demand for PPE items reduced and management recognised a £15.1m impairment expense in FY21 against PPE stock. Management's accounting policy for stock is further detailed in note 3 of the financial statements, whilst the financial impact is detailed further within note 15 to the financial statements.</p> <p>The directors describe the circumstances around the stock write down and the actions they have taken to identify any future revaluations on a more timely basis on page 3 of the strategic report.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<b>audit matter</b>	<p>We obtained an understanding of the management review controls relating to the PPE impairment.</p> <p>In respect of the PPE impairment recognised in the year, we:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the rationale and reasoning for the PPE write down;</li> <li>• Challenged management on their assumptions within the PPE write down and their determination of the appropriate value for each item through tracing to appropriate audit evidence; this evidence included, but was not limited to, subsequent sales invoices post year end, evidence of disposals, and evidence of donations to other organisations;</li> <li>• Assessed the timing of each element of the write down to determine whether the write down for each item was appropriately included within FY21 and evaluated historical market information and sales history to assess whether any part of the write down should have been included in FY20 or FY22 instead of FY21;</li> <li>• Assessed the disclosures in the financial statements in respect of the write down. We also read the information in the Business Review section of the Strategic Report and considered whether it was materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appeared to be materially misstated.</li> </ul>
<b>Key observations</b>	<b>audit matter</b>	<p>Based on the work performed, we are satisfied that the PPE write down is appropriately stated.</p>

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEASURED IDENTITY HUB LIMITED (continued)

### 6. Our application of materiality

#### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
<b>Materiality</b>	£2.0m (2020: £1.7m)	£0.7m (2020: £0.5m)
<b>Basis for determining materiality</b>	The materiality that was used for the group financial statements was £2.0m which was determined using a blended benchmark considering forecasted revenue and forecasted EBITDA.	1.5% of gross liabilities (2020: 3% of short-term creditors).
<b>Rationale for the benchmark applied</b>	Consistent with the prior year, we have determined revenue and EBITDA to be the most appropriate measures given these are the primary focus of the users of the financial statements and the key drivers of business performance. However, in the current year we used the forecast figures in determining materiality. Following the recognition of a £15.1m impairment to stock (as discussed in section 5.2 and on page 3 of the strategic report), final EBITDA was lower than forecast. We reassessed the appropriateness of our determined materiality in light of this but considered that it remained appropriate. Materiality equates to 1.0% of group revenue.	We consider liabilities to be the most appropriate benchmark, reflecting this entity's nature as a vehicle for listed debt. 1.5% of gross liabilities for the prior period would have resulted in a materiality of £0.6m.

#### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
<b>Performance materiality</b>	70% (2020: 70%) of group materiality	70% (2020: 70%) of parent company materiality
<b>Basis and rationale for determining performance materiality</b>	In determining performance materiality, we considered the following factors including but not limited to: <ul style="list-style-type: none"> <li>The quality of the group's control environment and that we consider it appropriate to rely on controls over certain business processes;</li> <li>The nature, volume and size of misstatements, both corrected and uncorrected, in the previous audit.</li> </ul>	

#### 6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £100,000 (2020: £85,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEASURED IDENTITY HUB LIMITED (continued)**

### **7. An overview of the scope of our audit**

#### **7.1. Identification and scoping of components**

Our group audit was scoped by obtaining an understanding of the group and its environment, including internal control and assessing the risks of material misstatement at the group level. Audit work to respond to the risks of material misstatement was performed directly by the group engagement team.

The group's main trading entities are based in the UK and the US. We focused our group audit primarily on the audit work on the main two trading entities, Mi Hub UK and Mi Hub US, giving us coverage of over 97% of revenue and EBITDA of the group. Component materiality ranged from £1.0m to £1.8m. We performed reviews at group level for all other components of the group.

#### **7.2. Our consideration of the control environment**

During the year we have involved IT specialists in order to obtain an understanding of the general IT controls of the business, in relation to the following systems:

- The financial accounting system of the group;
- System for recording and monitoring warehouse stock; and
- System domain on which all employee accounts are kept.

We also obtained an understanding of, and tested, relevant controls relating to stock pricing.

### **8. 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.

### **9. Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEASURED IDENTITY HUB LIMITED (continued)**

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

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

#### **11.1. Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and tax, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: valuation of stock.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

#### **11.2. Audit response to risks identified**

As a result of performing the above, we identified stock valuation as a key audit matter related to the potential risk of fraud or non-compliance with laws and regulations. The key audit matter section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEASURED IDENTITY HUB LIMITED (continued)**

### **11.2 Audit response to risks identified (continued)**

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

## **Report on other legal and regulatory requirements**

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

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

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

#### **2.1. Adequacy of explanations received and accounting records**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

#### **2.2. Directors' remuneration**

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

### **3. 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.



Paul Adkins (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge, United Kingdom  
20 May 2022



**Consolidated profit and loss account and other comprehensive income**  
for the 52 weeks ended 31 July 2021

	Note	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Turnover	5	194,229	181,062
Cost of sales		(133,669)	(124,100)
<b>Gross profit</b>		<b>60,560</b>	<b>56,962</b>
Distribution costs		(11,958)	(9,769)
Administrative expenses		(40,467)	(36,576)
Impairment of PPE stocks		(15,080)	
<b>Operating expenses</b>		<b>(67,505)</b>	<b>(46,345)</b>
Other operating income	6	1,292	1,931
<b>Operating (loss)/profit before exceptional items</b>		<b>(5,653)</b>	<b>12,548</b>
Amortisation of negative goodwill	7, 12	1,694	33,601
Other exceptional items	7	(949)	(5,526)
<b>Operating (loss)/profit</b>		<b>(4,908)</b>	<b>40,623</b>
Interest payable and similar expenses	10	(4,066)	(3,729)
<b>(Loss)/profit before taxation</b>		<b>(8,974)</b>	<b>36,894</b>
Tax on profit	11	2,262	(1,441)
<b>(Loss)/profit for the financial period</b>		<b>(6,712)</b>	<b>35,453</b>
<b>Other comprehensive income</b>			
Foreign exchange differences on translation of foreign operations		(608)	(1,074)
<b>Other comprehensive income for the period</b>		<b>(608)</b>	<b>(1,074)</b>
<b>Total comprehensive income for the period</b>		<b>(7,320)</b>	<b>34,379</b>

All results are derived from continuing operations.

There is no tax relating to other comprehensive income.

