

Company Registration No. 11595800 (England and Wales)

ONEBELOW RETAIL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2020

ONEBELOW RETAIL LIMITED

COMPANY INFORMATION

Directors	Christopher Edwards Jnr	{Appointed 29 September 2018}
	Christopher Edwards	{Appointed 29 September 2018}
Company number	11595800	
Registered office	Unit A Capitol Way Dodworth Barnsley South Yorkshire S75 3FG	
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB	

ONEBELOW RETAIL LIMITED

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ONEBELOW RETAIL LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 JANUARY 2020

The directors present the strategic report for the period ended 31 January 2020.

Business Review

The period in review is the first set of accounts from the start of trade on 1 March 2019 to balance sheet date of 31 January 2020, and includes all the start up costs for the business. The accounts show a net loss for the first year however, this was expected and budgeted for due to initial set up costs and operating at a loss until we reached 40 stores.

Although we have had large set up costs, our overall operating costs have remained low. This is something the directors have always strived to keep to enable low sales prices in a highly competitive market.

We continue to review and monitor the retail estate ensuring that quality over quantity is selected when looking at potential new stores. The Directors believe that there is a significant opportunity to expand the number of stores in the future especially with the number of retail units becoming available. This as well as ensuring that when any lease is up for renewal, we are successful in negotiating rent and giving opportunity to improve operating margin. The continual monitoring of current stores ensures no stores are loss making or underperforming.

During the first year of trading the business has continued to invest in a range of areas and initiatives to ensure that moving forward stock shrinkage is improved for the business – these areas cover investing in the warehouse teams, IT systems and looking at loss prevention.

Trading in the current period, to 31 January 2021, is very good, despite the on set of restrictions around COVID-19. The company is on track to recover the losses incurred in the first year and add a substantial amount to reserves

ONEBELOW RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

Principal Risks and Uncertainties

Economic

The principal risk facing the company is competitive activity from other value retailers and in particular supermarkets. The company manages the risk by providing customers with a broad range of competitively priced products that offer a great value, in a welcoming shopping environment this supported by excellent customer service by all staff. The company works hard to foster supplier loyalty and building on longstanding relationships with manufacturers both overseas and in the UK. By having a wide range of supplier across each product category, the company ensures that it is not reliant on any one supplier.

Competition

The retail industry including general merchandising is a very highly competitive market. The company competes with numerous groups of retailers on a local and national level in different product areas. With the decline in high street footfall it puts an extra emphasis on the importance of customer service, price and product selection.

Operational

To meet the ambitious growth target and plans of the company, the company needs to continue to open new stores in desirable locations as well as driving sales from the existing portfolio of stores. In order to identify and secure new sites the company needs to invest in the latest technology to ensure the site selection is based on robust demographic and economic data. As well as optimising of the existing stores by taking into consideration of local market conditions, refining store layouts and merchandising and incentivising store management to ensure that remuneration is aligned with the success of the company.

Stock / Inventory Management

As with all retailer's stock shrinkage is an unavoidable cost of trading. However, with continued investment in personnel and new technology the company is confident that the financial impact will continue to decrease. If this is not managed successfully there will be a negative impact on cash flow or levels of stock.

Staff

To be able to drive forward with the successful growth of the business this relies on being able to attract and keep highly qualified staff at a Head office level this is key due to the limited availability of staff with these expertise. At a store level the ability to keep and attract staff with a passion to deliver fantastic customer service.

ONEBELOW RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

Political

The business will be impacted by any legal or regulation changes this can be from numerous ways such as an increase in the national minimum wage, VAT changes, product policy changes such as the impact on sugary and fatty foods and where they can be placed in stores. By continually to actively monitor these developments and changes these risks can be minimised with minimal impact.

Exchange Rate

The business pays some of the suppliers in US dollars, however when customers pay for goods in stores this is all in sterling £ as a result of this the business bears the risk in exchange rate if there are any negative changes in the exchange rate.

Brexit

The UK formally left the Eu on 31st January 2020 and have entered a transition period which is due to end on 31st December 2020. During the period the UK will effectively remain in the EU customs union and single market, so there will be no impact during this period.

Covid-19 Pandemic

The Covid-19 pandemic has had an impact on everybody, it had a huge impact on the UK from March 2020 when lockdown was announced by the government. As Onebelow is classed as an essential retailer the stores have been able to remain open for business during the period of lockdown. The business took the decision to temporarily close a small percentage of stores during this time as the reduced footfall made them temporarily unviable.

As lockdown started to ease from May 2020, all stores are now fully open with sales building week by week. The second lockdown had minimal impact on this trend.