**Consolidated balance sheet**  
*at 31 July 2021*

	<i>Note</i>	<b>31 July 2021</b>	<b>1 August 2020</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Negative goodwill	12	(1,832)	(3,733)
Other intangible assets	12	3,959	3,313
Tangible assets	13	2,127 7,164	(420) 7,306
		9,291	6,886
<b>Current assets</b>			
Stocks	15	62,996	77,272
Debtors	16	32,236	38,791
Cash at bank and in hand		2,901	4,544
		98,133	120,607
<b>Creditors: amounts falling due within one year</b>	17	(39,702)	(53,653)
<b>Net current assets</b>		58,431	66,954
<b>Total assets less current liabilities</b>		67,722	73,840
<b>Creditors: amounts falling due after more than one year</b>	18	(34,778)	(33,020)
<b>Provisions for liabilities</b>	20	(5,508)	(6,088)
<b>Net assets</b>		27,436	34,732
<b>Capital and reserves</b>			
Called up share capital	22	14	12
Share premium account	22	383	361
Capital redemption reserve	22	1	1
Profit and loss account		27,038	34,358
<b>Shareholders' funds</b>		27,436	34,732

These financial statements were approved and authorised for issue by the Board of Directors on 20 May 2022 and were signed on its behalf by:



**Mr K Ehrlich**  
*Director*

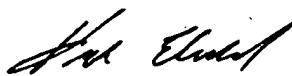
Company registered number: 11414518

**Company balance sheet**  
*at 31 July 2021*

	<i>Note</i>	<b>31 July 2021</b>	<b>1 August 2020</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Investments	14	41,036	41,036
<b>Current assets</b>			
Debtors	16	720	1,034
Cash at bank and in hand		12	37
		<u>732</u>	<u>1,071</u>
<b>Creditors: amounts falling due within one year</b>	17	<b>(16,229)</b>	<b>(16,167)</b>
<b>Net current liabilities</b>		<b>(15,497)</b>	<b>(15,096)</b>
<b>Total assets less current liabilities</b>		<b>25,539</b>	<b>25,940</b>
<b>Creditors: amounts falling due after more than one year</b>	18	<b>(28,249)</b>	<b>(25,355)</b>
<b>Net assets</b>		<b>(2,710)</b>	<b>585</b>
<b>Capital and reserves</b>			
Called up share capital	22	14	12
Share premium account	22	383	361
Capital redemption reserve	22	1	1
Profit and loss account		<u>(3,108)</u>	<u>211</u>
<b>Shareholders' funds</b>		<b>(2,710)</b>	<b>585</b>

The Company reported a loss for the 52 weeks ended 31 July 2021 of £3,319,000 (52 weeks ended 1 August 2020: profit of £232,000).

These financial statements were approved and authorised for issue by the Board of Directors on 20 May 2022 and were signed on its behalf by:



**Mr K Ehrlich**  
Director

Company registered number: 11414518

## Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 August 2019	-	-	-	-	-
Profit for the period	-	-	-	35,453	35,453
Other comprehensive expense for the period	-	-	-	(1,074)	(1,074)
Total comprehensive income for the period	-	-	-	34,379	34,379
Transactions with owners, recorded directly in equity					
Issue of shares	13	361	-	-	374
Repurchase and cancellation of shares	(1)	-	1	(21)	(21)
Balance at 1 August 2020	12	361	1	34,358	34,732

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 2 August 2020	12	361	1	34,358	34,732
Profit for the period	-	-	-	(6,712)	(6,712)
Other comprehensive expense for the period	-	-	-	(608)	(608)
Total comprehensive income for the period	-	-	-	(7,320)	(7,320)
Transactions with owners, recorded directly in equity					
Issue of shares	2	22	-	-	24
Balance at 31 July 2021	14	383	1	27,038	27,436

## Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 August 2019	-	-	-	-	-
Profit for the period	-	-	-	232	232
Total comprehensive income for the period	-	-	-	232	232
Transactions with owners, recorded directly in equity					
Issue of shares	13	361	-	-	374
Repurchase and cancellation of shares	(1)	-	1	(21)	(21)
Balance at 1 August 2020	12	361	1	211	585

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 2 August 2020	12	361	1	211	585
Profit for the period	-	-	-	(3,319)	(3,319)
Total comprehensive income for the period	-	-	-	(3,319)	(3,319)
Transactions with owners, recorded directly in equity					
Issue of shares	2	22	-	-	24
Balance at 31 July 2021	14	383	1	(3,108)	(2,710)

**Consolidated cash flow statement**  
for the 52 weeks ended 31 July 2021

	Note	31 July 2021 £000	1 August 2020 £000
<b>Cash flows from operating activities</b>			
(Loss) / profit for the year		(6,712)	35,453
Adjustments for:			
Depreciation, amortisation and impairment	12, 13	1,199	(28,176)
Interest payable and similar expenses	10	4,066	3,729
Taxation	11	(2,262)	1,441
		<u>(3,709)</u>	<u>12,447</u>
(Increase) / decrease in trade and other debtors		4,349	(6,289)
(Increase) / decrease in stocks		16,362	(12,791)
Increase / (decrease) in trade and other creditors		(6,221)	14,276
Increase / (decrease) in provisions		(553)	1,409
		<u>10,228</u>	<u>9,052</u>
Interest paid		(961)	(959)
Tax paid / receipts		(826)	109
<b>Net cash generated from operating activities</b>		<u>8,441</u>	<u>8,202</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries (net of cash acquired)	26	(1,974)	(42,506)
Acquisition of tangible fixed assets	13, 26	(1,675)	(1,457)
Capitalised development expenditure	12	(1,717)	(2,986)
Acquisition of other intangible assets	12	(192)	(91)
<b>Net cash from investing activities</b>		<u>(5,558)</u>	<u>(47,040)</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	22	23	374
Repurchase of own shares	22	-	(21)
Proceeds from bank loans	19	-	20,684
Repayment of bank loans	19	(4,691)	(625)
Proceeds from issue of loan notes	19	214	23,223
Repayment of loan notes	19	-	(214)
<b>Net cash from financing activities</b>		<u>(4,454)</u>	<u>43,421</u>
Net (decrease) / increase in cash at bank and in hand		(1,571)	4,583
Cash at bank and in hand at the start of the period		4,544	-
Effect of exchange rate fluctuations on cash held		(72)	(39)
<b>Cash at bank and in hand at the end of the period</b>		<u>2,901</u>	<u>4,544</u>

## Notes

(forming part of the financial statements)

### 1 General information

Measured Identity Hub Limited (the "Company") is a private company limited by shares and incorporated in England and Wales. The registered number is 11414518 and the address of the registered office is 3 Long Acre, Willow Farm Business Park, Castle Donington, Derbyshire, DE74 2UG. The nature of the Company's operations and its principal activities are set out in the Strategic report and Directors' report.

### 2 Statement of compliance

These group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in March 2018. The amendments to FRS 102 issued in May 2019, July 2019, December 2019, October 2020, December 2020, and June 2021 have been applied.

### 3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been applied consistently to each of the financial periods presented unless otherwise stated:

#### 3.1 Basis of preparation

The consolidated and separate financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. The presentational currency of these financial statements is pounds sterling. All amounts in the financial statements have been rounded to the nearest £1,000 except for those in note 22 which have been rounded to the nearest £.

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

#### 3.2 Exemptions for qualifying entities under FRS 102

The results of the Company (being the parent company of the Group) are consolidated within these financial statements. The Company is therefore considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12 and has applied the exemptions available in respect of the following disclosures:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1; and
- Certain disclosures required by FRS 102.26 *Share Based Payments*.

#### 3.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 July 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

## Notes (continued)

### 3 Accounting policies (continued)

#### 3.4 Going concern

The Group is the largest UK provider of clothing for people at work with the number of garments supplied in the period at over 20 million, and with almost 5 million people a day wearing our products. Our industry leading service offering, combined with the strength of our procurement, has led to new business being captured, while retaining the vast majority of our existing major customers. Furthermore, the Group has increasing presence in the US through direct exports and subsidiary operations which have recently been supplemented by acquisition of the trade and assets of Affinity Speciality Apparel, all of which are positive indicators of the future of the business.