Due to the huge impact on sales and cash flow, the business acted fast to ensure that they would come out of the other side of the pandemic in a strong position. This was done in numerous ways such as:-

- Discussing the temporary extension of supplier payment terms to positively impact on cashflow
- Discussion with landlords for a temporary reduction in rent
- Taken advantage of the government furlough scheme – with both store staff as well as Head Office staff being placed on furlough
- Government grants & Rates Relief

However taking all these changes into account the safety of our staff and customers remained the number one priority to the business, ensuring sanitising stations were put in all stores and encouraging card payments rather than cash. As well as ensuring that, during these times local government and national government rules and guidance is and was always adhered to at all times.

Future

The business will continue with its growth plans to open more stores, ensuring that the store is the right fit to deliver profitability to our current portfolio, The business will also continue to review all stores performance to ensure individual stores losses are kept to a minimum with a view of any under performing store with a potential to closing them if its not possible to make them profitable. The continued review of product offering as well as investing in new and innovative technology to help meet any new challenges and ensure the business can continue to grow.

ONEBELOW RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

Key Performance Indicators

During the year the key performance indicators were as follows,

- Number of stores the target was to open 60 stores in the first year – This was achieved on the 22nd November
- Turnover was a target of £45 million – this was compared to £46 Million that was achieved
- Increase average transaction amount per customer – In the first month of trading the average transaction amount per customer, In the first month of trading the average customer transaction was £4.87 back in June 2019 this has changed to £6.12 in June 2020 so an increase year on year.

s172 statement

As the Board of Onebelow Retail Limited, we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider to be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a Board carry out this responsibility.

Promoting the company's success for its members

Onebelow Retail Limited started trading in March 2019. We aim to create great value for its customers daily, achieving this by low prices, product quality, variety and Innovation. The company continues to monitor the current store portfolio, with a target of improving the number of customers in store and increasing the average transaction per customer when they are in store.

Engaging with stakeholders

Our key stakeholders, and the ways in which we engage with them, are as follows:

Our employees

The employees are vital to ensuring the successful running of the business, this is ensuring that when customers visit stores they are greeted and supported by friendly, approachable, knowledgeable and helpful staff. This supported by a small team at Head office and Warehouse to ensure the smooth running of the business and provided the best support. Ongoing training is provided to ensure colleagues have the right opportunity to gain the skills required to perform their job.

The business sends weekly communications to all stores, highlighting the current offers and promotions to ensure product knowledge is always up to date in doing so this makes staff able to provide the best customer service possible, the weekly pack also highlights any changes to procedures that need to be put in place. As well as sent in a weekly pack this is also communicated via area managers down to store managers.

All staff are encouraged to have a voice and feel like they can have an input into the business moving forward.

The business is an equal opportunities employer and makes every effort to ensure that nobody is discriminated against for any reason. In the event of an employee becoming disabled during employment then every effort will be made to ensure that employment continues with the relevant adjustments put in place where possible.

Our customers and suppliers

To be able to offer a fantastic customer service as well as great value for money, the employees of One Below used previous connections and relationships with suppliers to be able to offer products in a range of areas such as Grocery, Food & Drink, Health & Beauty, Household, Cleaning as well as various seasonal offerings. As well as this the ability to be able to differentiate from competitors through the breadth of own label ranges sourced from long established overseas suppliers.

Our community

The business works with a local charity and helps by having collection jars at till points in stores, all money collected at till point is then passed direct to the charity. As well as having collection jars any samples that are sent into the business are passed on to the charity

ONEBELOW RETAIL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

Our planet

The business is very aware and recognises that its operations have an impact on the environment and this is an increasingly important issue to customers. The company looks at various ways that it can reduce its carbon footprint these areas include to use less electricity, maximise recycling opportunities, improve fuel efficiency and reduce the amount of plastic that is used across the business. Some of the changes that have been made and successfully implemented over the past twelve months are the installation of auto switch off lighting in our office and warehouse – so that the lights will automatically switch on when a person enters and then off when a person exits. This having a significant saving on the electricity usage.

The business has also reviewed how many times it delivers to stores from the warehouse and how this can be done on the most efficient route and with a full load, as a result of this the fuel consumption and emissions from vehicles as a whole has drastically reduced now that there is a scheduled plan in place that covers all stores.

There has also been a big effort to review and reduce the amount of plastic that is used in the warehouse and stores and ensure that any that is used is recycled.

Our buyers look to work with suppliers that are environmentally friendly where possible to do so, we have replaced almost all of our plastic straws with disposable paper straws or reusable glass straws and stainless steel straws; we have replaced many of our plastic toothbrushes, cutlery, plates, bowls and cups that we sell with bamboo or wooden items

As a business we are constantly reviewing what areas can be improved and how the carbon footprint can be reduced.