Company law requires directors to consider whether it is appropriate to prepare the financial statements on a going concern basis. Accordingly, the Directors have reviewed the forecasts of the Group to determine whether the committed facilities are sufficient to support the Group's projected liquidity requirements and whether the forecast earnings are sufficient to meet the liabilities of the Group as they fall due.

The Group is principally financed by loan notes totalling £23,900,000 on which interest is rolled up and on which the principal amounts and interest are not repayable until 2026 together with a £10,000,000 asset backed amortising loan and revolving credit facilities of up to £60,000,000 with sufficient unutilised headroom, attached to which there are two annual rolling profit covenants – one for the UK business and one for the US business. The profit covenants are springing based on a minimum cash headroom requirement of £10,000,000 and \$5,000,000 in the UK and US respectively.

A reasonable worst case scenario has been considered, modelling the impact of a prolonged economic depression leading to suppressed sales activity and mounting inflationary pressures increasing the cost base. In considering the output of downside scenario testing relative to the Group's going concern position, the Directors have also considered the additional actions which may be available to mitigate the impact on liquidity such as restructuring and reducing capital expenditure.

In both the baseline forecast and reasonable worst case scenarios, the cash flow forecasts support there being sufficient headroom in place to meet both the UK and the US springing profit covenants.

As a result of these reviews and having considered a period greater than 12 months from the date of the approval of these financial statements, the Directors are of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these financial statements.

#### 3.5 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

#### 3.6 Exceptional items

Certain charges or credits considered material to the understanding of the financial performance of the Group are presented as exceptional items in the profit and loss account. The Directors are of the opinion that the separate presentation of such exceptional items provides helpful information to the users of the financial statements. Events which may give rise to the classification of items as exceptional include (but are not limited to) business restructuring, reassessment of significant infrastructure projects, significant charges or credits relating to business combinations (in particular, those that would be distortive to the profit and loss account when comparing to previous or future periods).



## **Notes (continued)**

### **3 Accounting policies (continued)**

#### **3.7 Turnover**

Revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for goods and services provided in the normal course of business, net of returns, discounts and value added taxes.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer (which is predominantly on delivery), the amount of revenue can be measured reliably, and it is probable that the economic benefits of the transaction will flow to the entity.

#### **3.8 Government grants**

Government grants are recognised based on the performance model and are measured at the fair value of the asset received or receivable. Grants are recognised in income only when all performance-related conditions are satisfied. Grants received before all performance-related conditions are satisfied are held as deferred income.

#### **3.9 Employee benefits**

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

##### *Short term benefits*

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

##### *Defined contribution pension plans*

The Group operates a defined contribution plan on behalf of its eligible employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no further payment obligations once the contributions have been paid.

Contributions to the plan are recognised as an expense when they fall due. Amounts not paid are shown in accruals in the balance sheet whereas prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. The assets of the plan are held separately from the Group in independently administered funds.

#### **3.10 Interest**

Interest receivable and similar income includes interest receivable on loans to other group undertakings.

Interest payable and similar expenses include interest payable on borrowings, interest payable on loans from other group undertakings, finance expenses on shares classified as liabilities, and unwinding of the discount on provisions.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

## **Notes (continued)**

### **3 Accounting policies (continued)**

#### **3.11 Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income respectively.

##### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

##### *Deferred tax*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### **3.12 Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

Goodwill is recognised at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

## Notes (continued)

### 3 Accounting policies (continued)

#### 3.13 Intangible assets, goodwill and negative goodwill (continued)

##### *Other intangible assets*

Other intangible assets including brands, trademarks, customer contracts and customer relationship are stated at cost less accumulated amortisation and accumulated impairment losses.

The cost of other intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Other intangible assets are amortised over their estimated useful lives (not exceeding 10 years).

##### *Amortisation*

Amortisation is charged to administrative expenses within the profit and loss account on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use.

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

##### *Impairment*

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102.27 *Impairment of assets* when there is an indication that goodwill or an intangible asset may be impaired.

#### 3.14 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

##### *Depreciation*

Depreciation is charged to administrative expenses within the profit and loss account on a straight-line basis over the estimated useful lives of each asset. The estimated useful lives for each category of tangible fixed asset are as follows:

- leasehold improvements 10 – 25 years
- plant and equipment 2 – 15 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits. The effect of any change is accounted for prospectively.

The Group assesses at each reporting date whether tangible fixed assets are impaired.

##### *Subsequent additions and major components*

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance, and minor inspection costs are expensed as incurred.

##### *Assets in the course of construction*

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

##### *Derecognition*

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

## Notes (continued)

### 3 Accounting policies (continued)

#### 3.15 Leased assets

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### 3.16 Impairment of non-financial assets excluding stocks and deferred tax assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the CGUs that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes (continued)

### 3 Accounting policies (continued)

#### 3.17 Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *Financial assets*

Basic financial assets, including trade receivables and other receivables, loans to other group companies, and cash at bank and in hand are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

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

## Notes (continued)

### 3 Accounting policies (continued)

#### 3.17 Financial instruments (continued)

##### Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### Hedging arrangements

The Group does not apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

#### 3.18 Investments

In the parent company financial statements, investments in subsidiaries are carried at cost less impairment.

#### 3.19 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Stocks are assessed for impairment at the end of each reporting period. If an item of stock is impaired, the identified stock is reduced to its estimated selling price less costs to sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account. Provision is made for obsolete, defective, and slow-moving stock.

#### 3.20 Cash at bank and in hand

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

#### 3.21 Provisions and contingencies

##### Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date, or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Financial guarantee contracts entered into to guarantee the indebtedness of other group companies are treated as a contingent liability until such time as it becomes probable that payment under the guarantee will be required.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

## Notes (continued)

### 3 Accounting policies (continued)

#### 3.22 Classification of financial instruments issued by the entity

In accordance with FRS 102.22, financial instruments issued by the entity are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the entity to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the entity; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 3.23 Distributions to equity holders

Dividends and other distributions to equity holders are recognised as a liability in the financial statements in the period in which they are approved. These amounts are recognised in the statement of changes in equity.

#### 3.24 Related party transactions

The Company and Group disclose transactions with related parties which are not wholly owned with the same group. Transactions with wholly owned members of the group are not disclosed.

### 4 Critical accounting judgements and estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Group's accounting policies

There are no critical judgements to disclose.

#### Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

*Provisions against stock (note 15)* – A number of estimates and assumptions are incorporated within the provisions and impairments against stock. These include estimates and assumptions relating to future usage of slow moving stock, and in the calculation of net realisable value for impaired stock. The Directors also consider commercial factors when providing against stock, including whether the stock is specific to a customer considered to be in financial difficulty, or is guaranteed by an enforceable underwrite clause with the customer.

*Impairment of PPE stocks (note 16)* – A number of estimates and assumptions have been made to determine the net realisable value of PPE stocks given rapidly changing market pricing. For further detail please refer to the Strategic Report on page 3.

## Notes (continued)

### 5 Turnover

The Group's main class of business is the provision of clothing to people at work, in conjunction with associated service fees and sundry charges. The Group's operations are located within the United Kingdom, The Netherlands, France, and the United States.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and service:

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
United Kingdom and Ireland	158,524	149,272
Other European	14,304	6,261
Other Worldwide	21,401	25,529
	<u>194,229</u>	<u>181,062</u>

The following table provides an analysis of the Group's revenue by category:

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Sale of goods	190,973	178,026
Provision of services	3,256	3,036
	<u>194,229</u>	<u>181,062</u>

### 6 Other operating income

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Government grants – coronavirus support	774	1,931
Government grants – RDEC	518	-
	<u>1,292</u>	<u>1,931</u>

Government grants relating to coronavirus support have been received in respect of the UK Government's Coronavirus Job Retention Scheme, the US Government's Paycheck Protection Program Loan Forgiveness under the Coronavirus Aid, Relief, and Economic Security Act, and the Dutch Government's NOW: Temporary Emergency Bridging Measure for Sustained Employment scheme. Government grants have also been received in respect of the UK Government's Research and Development Expenditure Credit (RDEC) scheme. There are no unfulfilled performance-related conditions of these grants.



## Notes (continued)

### 7 Expenses and auditors' remuneration

Included in operating profit before exceptional items are the following:

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Amortisation of capitalised software (note 12)	637	1,122
Amortisation of other intangible assets (note 12)	80	77
Depreciation of tangible fixed assets (note 13)	1,838	1,863
Cost of stock recognised as an expense	135,282	116,484
Impairment (reversal) loss on trade receivables (note 16)	(465)	548
Impairment (reversal) loss on PPE stock recognised as an expense (note 15)	15,080	-
Impairment (reversal) loss on other stock recognised as an expense (note 15)	(120)	-
Net foreign exchange (gains)/losses on revaluation of monetary items	473	(397)
Net foreign exchange losses/(gains) on forward currency contracts	2,483	755
Operating lease rentals – land and buildings	2,445	2,210
Operating lease rentals – plant and equipment	737	710

Exceptional items comprise the following:

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Amortisation of negative goodwill (notes 12 and 26)	(1,694)	(33,601)
<i>Other exceptional items</i>		
Transaction costs relating to in-period acquisitions	-	1,089
Provision for exceptional legal matters (note 20)	-	1,436
Impairment loss on capitalised software (note 12)	338	2,363
Restructuring of the senior management team	261	638
Exceptional professional fees	350	-
Other exceptional items	949	5,526
	(744)	(28,075)

Exceptional items include a credit relating to the release of negative goodwill to the profit and loss account in the period (notes 12 and 26), a software impairment as a result of reassessment of a significant IT infrastructure project in the prior period, costs relating to restructuring of the senior management team (note 9), and professional fees.

Auditor's remuneration:

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Audit of these financial statements	15	15
<i>Amounts receivable by the company's auditor and its associates in respect of:</i>		
Audit of financial statements of subsidiaries of the company	160	148

No non-audit services were provided to the Company or its subsidiaries during the period (52 weeks ended 1 August 2020: no non-audit services provided).

## Notes (continued)

### 8 Staff numbers and costs

The monthly average number of persons employed by the Group during the period (including directors) was as follows:

	52 weeks ended 31 July 2021 Number	52 weeks ended 1 August 2020 Number
Distribution	212	198
Administration and selling	514	530
	<u>726</u>	<u>728</u>

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Wages and salaries	22,551	23,752
Social security costs	2,158	2,383
Contributions to defined contribution scheme	783	785
	<u>25,492</u>	<u>26,920</u>

### 9 Directors' remuneration

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Directors' remuneration	1,323	1,458
Compensation for loss of office	234	458

The aggregate of remuneration of the highest paid director was £256,000 (52 weeks ended 1 August 2020: £454,000), and company pension contributions of £nil (52 weeks ended 1 August 2020: £nil) were made to a money purchase scheme on their behalf.

	52 weeks ended 31 July 2021 Number	52 weeks ended 1 August 2020 Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>3</u>

### 10 Interest payable and similar expenses

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Interest payable on bank loans and overdrafts	1,260	1,254
Interest payable on loan notes	2,680	2,364
Other interest payable	1	2
Unwind of discount on provisions	125	109
	<u>4,066</u>	<u>3,729</u>

## Notes (continued)

### 11 Taxation

#### Total tax expense recognised in the profit and loss account and other comprehensive income

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
<i>Current tax</i>		
Current tax on income for the period	-	1,061
Adjustments in respect of prior periods	(52)	7
<b>Total current tax</b>	<b>(52)</b>	<b>1,068</b>
<i>Deferred tax (note 21))</i>		
Origination and reversal of timing differences	(2,171)	462
Effect of tax rates in foreign jurisdictions	63	
Adjustments in respect of prior periods	112	27
Change in tax rate	(214)	(116)
<b>Total deferred tax</b>	<b>(2,210)</b>	<b>373</b>
<b>Total tax</b>	<b>(2,262)</b>	<b>1,441</b>

#### Reconciliation of effective tax rate

	52 weeks ended 31 July 2021 £000	52 weeks ended 1 August 2020 £000
Profit/(loss) for the period	(6,712)	35,453
Total tax (income) / expense	(2,262)	1,441
<b>Profit/(loss) excluding taxation</b>	<b>(8,974)</b>	<b>36,894</b>
 Tax using the UK corporation tax rate of 19.0% (52 weeks ended 1 August 2020: 19.0%)	 (1,705)	 7,010
Fixed asset differences	106	86
Expenses not deductible for tax purposes	368	428
Income not taxable for tax purposes	(346)	(6,016)
Adjustments in respect of prior periods	76	34
Increase in tax rate on deferred tax balances	(641)	(106)
Recognition of previously unrecognised tax losses	-	(29)
Effect of tax rates in foreign jurisdictions	(19)	34
Research and Development Expenditure Credit	(96)	-
Foreign tax credits	(4)	-
Group relief surrendered/(claimed)	(1)	-
<b>Total tax (income) /expense included in profit or loss</b>	<b>(2,262)</b>	<b>1,441</b>

#### Factors that may affect future current and total tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (on 24 May 2021). This includes an increase to the main rate from 19% to 25% with effect from 1 April 2023.

Deferred taxes at each of the balance sheet date have been measured using tax rates substantively enacted at each of the balance sheet dates. Accordingly, deferred taxes at the 1 August 2020 balance sheet date have been remeasured at the 31 July 2021 balance sheet date to reflect the increase of the main rate as enacted as part of Finance Act 2021.

## Notes (continued)

### 12 Intangible assets

#### Group

	Negative goodwill £000	Capitalised software £000	Other intangible assets £000	Total £000
<b>Cost</b>				
At 1 August 2020	(37,334)	3,715	797	(32,822)
Acquisitions through business combinations	(30)	-	-	(30)
Additions	192	1,717	-	1,909
Disposals	-	(338)	-	(338)
Foreign exchange translation adjustment	1,717	(16)	-	1,701
At 31 July 2021	(35,455)	5,078	797	(29,580)
<b>Amortisation and impairment</b>				
At 1 August 2020	(33,601)	1,122	77	(32,402)
Amortisation charged during the period	(1,694)	637	80	(977)
Impairment in the period	-	338	-	338
Disposals	-	(338)	-	(338)
Foreign exchange translation adjustment	1,672	-	-	1,672
At 31 July 2021	(33,623)	1,759	157	(31,707)
<b>Net book value</b>				
At 1 August 2020	(3,733)	2,593	720	(420)
At 31 July 2021	(1,832)	3,319	640	2,127

#### Negative goodwill

Negative goodwill of £37,334,000 was recognised in the prior year in respect of the acquisitions of Mi Hub Limited and Twin Hill, with a further £30,000 recognised in the current year following acquisition of certain assets of the Affinity Specialty Apparel group on 13 October 2020, see note 26 for details. Negative goodwill generated upon acquisition is to be released to the profit and loss account commensurate with the recovery of the non-monetary assets acquired, whether through their depreciation or sale.