On behalf of the board

Christopher Edwards

Director

18 December 2020

ONEBELOW RETAIL LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 JANUARY 2020

The directors present their annual report and financial statements for the period ended 31 January 2020.

Principal activities

The principal activity of the company continued to be that of retail.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Christopher Edwards Jnr	(Appointed 29 September 2018)
Christopher Edwards	(Appointed 29 September 2018)
Mark Ward	(Appointed 29 September 2018 and resigned 12 February 2020)

Results and dividends

The results for the period are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Financial instruments

Treasury operations and Financial instruments

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities.

The company's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the company's activities, and bank overdrafts, loans and corporate bonds, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

ONEBELOW RETAIL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

BHP LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Christopher Edwards

Director

18 December 2020

ONEBELOW RETAIL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 JANUARY 2020

The directors are responsible for preparing the annual 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). 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 judgements 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;
- 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.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ONEBELOW RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ONEBELOW RETAIL LIMITED

Opinion

We have audited the financial statements of Onebelow Retail Limited (the 'company') for the period ended 31 January 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ONEBELOW RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ONEBELOW RETAIL LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ONEBELOW RETAIL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ONEBELOW RETAIL LIMITED

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.

Nigel Bullas (Senior Statutory Auditor)
for and on behalf of BHP LLP

21 December 2020

Chartered Accountants
Statutory Auditor

New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

ONEBELOW RETAIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 JANUARY 2020

	Notes	Period ended 31 January 2020 £
Turnover	3	45,866,268
Cost of sales		(38,178,938)
Gross profit		7,687,330
Administrative expenses		(8,858,793)
Other operating income		58,093
Operating loss	4	(1,113,370)
Interest payable and similar expenses	6	(8,887)
Loss before taxation		(1,122,257)
Tax on loss	7	333,480
Loss for the financial period		(788,777)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ONEBELOW RETAIL LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020 £	£
Fixed assets			
Tangible assets	8		2,042,675
Current assets			
Stocks	10	8,404,108	
Debtors	11	2,625,665	
Cash at bank and in hand		1,035,449	
		<u>12,065,222</u>	
Creditors: amounts falling due within one year	12	<u>(11,602,177)</u>	
Net current assets			463,045
Total assets less current liabilities			<u>2,505,720</u>
Creditors: amounts falling due after more than one year	13		(3,294,397)
Net liabilities			<u>(788,677)</u>
Capital and reserves			
Called up share capital	16		100
Profit and loss reserves			<u>(788,777)</u>
Total equity			<u>(788,677)</u>

The financial statements were approved by the board of directors and authorised for issue on 18 December 2020 and are signed on its behalf by:

Christopher Edwards Jnr
Director

Company Registration No. 11595800

ONEBELOW RETAIL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 JANUARY 2020

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Period ended 31 January 2020:				
Loss and total comprehensive income for the period		-	(788,777)	(788,777)
Issue of share capital	16	100	-	100
		<u>100</u>	<u>(788,777)</u>	<u>(788,677)</u>
Balance at 31 January 2020		<u>100</u>	<u>(788,777)</u>	<u>(788,677)</u>

ONEBELOW RETAIL LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 JANUARY 2020

	Notes	2020 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	20	3,466,249	
Interest paid		(8,887)	
			<u>3,457,362</u>
Net cash inflow/(outflow) from operating activities			3,457,362
Investing activities			
Purchase of tangible fixed assets		(2,422,013)	
			<u>(2,422,013)</u>
Net cash used in investing activities			(2,422,013)
Financing activities			
Proceeds from issue of shares		100	
			<u>100</u>
Net cash generated from/(used in) financing activities			100
Net increase in cash and cash equivalents			<u>1,035,449</u>
Cash and cash equivalents at beginning of period			-
			<u>1,035,449</u>
Cash and cash equivalents at end of period			<u><u>1,035,449</u></u>

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 JANUARY 2020

1 Accounting policies

Company information

Onebelow Retail Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit A Capitol Way, Dodworth, Barnsley, South Yorkshire, S75 3FG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The Directors have considered the impact of COVID-19 on the Company's trade, workforce and supply chain, as well as the wider economy. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the Directors are confident that they have in place plans to deal with any financial losses that may arise. Such plans include, but are not limited to fully utilising the support that has been made available by the government in relation to staff costs and payment deferral of taxation.

The validity of the going concern basis is dependent upon the continued support of a director, which has been obtained. The Directors therefore continue to adopt the going concern basis of preparation of these financial statements.