#### Impairment and disposals

Capitalised software of £338,000 has been impaired in the period (52 weeks ended 1 August 2020: £2,363,000) following a strategic review of the Group's software development projects, with the impaired software then being treated as a disposal in the period.

#### Other intangible assets

Other intangible assets comprise brands recognised at fair value upon business combinations. Fair value is based on value in use using historical and prospective information and financial data specific to each business combination, with an appropriate discount factor applied based upon the weighted average cost of capital for the Group. The balance of other intangible assets relates to the Alexandra trademark which is considered to have a useful life of 10 years.

## Notes (continued)

### 13 Tangible assets

#### Group

	Leasehold improvements £000	Plant and equipment £000	Total £000
<i>Cost or valuation</i>			
At 1 August 2020	5,906	3,248	9,154
Acquisitions through business combinations	-	88	88
Additions	208	1,467	1,675
Disposals	-	(23)	(23)
Effect of movements in foreign exchange	(31)	(63)	(94)
At 31 July 2021	<u>6,083</u>	<u>4,717</u>	<u>10,800</u>
<i>Depreciation and impairment</i>			
At 1 August 2020	818	1,030	1,848
Depreciation charged during the period	955	883	1,838
Disposals	-	(19)	(19)
Effect of movements in foreign exchange	(5)	(26)	(31)
At 31 July 2021	<u>1,768</u>	<u>1,868</u>	<u>3,636</u>
<i>Net book value</i>			
At 1 August 2020	5,088	2,218	7,306
At 31 July 2021	<u>4,315</u>	<u>2,849</u>	<u>7,164</u>

### 14 Investments

#### Company

	Shares in group undertakings £000	Total £000
<i>Cost and net book value</i>		
At 1 August 2020	41,036	41,036
Additions	-	-
At 31 July 2021	<u>41,036</u>	<u>41,036</u>

#### Acquisitions in the current period

On 30 September 2020, the Company acquired 100% of the ordinary share capital of Mi Hub AA Corp., a newly incorporated entity registered in Delaware, USA for the purposes of acquiring certain assets of the Affinity Specialty Apparel group.

## Notes (continued)

### 14 Investments (continued)

The list of subsidiaries and other related companies is as follows:

Subsidiary undertaking	Country of incorporation	Registered office address	Principal activity	Percentage of ordinary shares held	
				Group	Company
Mi Hub Limited	England and Wales	3 Long Acre, Willow Farm Business Park, Castle Donington, DE74 2UG	Provision of clothing to people at work	100	100
Alexandra Corporate Fashion BV	The Netherlands	Postbus 223, 4940 AE, Raamsdonksveer, The Netherlands	Provision of clothing to people at work	100	Nil
Alexandra Vêtements Professionnel SARL	France	42 rue de Maubeuge, 75009, Paris, France	Provision of clothing to people at work	100	Nil
Alexandra IRL Limited	England and Wales	12A Balloo Avenue, Bangor, County Down, BT19 7QT	Provision of clothing to people at work	100	Nil
Measured Identity Hub IRL Limited	Republic of Ireland	Suite 10216, 27 Upper Pembroke Street, Dublin 2, Ireland, D02 X361	Dormant	100	Nil
TH Holdco Inc.	Delaware, USA	5630 Renwick Drive, Houston, Texas, TX 77081, United States	Holding company	100	100
Twin Hill Acquisition Company, Inc.	California, USA	5630 Renwick Drive, Houston, Texas, TX 77081, United States	Provision of clothing to people at work	100	Nil
Mi Hub AA Corp.	Delaware, USA	401 Salem Road, Jefferson, Indiana, IN 47130, United States	Provision of clothing to people at work	100	100

Alexandra IRL Limited, a wholly owned subsidiary of the Group whose result is consolidated within the financial statements, is exempt from the requirements of Companies Act 2006 ('the Act') relating to the audit of accounts under section 479A of the Act.

### 15 Stocks

#### Group

	31 July 2021 £000	1 August 2020 £000
Raw materials and consumables	6,611	8,998
Work in progress	11,187	9,424
Finished goods and goods for resale	45,198	58,850
	<u>62,996</u>	<u>77,272</u>

Stocks are presented in the balance sheet net of provisions for impairment of £7,455,000 (1 August 2020: £9,050,000). Provisions for impairment are estimated by management based upon prior experience and their assessment of the current and future economic environment. During the period £14,960,000 was recognised in the profit and loss account as an impairment expense (52 weeks ended 1 August 2020: £1,829,000) which includes a credit of £121,000 for unrequired workwear provisions and £15,080,000 in relation to PPE stocks purchased throughout the COVID-19 pandemic (52 weeks ended 1 August 2020: £nil).

## Notes (continued)

### 16 Debtors

	Group 31 July 2021 £000	1 August 2020 £000	Company 31 July 2021 £000	1 August 2020 £000
Trade debtors	23,166	32,815	-	-
Amounts owed by group undertakings	-	-	239	1,026
Other debtors	1,443	1,224	-	-
Current tax assets	1,462	424	-	-
Deferred tax assets (note 21)	3,009	809	481	8
Prepayments and accrued income	3,132	3,519	-	-
Derivative financial instruments (note 23)	24	-	-	-
	<u>32,236</u>	<u>38,791</u>	<u>720</u>	<u>1,034</u>
Due within one year	29,227	37,982	239	1,026
Due after more than one year	3,009	809	481	8
	<u>32,236</u>	<u>38,791</u>	<u>720</u>	<u>1,034</u>

Debtors include deferred tax assets of £3,009,000 for the Group (1 August 2020: £809,000) and £481,000 for the Company (1 August 2020: £8,000) due after more than one year.

#### Trade debtors

Trade debtors are stated after provisions for impairment of £959,000 (1 August 2020: £1,578,000). Provisions for impairment are estimated by management based on prior experience and their assessment of the current economic environment.

#### Amounts owed by group undertakings

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 17 Creditors: amounts falling due within one year

	Group 31 July 2021 £000	1 August 2020 £000	Company 31 July 2021 £000	1 August 2020 £000
Bank loans and overdrafts (note 19)	9,492	12,708	-	-
Trade creditors	10,916	13,299	-	-
Amounts owed to group undertakings	-	-	16,170	15,583
Corporation tax	57	-	-	-
Other taxation and social security	5,323	7,918	49	569
Other creditors	737	691	-	-
Accruals	8,813	8,192	10	15
Deferred income	4,130	10,050	-	-
Derivative financial instruments (note 23)	234	795	-	-
	<u>39,702</u>	<u>53,653</u>	<u>16,229</u>	<u>16,167</u>

#### Amounts owed to group undertakings

Amounts owed to group undertakings includes a short-term loan with Mi Hub Limited for £16,170,000 (1 August 2020: £15,583,000). The loan is unsecured, bears interest at a rate of 6.5% per annum, has no fixed date of repayment and is repayable on demand.

## Notes (continued)

### 18 Creditors: amounts falling due after more than one year

	Group 31 July 2021 £000	1 August 2020 £000	Company 31 July 2021 £000	1 August 2020 £000
Bank loans and overdrafts (note 19)	6,480	7,665	-	-
Loan notes (note 19)	25,737	23,077	25,737	23,077
Interest payable on loan notes	2,512	2,278	2,512	2,278
Derivative financial instruments (note 23)	49	-	-	-
	<u>34,778</u>	<u>33,020</u>	<u>28,249</u>	<u>25,355</u>

### 19 Interest bearing loans and borrowings

	Group 31 July 2021 £000	1 August 2020 £000	Company 31 July 2021 £000	1 August 2020 £000
Bank loans and overdrafts	16,620	21,320	-	-
Bank loans and overdrafts – transaction costs	(648)	(947)	-	-
Loan notes	26,269	23,686	26,269	23,686
Loan notes – transaction costs	(532)	(609)	(532)	(609)
	<u>41,709</u>	<u>43,450</u>	<u>25,737</u>	<u>23,077</u>
Amount due for settlement within one year	9,492	12,708	-	-
Amount due for settlement after one year	32,217	30,742	25,737	23,077
	<u>41,709</u>	<u>43,450</u>	<u>25,737</u>	<u>23,077</u>

#### *Bank loans and overdrafts*

Group financing was put in place upon acquisition of Mi Hub Limited and Twin Hill on 16 August 2019 consisting of a term loan facility of up to £10,000,000 and revolving credit facilities of up to £60,000,000. Transaction costs of £1,260,000 were capitalised in relation to the new group financing arrangements.

The term loan facility was drawn down in full on 16 August 2019 and is repayable via (i) three quarterly instalments of £312,500 commencing 16 February 2020, followed by (ii) four quarterly instalments of £250,000 commencing 16 November 2020, followed by (iii) 12 quarterly instalments of £400,000 commencing 16 November 2021, followed by (iv) a final instalment of £3,262,500 on the maturity date of 16 August 2024. The outstanding loan balance attracts interest at the Bank of England base rate plus 3.5%.

The revolving credit facilities are used variably by the business and are repayable in full on the maturity date of 16 August 2024. Outstanding loan balances attract interest at the Bank of England base rate plus 1.75%.

#### *Loan notes*

On 16 August 2019, £23,900,000 of fixed rate loan notes were issued. The loan notes are repayable on 16 August 2026. Interest on the loan notes accrues at a rate of 10% and is compounded annually on the anniversary of the date of issue. Transaction costs of £677,000 were capitalised in relation to the loan notes.

On 30 July 2020, £214,000 of loan notes were repaid alongside £19,000 of accrued interest. On 16 August 2020, £2,369,000 of accrued interest was capitalised into the loan balance. On 30 October 2020, £21,000 of loan notes were issued, and on 30 November 2020, a further £193,000 of loan notes were issued.

#### *Transaction costs*

During the period, transaction costs totaling £376,000 (52 weeks ended 1 August 2020: £381,000) were amortised to the profit and loss account.



## Notes (continued)

### 20 Provisions for liabilities

#### Group

The Group had the following provisions during the period:

	Dilapidations £000	Legal £000	Onerous lease £000	Onerous contract £000	Other £000	Total £000
At 1 August 2020	3,505	2,042	382	-	159	6,088
Business combinations	-	77	-	-	-	77
Additions dealt with in profit or loss	-	-	-	297	-	297
Unwinding of discounted amount	125	-	-	-	-	125
Amounts utilised	-	(514)	(177)	-	(159)	(850)
Foreign exchange translation adjustment	(11)	(82)	(21)	-	-	(114)
Unused amounts reversed to the profit and loss account	-	(115)	-	-	-	(115)
At 31 July 2021	3,619	1,408	184	297	-	5,508

#### Dilapidations provisions

The Company has a dilapidations provision for its leasehold properties. The value of the obligation has been estimated using a professional dilapidations liability assessment. The leases expire by the end of 2025 by which point the provision will have been fully utilised.

#### Legal provisions

The legal provision is based on an assessment of all outstanding legal matters at the balance sheet date. The obligation value is a best estimate of the amount required to settle the outstanding legal matters at the date of this report and has been estimated by reference to a range of outcomes and their respective probabilities, as advised by the Group's legal counsel. The provision is expected to be settled within the next 12 months.

#### Onerous lease provisions

Where leasehold properties are under-utilised or become vacant, the Group provides for the relevant costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. This provision relates to the distribution centre and offices of Twin Hill of which a portion are surplus to the Group's requirements. The provision is expected to be utilised over the remaining life of the lease which expires in 2022.

#### Onerous contract provisions

The onerous contract provision is an estimate based on comparing committed future stock purchases as at the balance sheet date to the net realisable value of these stocks, where the net realisable value is lower than the committed cost price a provision is recognised. The provision is expected to be utilised within the next 12 months.

### 21 Deferred tax assets and liabilities

The provision for deferred tax consists of the following deferred tax assets/(liabilities):

	Group 31 July 2021 £000	1 August 2020 £000	Company 31 July 2021 £000	1 August 2020 £000
Fixed asset timing differences	(782)	(88)	-	-
Other timing differences	1,517	735	8	8
Unused tax losses	2,123	162	-	-
Other	151	-	-	-
	3,009	809	8	8

Deferred tax is calculated using a tax rate of 25% (1 August 2020: 19%) being the substantively enacted rate at the balance sheet date.

## Notes (continued)

### 21 Deferred tax assets and liabilities (continued)

The Group has recognised deferred tax assets totaling £3,009,000 (1 August 2020: £809,000) as the Directors believe it is probable that future taxable profits will be available against which the liabilities can be utilised as they reverse over the coming years.

There is no expiry date on the capital allowance tax credits, unused tax losses or other timing differences.

### 22 Called up share capital and other reserves

#### *Called up share capital*

	31 July 2021 £	1 August 2020 £
<i>Allocated, called up and fully paid</i>		
560,000 (1 August 2020: 560,000) A ordinary shares of £0.01 each	5,600	5,600
15,000 (1 August 2020: 15,000) B ordinary shares of £0.02 each	300	300
270,000 (1 August 2020: 240,000) C1 ordinary shares of £0.02 each	5,400	4,800
112,500 (1 August 2020: 87,500) C2 ordinary shares of £0.02 each	2,250	1,750
	<u>13,550</u>	<u>12,450</u>

The holders of each class of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Further details on the rights of the shares can be found in the Articles of Association.

A reconciliation of the number of shares outstanding from the beginning to the end of the period is as follows:

	A ordinary shares Number	B ordinary shares Number	C1 ordinary shares Number	C2 ordinary shares Number
On issue at 1 August 2020	560,000	15,000	240,000	87,500
Sub-division of share capital	-	-	-	-
Redesignation of share capital	-	-	-	-
Issue of share capital	-	-	30,000	25,000
Repurchase and cancellation of share capital	-	-	-	-
	<u>560,000</u>	<u>15,000</u>	<u>270,000</u>	<u>112,500</u>
On issue at 31 July 2021	560,000	15,000	270,000	112,500

On 30 October 2020, 10,000 C2 ordinary shares of £0.02 nominal value were issued for total consideration of £3,600 generating share premium of £3,400.

On 30 November 2020, 30,000 C1 ordinary shares of £0.02 nominal value and 15,000 C2 ordinary shares of £0.02 nominal value were issued for total consideration of £19,899 generating share premium of £18,999.