1.3 Reporting period

The financial statements have been presented from the date of incorporation to the balance sheet date.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	20% straight line
Plant and equipment	20% straight line
Fixtures and fittings	20% straight line
Computers	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and 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 in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2020 £
Turnover analysed by class of business	
Store income	45,722,963
Other income	143,305
	<u>45,866,268</u>
	2020 £
Turnover analysed by geographical market	
United Kingdom	<u>45,866,268</u>

4 Operating loss

	2020 £
Operating loss for the period is stated after charging:	
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	114,237
Fees payable to the company's auditor for the audit of the company's financial statements	20,000
Depreciation of owned tangible fixed assets	379,338
Cost of stocks recognised as an expense	30,428,433
Operating lease charges	<u>3,118,767</u>

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

5 Employees

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

	2020 Number
Stores	613
Warehouse	29
Head office	14
Total	<u>656</u>

Their aggregate remuneration comprised:

	2020 £
Wages and salaries	7,991,075
Social security costs	467,715
Pension costs	110,011
	<u>8,568,801</u>

6 Interest payable and similar expenses

	2020 £
Other finance costs:	
Other interest	<u>8,887</u>

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

7 Taxation

	2020 £
Deferred tax	
Origination and reversal of timing differences	(333,480)

The actual (credit)/charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2020 £
Loss before taxation	(1,122,257)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(213,229)
Tax effect of expenses that are not deductible in determining taxable profit	2,017
Tax effect of income not taxable in determining taxable profit	(4,422)
Adjustments in respect of financial assets	24,406
Deferred tax not recognised	(142,252)
Taxation credit for the period	(333,480)

8 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 29 September 2018	-	-	-	-	-
Additions	424,907	582,069	1,051,544	363,493	2,422,013
At 31 January 2020	424,907	582,069	1,051,544	363,493	2,422,013
Depreciation and impairment					
At 29 September 2018	-	-	-	-	-
Depreciation charged in the period	64,412	113,185	144,521	57,220	379,338
At 31 January 2020	64,412	113,185	144,521	57,220	379,338
Carrying amount					
At 31 January 2020	360,495	468,884	907,023	306,273	2,042,675

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

9 Financial instruments

2020
£

Carrying amount of financial assets

Debt instruments measured at amortised cost

550,495

Carrying amount of financial liabilities

Measured at amortised cost

13,843,336

10 Stocks

2020
£

Finished goods and goods for resale

8,404,108

11 Debtors

2020
£

Amounts falling due within one year:

Trade debtors

384,873

Other debtors

165,622

Prepayments and accrued income

1,741,690

2,292,185

Deferred tax asset (note 14)

333,480

2,625,665

12 Creditors: amounts falling due within one year

2020
£

Trade creditors

7,187,533

Taxation and social security

1,053,238

Other creditors

2,421,928

Accruals and deferred income

939,478

11,602,177

The directors loan account, included within other creditors, is secured by a fixed and floating charge.

13 Creditors: amounts falling due after more than one year

2020
£

Other creditors

3,294,397

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2020 £	Assets £
Balances:		
Tax losses	333,480	-
	<u> </u>	<u> </u>
Movements in the period:		2020 £
Liability at 29 September 2018		-
Credit to profit or loss		(333,480)
		<u> </u>
Asset at 31 January 2020		(333,480)
		<u> </u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

15 Retirement benefit schemes

	2020 £
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	110,011
	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees, the amount outstanding at the balance sheet date is £10,893. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2020 £
Ordinary share capital Issued and fully paid	
100 Ordinary of £1 each	100
	<u> </u>

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £
Within one year	4,279,459
Between two and five years	10,605,630
In over five years	3,970,188
	<u>18,855,277</u>

18 Related party transactions

Transactions with related parties

During the period the company entered into the following transactions with related parties:

	Sales 2020 £	Purchases 2020 £
Other related parties	647,839	8,552,137

Amounts due to related parties	2020 £
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Other related parties	2,284,800
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The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020 £
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Other related parties	247,066
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19 Directors' transactions

The amount owed to Christopher Edwards at the balance sheet date was £4,469,988.

ONEBELOW RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2020

20	Cash generated from/(absorbed by) operations	2020
		£
	Loss for the period after tax	(788,777)
	Adjustments for:	
	Taxation credited	(333,480)
	Finance costs	8,887
	Depreciation and impairment of tangible fixed assets	379,338
	Movements in working capital:	
	Increase in stocks	(8,404,108)
	Increase in debtors	(2,292,185)
	Increase in creditors	14,896,574
	Cash generated from/(absorbed by) operations	3,466,249

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.