#### *Share premium account*

Share premium represents the aggregate net proceeds less nominal value of the Company's issued share capital.

#### *Capital redemption reserve*

In accordance with s733 of Companies Act 2006, upon purchase of shares out of the Company's profits and subsequent cancellation, the amount by which the Company's issued share capital is diminished is transferred to the capital redemption reserve.

## Notes (continued)

### 23 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group 31 July 2021 £000	1 August 2020 £000	Company 31 July 2021 £000	1 August 2020 £000
Assets measured at fair value through profit or loss:				
- <i>Derivative financial instruments</i>	24	-	-	-
Assets that are debt instruments measured at amortised cost	24,610	34,039	240	1,026
Cash at bank and in hand	2,901	4,544	12	37
Equity instruments measured at cost less impairment	-	-	41,036	41,036
Liabilities measured at fair value through profit or loss:				
- <i>Derivative financial instruments</i>	(283)	(795)	-	-
Liabilities measured at amortised cost	(65,868)	(69,464)	(44,960)	(41,560)

#### *Derivative financial instruments*

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk arising from certain foreign currency receipts and purchases. All outstanding contracts mature within 18 months of period end (*1 August 2020: within 6 months of period end*).

The total notional amount of outstanding forward exchange contracts that the Group had committed at each period end date is as follows:

	31 July 2021 £000	1 August 2020 £000
Forward foreign exchange contracts – denominated in US dollars	47,300	22,745
Forward foreign exchange contracts – denominated in euros	-	1,251
	47,300	23,996

The forward foreign currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:EUR. The fair value of the forward foreign currency contracts at period end is a net liability of £259,000 (*1 August 2020: net liability of £795,000*).

## Notes (continued)

### 24 Capital and other commitments

The Group and Company had no capital commitments at 31 July 2021 (1 August 2020: £nil).

Total future minimum lease payments under non-cancellable, short-leasehold, operating leases for the Group are as follows:

	Land and buildings £000	31 July 2021 Plant and machinery £000	Land and buildings £000	1 August 2020 Plant and machinery £000
<i>Payments due</i>				
Within one year	2,774	359	2,395	487
Between one and five years	4,243	445	5,320	461
After five years	42	-	127	-
	<u>7,059</u>	<u>804</u>	<u>7,842</u>	<u>948</u>

The Group and Company have no other off-balance sheet arrangements.

### 25 Contingencies

The Company is party to a group debenture dated 16 August 2019 in favour of PNC Business Credit ('PNC'), the lender of the group's bank loans and overdrafts. The debenture grants the lender security over all of the Company's undertakings, property, and assets (both present and future). The Company is also party to a share charge under Northern Irish law dated 16 August 2019 in favour of PNC. The charge grants the lender security over the shares held by the Company in Work Uniforms Direct Limited (a wholly owned subsidiary of the Company). As at 31 July 2021, the outstanding debt owed to PNC by the group was £16,260,000 (1 August 2020: £21,320,000).

The Company is party to a group debenture dated 16 August 2019 in favour of LDC (Managers) Limited as Security Trustee of various Secured Parties within LDC, a leading private equity investment firm and part of the Lloyds Banking Group. The debenture grants the Security Trustee security over all of the Company's undertakings, property, and assets (both present and future) and ranks behind the security granted to the lender, PNC. As at 31 July 2021, the outstanding debt owed to the Secured Parties by the group was £27,186,000 (1 August 2020: £24,722,000).

## Notes (continued)

### 26 Acquisitions

#### *Acquisitions in the current period – certain assets of the Affinity Specialty Apparel group*

On 13 October 2020, the Group acquired certain assets of the Affinity Specialty Apparel group for total consideration of £1,974,000. The acquired assets are deemed to constitute a business per FRS 102 since they included the relevant systems and processes required to generate further such assets such that continued returns could be provided to investors. Accordingly, the acquisition of these assets has been treated as a business combination in line with FRS 102 Section 19 *Business Combinations and Goodwill*. The main class of business carried out using the acquired assets is the provision of clothing to people at work, in conjunction with associated service fees and sundry charges, and its operations are located within the United States of America. The acquired assets contributed revenue of £6,820,000 and a net loss of £703,000 to the revenue and net profit for the year.

#### *Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>			
Tangible fixed assets	250	(158)	92
Intangible assets – capitalised software	2,148	(2,148)	-
Stocks	7,040	(4,473)	2,567
Trade and other debtors	1,837	926	2,763
Cash at bank and in hand	-	-	-
Trade and other creditors	-	(3,341)	(3,341)
Provisions	-	(77)	(77)
<b>Net identifiable assets and liabilities</b>	<b>11,275</b>	<b>(9,271)</b>	<b>2,004</b>
<b>Total cost of business combination:</b>			
Initial cash consideration			1,925
Costs directly attributable to the business combination			49
<b>Total consideration</b>			<b>1,974</b>
<b>Negative goodwill on acquisition</b>			<b>30</b>

Fair value adjustments comprise a reassessment of the tangible fixed assets and intangible assets of the acquired business, adjustment to working capital provisions held against stocks and trade debtors and to the valuation of stocks, adjustment to purchase accruals, and provisions made in respect of legal matters.

The balance of negative goodwill has been fully released to the profit and loss in the current period commensurate with the realisation of acquired non-monetary assets, of which stock forms the largest component representing over 95% of acquired non-monetary assets.

In accordance with the Group's accounting policy on exceptional items, the Directors are of the opinion that the classification of negative goodwill amortisation as an exceptional item provides helpful information to the users of these financial statements. The uncommon nature of negative goodwill and the magnitude of the in-period credit to the profit and loss account (especially when compared with the remaining balance to be released in future periods) are key factors informing the presentation of this credit as an exceptional item on the face of the profit and loss account.

## Notes (continued)

### 26 Acquisitions (continued)

#### Acquisitions in the prior period – Mi Hub Limited

On 16 August 2019, the Group acquired 100% of the ordinary share capital of Mi Hub Limited for total consideration of £41,036,000 and, in doing so, gained an indirect interest in its subsidiaries, Alexandra Corporate Fashion BV, Alexandra Vêtements Professionnel SARL, Alexandra IRL Limited (formerly Work Uniforms Direct Limited) and Measured Identity Hub IRL (formerly MWUK Ireland Limited). The acquired group of companies' main class of business is the provision of clothing to people at work, in conjunction with associated service fees and sundry charges, and its operations are located within the United Kingdom, The Netherlands and France. The acquired group contributed revenue of £171,962,000 (52 weeks ended 1 August 2020: £155,099,000) and net loss of £2,275,000 (52 weeks ended 1 August 2020: £6,320,000 net profit) to the revenue and net loss for the year.

#### Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>			
Tangible fixed assets	6,886	-	6,886
Intangible assets – capitalised software	3,082	-	3,082
Intangible assets – other intangible assets	797	-	797
Stocks	49,308	-	49,308
Trade and other debtors	24,858	-	24,858
Corporation tax debtor	785	755	1,540
Cash at bank and in hand	3,497	-	3,497
Interest-bearing loans and borrowings	(278)	-	(278)
Trade and other creditors	(22,267)	-	(22,267)
Provisions	(6,185)	2,319	(3,866)
Deferred tax assets	1,876	(755)	1,121
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	62,359	2,319	64,678
	<hr/>	<hr/>	<hr/>
<b>Total cost of business combination:</b>			
Initial cash consideration			38,798
Costs directly attributable to the business combination			2,238
			<hr/>
Total consideration			41,036
			<hr/>
<b>Negative goodwill on acquisition</b>			23,642
			<hr/>

Fair value adjustments comprise a reassessment of legal provisions at the acquisition date, and an adjustment between current and deferred tax in respect of the carry back of losses generated in the 78 week period ended 3 August 2019 to offset against the profits of the previous period.

The balance of negative goodwill is included on the balance sheet with £22,025,000 cumulatively having been released to the profit and loss commensurate with the realisation of acquired non-monetary assets, of which stock forms the largest component representing over 80% of acquired non-monetary assets (1 August 2020: £20,400,000).

In accordance with the Group's accounting policy on exceptional items, the Directors are of the opinion that the classification of negative goodwill amortisation as an exceptional item provides helpful information to the users of these financial statements. The uncommon nature of negative goodwill and the magnitude of the in-period credit to the profit and loss account (especially when compared with the remaining balance to be released in future periods) are key factors informing the presentation of this credit as an exceptional item on the face of the profit and loss account.

The balance of negative goodwill is expected to be released to the profit and loss over the next 1-2 financial periods (1 August 2020: 2-3 financial periods).

## Notes (continued)

### 26 Acquisitions (continued)

#### *Acquisitions in the prior period – Twin Hill Acquisition Company, Inc.*

On 16 August 2019, the Group acquired 100% of the ordinary share capital of Twin Hill Acquisition Company, Inc. for total consideration of £5,427,000. The acquired company's main class of business is the provision of clothing to people at work, in conjunction with associated service fees and sundry charges, and its operations are located within the United States of America. The acquired company contributed revenue of £13,708,000 (52 weeks ended 1 August 2020: £25,963,000) and net loss of £757,000 (52 weeks ended 1 August 2020: £299,000 net profit) to the revenue and net loss for the year.

#### *Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	Book values £000	Fair value adjustments £000	Recognised values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>			
Tangible fixed assets	1,362	(484)	878
Intangible assets – capitalised software	12	-	12
Stocks	21,586	(5,566)	16,020
Trade and other debtors	7,191	(451)	6,740
Cash at bank and in hand	-	-	-
Trade and other creditors	(3,363)	(355)	(3,718)
Provisions	-	(813)	(813)
<b>Net identifiable assets and liabilities</b>	<b>26,788</b>	<b>(7,669)</b>	<b>19,119</b>
<b>Total cost of business combination:</b>			
Initial cash consideration			-
Deferred consideration at fair value			5,168
Costs directly attributable to the business combination			259
<b>Total consideration</b>			<b>5,427</b>
<b>Negative goodwill on acquisition</b>			<b>13,692</b>

Fair value adjustments comprise a reassessment of the tangible fixed assets of the acquired business, adjustment to working capital provisions held against stock and trade debtors, adjustment to purchase accruals, and provisions made in respect of the leasehold property of the acquired business for dilapidations and an onerous portion of the lease.

In line with Section 30 Paragraph 23 of FRS 102, the balance of negative goodwill is expressed in the functional currency of the foreign operation, being US dollars, and has been translated at the closing rate at the date of the balance sheet. accordingly, at 31 July 2021 the negative goodwill on acquisition has been re-translated to £11,952,000 with £11,739,000 cumulatively having been released to the profit and loss commensurate with the realisation of acquired non-monetary assets, of which stock forms the largest component representing over 95% of acquired non-monetary assets (1 August 2020: £13,201,000).

In accordance with the Group's accounting policy on exceptional items, the Directors are of the opinion that the classification of negative goodwill amortisation as an exceptional item provides helpful information to the users of these financial statements. The uncommon nature of negative goodwill and the magnitude of the in-period credit to the profit and loss account (especially when compared with the remaining balance to be released in future periods) are key factors informing the presentation of this credit as an exceptional item on the face of the profit and loss account.

The balance of negative goodwill is expected to be released to the profit and loss over the next 1-2 financial periods (1 August 2020: 2-3 financial periods).

## Notes (continued)

### 27 Related party transactions

#### Transactions with key management personnel

Key management personnel are considered to be the Directors, details of their remuneration are provided in note 9.

Certain members of key management personnel have subscribed for loan notes of the Company which accrue interest at 10% per annum and are repayable in full on 16 August 2026. A reconciliation of loan note transactions with members of key management personnel during the period is as follows:

	Loan note capital £000	Accrued interest £000	Total £000
<i>Loan notes subscribed for by key management personnel</i>			
At 1 August 2020	886	85	971
Loan notes issued during the period	214	-	214
Interest accrued during the period	-	111	111
Interest capitalised during the period	89	(89)	-
Loan notes settled during the period	-	-	-
<b>At 31 July 2021</b>	<b>1,189</b>	<b>107</b>	<b>1,296</b>

#### Other related party transactions

Other related parties are considered to be the Company's institutional investors (LDC VIII LP, LDC Parallel VIII LP, and Clearwater Corporate Finance LLP) who have also subscribed for loan notes of the Company. A reconciliation of loan note transactions with these institutional investors during the period is as follows:

	Loan note capital £000	Accrued interest £000	Total £000
<i>Loan notes subscribed for by institutional investors</i>			
At 1 August 2020	22,800	2,193	24,993
Interest accrued during the period	-	2,492	2,492
Interest capitalised during the period	2,280	(2,280)	-
<b>At 31 July 2021</b>	<b>25,080</b>	<b>2,405</b>	<b>27,485</b>

Also considered to be a related party is LDC (Managers) Limited, a management company operating on behalf of the institutional investors. Fees of £100,000 were paid to LDC (Managers) Limited during the 52 weeks ended 31 July 2021 (52 weeks ended 1 August 2020: £96,000) of which £100,000 relate to directors' fees and expenses (52 weeks ended 1 August 2020: £96,000). No amounts remain unpaid at year end.

The Company and Group are exempt from disclosing transactions with other wholly owned group companies under Section 33.1A of FRS 102. There were no other related party transactions in the year or balances outstanding at the balance sheet date.

### 28 Ultimate parent company and parent company of larger group

The Company is the ultimate parent company of the Measured Identity Hub Group. The Group has no ultimate controlling party and no other group financial statements include the results of the Company or its group.

### 29 Subsequent events

On 30 September 2021, Mr M Atherton resigned from his position as Director. On 3 May 2022, Mr J Green resigned from his position as Director. On 3 May 2022, Mr A Ostrowski and Mr M Vitty were appointed as Directors.

On 16 August 2021, the Company received an interim dividend of £5,000,000 from its subsidiary Mi Hub Limited.

On 17 August 2021, the Company repurchased and cancelled 49,500 C1 ordinary shares of £0.02 nominal value for total consideration of £23,992 and redesignated 40,500 C1 ordinary shares of £0.02 nominal value as C2 ordinary shares of £0.02 nominal value. On the same date, the Company repaid £258,000 of loan notes.



**Notes (continued)**

**29 Subsequent events (continued)**

On 15 October 2021, the Company repurchased and cancelled a further 18,000 C1 ordinary shares of £0.02 nominal value for total consideration of £8,725 and redesignated 72,000 C1 ordinary shares of £0.02 nominal value as C2 ordinary shares of £0.02 nominal value. On the same date, the Company repaid £259,000 of loan notes alongside £3,000 of accrued interest.